



**Lokesh
Machines Limited**



Regd. Office:

**B-29, EEIE Stage II, Balanagar,
Hyderabad - 500 037. T.S. INDIA.**
Phones : +91-40-23079310, 11, 12, 13
Fax : +91-40-23078274
e-mail : info@lokeshmachines.com
URL : www.lokeshmachines.com
CIN : L29219TG1983PLC004319

Date: 31/08/2019

To,
Bombay Stock Exchange Limited
Department of Corporate Services
Floor 25, PJ Towers,
Dalal Street
Mumbai-400001
Srip Code:532740

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra(E), Mumbai – 400 051
Company Code: LOKESHMACH

Dear Sir/Madam,

Subject: Submission of Annual Report for the FY 2018-19 under Regulation 34 of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015

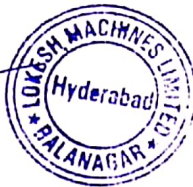
Pursuant to Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 we are enclosing the Annual Report for the FY 2018-19 of the Company.

This is for your information and record.

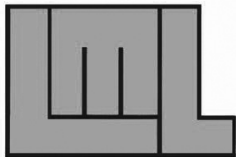
For Lokesh Machines Limited

Matru Prasad Mishra

**Matru Prasad Mishra
Company Secretary**



**ANNUAL REPORT
2018-2019**



**Lokesh
Machines Limited**

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BOARD OF DIRECTORS

Mr. M Lokeswara Rao	- Managing Director
Mr. B Kishore Babu	- Whole Time Director
Mr. M Srinivas	- Whole Time Director
Mr. M Srikrishna	- Whole Time Director
Mr. K Krishna Swamy	- Director
Mr. B R Mahesh	- Director
Mr. R Mohan Reddy	- Director
Mr. A.Vijay Kumar	- Director
Smt. Bhavana Rao	- Director

STATUTORY COMMITTEES

Audit Committee

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

Nomination & Remuneration Committee

Mr. R Mohan Reddy	- Chairman
Mr. A.Vijay Kumar	- Member
Mr. B R Mahesh	- Member

Stakeholders Relationship Committee

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

Chief Financial Officer(CFO)

V.Sudhakara reddy

Company Secretary

Mr. Matru Prasad Mishra

BANKERS

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

AUDITORS

M/s K.S Rao & Co.,
Chartered Accountants
Flat No 602,Golden Green Apartments
Irrum Manzil Colony
Hyderabad- 500 082

INTERNAL AUDITORS

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

REGISTRARS & TRANSFER AGENTS

Karvy Fintech Pvt. Ltd.
Karvy Selenium Tower B,
Plot No.31-32,Gachibowli
Financial District, Nanakramaguda,
Serilingampally,
Hyderabad - 500032
Phone : +91 40 67161591

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 Distt, 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 Fifth Annual General Meeting of the Members of Lokesh Machines Limited will be held on Friday, 27th day of September, 2019 at 10.00 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, 2019 together with the report of the Board of Directors' and the Auditors' thereon.
2. 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.

SPECIAL BUSINESS:

3. **Re-appointment of Mr. B.R. Mahesh (DIN: 00810019) as Independent Director of the Company for the second term of 5 (five) consecutive years.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, Mr. B.R. Mahesh (DIN: 00810019) Independent director of the Company and who holds the office upto 29.09.2019 and being eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of the director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold a office for the second term of 5 (five) consecutive years on the Board of the Company from 30.09.2019 to 29.09.2024”.

4. **Re-appointment of Mr. R. Mohan Reddy (DIN: 00841038) as Independent Director of the Company for the second term of 5 (five) consecutive years.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152, read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018 , Mr R. Mohan Reddy (DIN: 00841038) Independent director of the Company and who holds the office upto 29.09.2019 and being eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of the director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold a office for the second term of 5 (five) consecutive years on the Board of the Company from 30.09.2019 to 29.09.2024”.

5. Regularisation of Appointment of Mr. D. Balaji (DIN: 01872392) as an Independent Director of the Company.

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 149, 150, 152 and other applicable provisions, if any of the Companies Act, 2013 (the Act) and the rules made thereunder, (including any amendment, modification, variation or re-enactment thereof for the time being in force) read with Schedule IV of the Act the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the time being in force, Mr. D. Balaji (DIN: 01872392), who was appointed as an additional director of the Company by the Board of Directors on 14th August 2019 pursuant to Section 161 of the Act and who holds office upto the date of this Annual General Meeting and whose appointment is as recommended by the Nomination and Remuneration Committee, proposing his candidature for the office of Director, be and is hereby appointed as Independent director of the Company for a period of 5 years with effect from 14th August 2019 to 13th August 2024 and he shall not be liable to retire by rotation.”

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 Pursuant Sections 196, Section 197 and any other applicable provisions, if any of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017 and the Rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company at their respective meetings, Consent of the Member be and is hereby accorded for upward revision of in the remuneration of Mr. B. Kishore Babu, Whole-time director of the Company i.e from Rs. 3,25,000/- per month to Rs. 4,50,000/- per month w.e.f 01st October, 2019 till remaining part of his tenure i.e. up to 30th September, 2021 as described below:

Salary of Rs. 4,50,000/- (Rupees Four Lakh fifty thousand only) per month.

He shall be entitled to receive the following:

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter or vary the scope of remuneration of Mr. B. Kishore Babu including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate pursuant to the all the applicable provisions and Rules of the Companies Act, 2013 as amended thereof.

RESOLVED FURTHER THAT all the Directors of the Company be and is hereby severally authorised to take all such steps including filing of necessary e-forms with ROC, Hyderabad as may be as necessary, proper, 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 Pursuant Sections 196, Section 197 and any other applicable provisions, if any of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017 and the Rules made there

under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company at their respective meetings, Consent of the Member be and is hereby accorded for upward revision of in the remuneration of Mr. M. Srinivas, Whole-time director of the Company i.e from Rs. 3,25,000/- per month to Rs. 4,50,000/- per month w.e.f 01st October, 2019 till remaining part of his tenure i.e. up to 30th September, 2021 as described below:

Salary of Rs. 4,50,000/- (Rupees Four Lakh and Fifty thousand only) per month.

He shall be entitled to receive the following:

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter or vary the scope of remuneration of Mr. M. Srinivas including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate pursuant to the all the applicable provisions and Rules of the Companies Act, 2013 as amended thereof.

RESOLVED FURTHER THAT all the Directors of the Company be and is hereby severally authorised to take all such steps including filing of necessary e-forms with ROC, Hyderabad as may be as necessary, proper, 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 an Special Resolution:

RESOLVED THAT Pursuant Sections 196, Section 197 and any other applicable provisions, if any of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017 and the Rules made there under (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors of the Company at their respective meetings, Consent of the Member be and is hereby accorded for upward revision of in the remuneration of Mr. Srikrishna, Whole-time director of the Company i.e from Rs. 3,25,000/- per month to Rs. 4,50,000/- per month w.e.f 01st October, 2019 till remaining part of his tenure i.e. up to 30th September, 2021 as described below:

Salary of Rs. 4,50,000/- (Rupees Four Lakh and Fifty thousand only) per month.

He shall be entitled to receive the following:

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to alter or vary the scope of remuneration of Mr. M. Srikrishna including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate pursuant to the all the applicable provisions and Rules of the Companies Act, 2013 as amended thereof.

RESOLVED FURTHER THAT all the Directors of the Company be and is hereby severally authorised to take all such steps including filing of necessary e-forms with ROC, Hyderabad as may be as necessary, proper, expedient to give effect to this resolution.”

9. **Approval for Continuation of Mr. K. Krishna Swamy as Non- Executive 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 pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, approval be and is hereby granted to Mr. K. Krishna Swamy (DIN: 00840887) director of the Company to continue and hold office of non-executive director under the current tenure of appointment notwithstanding that he has attained the age of 75 years as on 25th December, 2015.

10. **Ratification of Remuneration of 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 consent of the members be and is hereby given for payment of 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, to M/s DZR & Co, Cost Accountants to audit the cost records maintained by the Company for the financial year ending March 31, 2019.”

By Order of the Board
For LOKESH MACHINES LIMITED

Place: Hyderabad
Date: August 14, 2019

Registered Office:
B-29, EEIE, STAGE- II,
Balanagar, Hyderabad-500 037
Telengana

Matru Prasad Mishra
Company Secretary

NOTES:

- 1) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 for the Special Business i.e. item 3 to 10, is annexed hereto. The relevant details (including profile and expertise in specific functional areas), pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations & Disclosures Requirement) and as per Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, in respect of directors seeking re-appointment at this AGM is also annexed. The Directors have furnished the requisite consent/declarations for their appointment /re-appointment as required under Companies Act, 2013 and the Rules there under.
- 2) The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual –General Meeting is done away with vide notification dated 7th May, 2018 issued by Ministry of Corporate Affairs. Accordingly no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting, held on 28th September, 2017.
- 3) **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. Revenue stamp should be affixed on the proxy forms. Forms which are not stamped are liable to be considered invalid.
- 4) Members/Proxies should bring duly filled in Attendance Slips along with their copy of the Annual Report to the AGM.
- 5) 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.
- 6) 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.
- 7) 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.
- 8) Pursuant to the provisions of Section 124 read with Section 125 of the Companies Act, 2013(including any statutory modification(s) or re-enactment thereof for the time being in force) the amount of dividend remaining unpaid for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. Members who have not encashed their dividend are requested to contact the RTA of the Company in this regard. The amount so transferred to IEPF cannot be claimed from the Company. Shares on which dividend remain unclaimed for seven consecutive years will be transferred to IEPF as per Section 124 of the Companies Act, 2013 and the applicable Rules.
- 9) 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 21st September, 2019 to 27th September, 2019 (both days inclusive).
- 10) 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.

- 11) 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.
- 12) 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.
- 13) Members are requested to address all their correspondence including change of address, mandates etc. to the registrars viz. M/s. Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot No.31-32,Gachibowli, Financial District, Nanakramguda Serilingampally, Hyderabad - 500 032, Phone : +91 40 67161591.
- 14) Pursuant to SEBI notification dated 8th June, 2018, transfer of shares in physical mode is prohibited and mandates holding in Demat mode except in case of transmission or transposition. Accordingly members are requested convert physical holding to demat through depository participant. Members may contact Company via mail to Cosecy@lokeshmachines.com or its RTA for any assistance in the process of physical to demat shares.
- 15) 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 2018-19.
- 16) 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.
- 17) 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.
- 18) Members are requested to bring the duly filled attendance slip along with their copy of the annual report to the meeting.
- 19) Relevant documents and registers will be available for inspection by the members at the registered office of the company.
- 20) 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
- 21) 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.

- 22) The annual report for 2018-19 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 2018-19 are being sent by the permitted mode.
- 23) The Route Map showing directions to reach the venue of the AGM is enclosed.
- 24) **Voting through electronic means:**

In terms of Section 108 of Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and as per the requirement of Regulation 44 of the SEBI(Listing Obligations & Disclosures Requirements), 2015, the Company is providing the facility to its members holding shares in physical or Dematerialized form as on the cut – off date, i.e 20th September 2019 (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 Fintech 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, 2019 to 5 P.M. on 26th September, 2019.

- i. E-voting shall not be allowed beyond 5 p.m on 26th September 2019. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 20th September, 2019 may cast their vote electronically.
- ii. The Company has appointed Mr. L.D. Reddy (Practicing Company Secretary), Hyderabad as Scrutinizers for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

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

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

The Company has appointed Mr. L.D. Reddy, 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 20th September 2019, 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 Fintech 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’ i.e. Lokesh Machines Limited
 - 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: l.d.reddy@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 Anandan. K. (Unit: Lokesh Machines Ltd) of Karvy Fintech 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 1591 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, 2019 (9.00 A.M. IST) and ends on 26th September 2019 (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 20th September, 2019,

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. 20th September, 2019.
- 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. 20th September, 2019 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 send SMS: 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
- b. "Web Checkin for General Meetings (AGM/EGM/CCM)".
- c. Select the name of the company: Name of the Company
- d. 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.
- e. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
- f. 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.
- g. 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.
- h. After registration, a copy will be returned to the Member.

- i. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e. 24th September 2019 (9.00 A.M. IST) to 26th September 2019 (5.00 P.M. IST).
- j. 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 14, 2019

Matru Prasad Mishra
Company Secretary

Explanatory Statement

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

Item # 3

Mr. B.R. Mahesh (DIN: 00810019) was appointed as Non- Executive Independent Director of the Company in the AGM held on 30th September, 2014 as per the terms of the Companies act, 2013 for a period of five years and they hold office upto 29th September, 2019.(first term)

It is proposed to re-appoint him as Independent Director, not liable to retire by rotation for the second term of 5(five) consecutive years with effect from 30th September, 2019. As per Section 149 of the Companies Act, 2013 (The Act) such re-appointment requires the approval of the shareholders by way of Special Resolution.

Nomination and Remuneration Committee and Board of Directors of the Company have recommended the said re-appointment. Both the Nomination and Remuneration Committee and the Board were of the opinion that, after evaluating his performance, skills, experience, competency and other attributes it concluded that, his continued association would be immense benefit to the Company and its is desirable to continue to avail his services as Independent director.

Mr. B.R. Mahesh (DIN: 00810019) fulfil the terms and conditions specified under the Companies Act, 2013 and Rules made there under for his appointment as Independent director. He meets the criteria of Independence as prescribed both under Section 149(6) of the Act and under Regulation 16(1)(b) of the SEBI(LODR) Regulations, 2015.

Also the Board believes that his experience and vision will contribute to the growth of the Company and also in steering best Corporate Governance practices.

Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No. 3 of the Notice for continuation of his appointment.

Except Mr. B.R. Mahesh None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the said resolution.

Board recommends the resolution for your approval as a Special Resolution.

Item # 4

Mr. R. Mohan Reddy (DIN: 00841038) was appointed as Non- Executive Independent Director of the Company in the AGM held on 30th September, 2014 as per the terms of the Companies act, 2013 for a period of five years and they hold office upto 29th September, 2019.(first term)

It is proposed to re-appoint him as Independent Director, not liable to retire by rotation for the second term of 5(five) consecutive years with effect from 30th September, 2019. As per Section 149 of the Companies Act, 2013 (The Act) such re-appointment requires the approval of the shareholders by way of Special Resolution.

Nomination and Remuneration Committee and Board of Directors of the Company have recommended the said re-appointment. Both the Nomination and Remuneration Committee and the Board were of the opinion that, after evaluating his performance, skills, experience, competency and other attributes it concluded that, his continued association would be immense benefit to the Company and its is desirable to continue to avail his services as Independent director.

Mr. R. Mohan Reddy (DIN: 00841038) fulfil the terms and conditions specified under the Companies Act, 2013 and Rules made there under for his appointment as Independent director. He meets the criteria of Independence as prescribed both under Section 149(6) of the Act and under Regulation 16(1)(b) of the SEBI(LODR) Regulations, 2015.

SEBI has amended the LODR, Regulations, 2015 vide Circular dated 9th May, 2018 which require re-appointment/continuance of any Non-Executive Director who has attained the age of 75 years old to be approved

by the Shareholders by way of a Special Resolution. Henceforth members approval sought by way of Special Resolution in terms of Regulation 17 of SEBI(LODR) Regulations. Hence this Special Resolution is placed before the shareholders.

Also the Board believes that his experience and vision will contribute to the growth of the Company and also in steering best Corporate Governance practices.

Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No. 4 of the Notice for continuation of his appointment.

Except Mr. R. Mohan Reddy None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the said resolution.

Board recommends the resolution for your approval as a Special Resolution.

Item # 5

The Board of Directors of the Company at their meeting held on 14th August, 2019 Pursuant to Section 161 of the Companies Act, 2013 (the Act) on the recommendation of Nomination and Remuneration Committee had appointed Mr. D. Balaji (DIN: 01872392) as an Additional director(Independent) of the Company w.e.f. 14th August, 2019 and he will hold office upto the date of this Annual General Meeting .Mr. D. Balaji is not disqualified from being appointed as director in terms of Section 164 of the Companies Act, 2013 and has given consent to act as a director. The Company has received a declaration from Mr. D. Balaji that he meets the criteria of Independence as prescribed under sub section 6 of Section 149 of the Act and under the SEBI (LODR) Regulations, 2015. Details of Mr. D. Balaji are provided in the "Annexure" to the Notice pursuant to SEBI(LODR) Regulations, 2015 and SS-2 issued by the Institute of Company Secretaries of India. Hence the Board recommends the resolution in relation to appointment of Mr. D. Balaji as Independent director of the Company for approval by the shareholder.

Except Mr. D. Balaji , none of the directors , Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in this resolution.

Item # 6

The members of the Company at the 34th Annual General Meeting of the Company held on 28th September, 2018 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, 2018 to 30th September, 2021.

The members had inter-alia approved salary in the scale of Rs. 3,25,000/- per month. The monthly salary of Mr. B. Kishore Babu with effect from 01st October, 2018 is Rs. 3,25,000/- per month.

In view of the increased responsibility and the volume of the business activities, it is considered that existing remuneration is low in comparison with the other Companies dealing in the same line of business activities, therefore based on the recommendation of Nomination and Remuneration Committee, the Board of Directors approved on dated 14th August, 2019 to revise the salary scale applicable to Mr. B. Kishore Babu from the existing Rs. 3,25,000/- per month to Rs. 4,50,000/- per month.

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

Detail of remuneration paid to Mr. B. Kishore Babu during the financial year 2018-19 has been disclosed in the Corporate Governance Report.

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

Item # 7

The members of the Company at the 34th Annual General Meeting of the Company held on 28th September, 2018 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, 2018 to 30th September, 2021.

The members had inter-alia approved salary in the scale of Rs. 3,25,000/- per month. The monthly salary of Mr. M. Srinivas with effect from 01st October, 2018 is Rs. 3,25,000/- per month.

In view of the increased responsibility and the volume of the business activities, it is considered that existing remuneration is low in comparison with the other Companies dealing in the same line of business activities, therefore based on the recommendation of Nomination and Remuneration Committee, the Board of Directors approved on dated 14th August, 2019 to revise the salary scale applicable to Mr. M. Srinivas from the existing Rs. 3,25,000/- per month to Rs. 4,50,000/- per month.

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

Detail of remuneration paid to Mr. M. Srinivas during the financial year 2018-19 has been disclosed in the Corporate Governance Report.

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

Item # 8

The members of the Company at the 34th Annual General Meeting of the Company held on 28th September, 2018 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, 2018 to 30th September, 2021.

The members had inter-alia approved salary in the scale of Rs. 3,25,000/- per month. The monthly salary of Mr. M. Srikrishna with effect from 01st October, 2018 is Rs. 3,25,000/- per month.

In view of the increased responsibility and the volume of the business activities, it is considered that existing remuneration is low in comparison with the other Companies dealing in the same line of business activities, therefore based on the recommendation of Nomination and Remuneration Committee, the Board of Directors approved on dated 14th August, 2019 to revise the salary scale applicable to Mr. M. Srikrishna from the existing Rs. 3,25,000/- per month to Rs. 4,50,000/- per month.

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

Detail of remuneration paid to Mr. Srikrishna during the financial year 2018-19 has been disclosed in the Corporate Governance Report.

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

Item # 9

As per the recent amended SEBI(LODR) Regulations, 2015 which requires special resolution for appointment/continuation of any non-executive director who has attained the age of 75 or more. Mr. Krishna Swamy has attained the age of 75 years during the term of his appointment. Hence this Special Resolution is placed before the shareholders.

He is working excellently and Board believes his involvement is needed for enhancing the growth of the Company.

Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No. 9 of the Notice for continuation of his appointment.

Board recommends the resolution for your approval as a Special Resolution

Except Mr. K. Krishna Swamy None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the said resolution.

Item # 10

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. DZR& Co., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019 at a remuneration of Rs 50000/- as audit fee, and GST as applicable and out of pocket expenses shall be paid on actual.

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. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2019.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out in item No. 10 of the Notice.

The Board recommends the resolution for your approval as an Ordinary Resolution.

The information as required to be disclosed as per Item No. 6, 7 and 8 under the Schedule V of the Companies Act, 2013 as under:

I. General Information

1	Nature of Industry	Machine Tool Industry	
2	Date or expected date of commencement of commercial production	Already existing in business	
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 Cr.)
		Total Revenue from operations	191.39
		Operating Profit(PBDIT)	32.21
		Finance Cost	12.90
		Depreciation & Amortization exp	9.13
		Exceptional Items	-
		Profit before tax(PBT)	10.19
		Profit after Tax(PAT)	6.77
5	Export Performance and Net Foreign Exchange Collaborations	Rs. 6.31 Cr. is from Export sales.	
6	Foreign Investment or Collaboration, if any	There is no foreign investment or foreign collaboration in the Company. However NRI is holding 0.54% of total paid-up Share capital of the Company as on 31 st March, 2019	

II. Information about the Appointee:

Particulars	Mr. B. Kishore Babu	Mr. M. Srinivas	Mr. M. Srikrishna
1 Background Details	Mr. B. Kishore Babu is an Engineering Graduate. He has 40 years of vast experience in the machine tool Industry.	Mr. M. Srinivas MS in Industrial Engineering. He has 24 years of vast experience in the machine tool Industry.	Mr. M. Srikrishna, Bachelor of Engineering has undergone training initially in the designs and manufacture of General Purpose Machines. He has 20 years of experiences in Machine tool Industry.
2 Past Remuneration	Rs. 39.00 Lakh p.a.	Rs. 39.00 Lakh p.a.	Rs. 39.00 Lakh p.a.
3 Recognition or awards	NIL	NIL	NIL
4 Job Profile and his suitability	Mr. B. Kishore Babu is taking care of production, administration and other operational affairs of the Company. Since his tenure as Whole time director he has steered the Company with dedication, hard work and effective leadership into diversified activities resulting in the profitable growth of the Company.	Mr. M. Srinivas is taking care of production, administration and other operational affairs of the Company. Since his tenure as Whole time director he has steered the Company with dedication, hard work and effective leadership into diversified activities resulting in the profitable growth of the Company.	Mr. M. Srikrishna is taking care of production, administration and other operational affairs of the Company. Since his tenure as Whole time director he has steered the Company with dedication, hard work and effective leadership into diversified activities resulting in the profitable growth of the Company.
5 Remuneration Proposed	Upto Rs. 54.00 Lakh P.a.	Upto Rs. 54.00 Lakh P.a.	Upto Rs. 54.00 Lakh P.a.
6 Comparatively 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)	The remuneration proposed is comparable with remuneration for an equivalent position in a unit of comparable size and complexity.		
7 Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel , if any	Promoter Director holding 6.07% equity share capital of the Company	Promoter Director holding 10.74% equity share capital of the Company	Promoter Director holding 10.13% equity share capital of the Company

III. Other Information:

1	Reason of loss or inadequate profits	The Company's total income during the year ended 31 st March, 2019 is increased by 4.24% & the Turnover increased by 8.86% and the PBT has increased by 42.36% over that of the previous year as can be seen from the table given below;																				
		<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th colspan="2" style="text-align: right;">(Rs. In Cr)</th> </tr> <tr> <th colspan="2"></th> <th style="text-align: right;">Total Income</th> <th style="text-align: right;">PBT</th> </tr> </thead> <tbody> <tr> <td style="width: 10%;"></td> <td style="width: 10%;">2016-17</td> <td style="width: 10%; text-align: right;">132.13</td> <td style="width: 10%; text-align: right;">3.44</td> </tr> <tr> <td></td> <td>2017-18</td> <td style="text-align: right;">183.61</td> <td style="text-align: right;">7.16</td> </tr> <tr> <td></td> <td>2018-19</td> <td style="text-align: right;">191.39</td> <td style="text-align: right;">10.19</td> </tr> </tbody> </table> <p>However, the profit has been inadequate as per Sec 197 read with Schedule V of the Companies Act, 2013 since the volume of business is low, margins are low and the expenses are high. The Company has plans to increase the volume to a higher level and cut down the expenses thereby improving the margins.</p>			(Rs. In Cr)				Total Income	PBT		2016-17	132.13	3.44		2017-18	183.61	7.16		2018-19	191.39	10.19
		(Rs. In Cr)																				
		Total Income	PBT																			
	2016-17	132.13	3.44																			
	2017-18	183.61	7.16																			
	2018-19	191.39	10.19																			
2	Steps taken or proposed to be taken for improvement	The Board is confident that once the Machine tool Sector revives, 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. Revenue will grow at a higher level 10% to 20% in coming years.																				

Additional information on Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting Pursuant to Regulation 36(3) of SEBI(Listing Obligations and Disclosure Requirement) Regulation, 2015

i) Mr K. Krishna Swamy (DIN: 00840887)

Name of the Director	Mr K. Krishna Swamy
Date of Birth	25-12-1940
Designation	Non Executive- Non-Independent Director
Educational Qualifications	Bachelor of Technology(Mechanical)
Nature of Expertise	Nearly 53 years of experience in the field of Mechanical Division.
Relationship with other Directors of the Company	Nil
Name of listed entities in which person holds the directorship and the membership of Committees of the Board	Nil
No of Shares held in the company	12,000

ii) Mr. B.R. Mahesh (DIN:00810019)

Name of the Director	Mr B.R. Mahesh	
Date of Birth	16-06-1953	
Designation	Non Executive- -Independent Director	
Educational Qualifications	Chartered Accountant (CA)	
Nature of Expertise	A Practising Chartered Account having 37 years of experience in the field of finance, accounts and taxation.	
Relationship with other Directors of the Company	Nil	
Name of other entities in which person holds the directorship and the membership of Committees of the Board	Directorship	Committee Membership
	BADHE TECH SOLUTIONS PVT. LTD. BADHE PACKAGING INDUSTRIES PVT. LTD. BADHE REALTORS PVT. LTD. BADHE RESTAURANTS & HOTELS PVT. LTD.	NIL
No of Shares held in the company	NIL	

iii) Mr. R. Mohan Reddy (DIN:00841038)

Name of the Director	Mr R. Mohan Reddy	
Date of Birth	20-07-1939	
Designation	Non Executive- -Independent Director	
Educational Qualifications	BE (Mechanical) & MBA	
Nature of Expertise	Having wide experience as a business executive and has served many PSUs in senior Managerial Position.	
Relationship with other Directors of the Company	Nil	
Name of other entities in which person holds the directorship and the membership of Committees of the Board	Directorship	Committee Membership
	NELCAST Limited	Audit Committee Nomination & Remuneration Committee Stakeholders Relationship Committee
	M.L.R. Motors Limited	NIL
	NC Energy Limited	Audito Committee, Nomination & Remuneration Committee
No of Shares held in the company	Nil	

iv) Mr. D. Balaji (DIN: 01872392)

Name of the Director	Mr D. Balaji
Date of Birth	06-01-1967
Designation	Non Executive- Independent Director
Educational Qualifications	Mechanical Engineering
Nature of Expertise	More than a decade of experience in the field of Mechanical Engineering Division.
Relationship with other Directors of the Company	Nil
Name of other entities in which person holds the directorship and the membership of Committees of the Board	Nil
No of Shares held in the company	Nil

BOARD'S REPORT

Dear Share Holders,

Your Directors are pleased to present the 35th Annual Report of the company along with the Audited financial Statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS

Rs in Lakhs

Particulars	(2018-19)	(2017-18)
Net Sales	19,044.07	17,494.48
Other Income	94.75	84.05
Captive Consumption	424.15	352.98
Total Income	19562.97	17931.51
Profit before Depreciation, Interest and Taxes	3220.92	2941.66
Depreciation	912.58	817.28
Profit before Interest and Taxes	2308.34	2124.38
Interest and Finance Charges	1289.73	1408.88
Profit before Taxes	1018.62	715.50
Provision for Taxes	342.07	245.03
Profits after Taxes	676.54	470.47

PERFORMANCE REVIEW:

The turnover increased by 8.86 %, in the year

- The Machine Tool Division has posted marginal growth compared to the previous year, primarily lead by the General Purpose machinery division which itself showed a growth of 7.27% as compared to previous year. GPM Machines export sale has also commenced in considerably higher numbers in comparison to previous financial year. Sale of SPM machines also registered growth during the year in terms of total sales value. 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. Accordingly, the company is witnessing some movement in the SPM division too in the coming years.
- The Component division had decreased marginally in comparison to previous year.

FUTURE OUTLOOK

The Long term outlook for the industry is optimistic based upon the product innovation as most major global players having a base in India for manufacturing, global sourcing and engineering.

Your directors are confident of putting in an improved performance over the previous year.

1. The CNC machines division is expected to post substantial growth with improving market conditions. While the current capacity utilization is at its peak, the company is making significant improvements in productivity improvement and further increase in capacity utilization thus squeezing the assets to the maximum. With Europe showing signs of recovery and situation in Russia easing, there would certainly be an uptick in the Export performance as well.
2. The SPM order book reflects a reasonable growth. Almost all the orders are from the existing customers only for capacity expansion and not for any new products.

3. On the component division front, the Connecting Rod production is in stabilization 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

The Company proposes to retain profits of the current year for company's future plans and developments. Hence, your directors have not recommended dividend for the Financial Year 2018-2019.

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 himself for re-appointment.

The following Directors are proposed to be re-appointed as Independent Directors of the company for the second consecutive term of 5(five) years not liable to retire by rotation as recommended by the Nomination and Remuneration Committee pursuant to the applicable provisions of Companies act 2013

- | | | |
|----|----------------|------------------------|
| 1. | B.R Mahesh | - Independent Director |
| 2. | R. Mohan Reddy | - Independent director |

The detailed profile of the above directors is given at Notice and Explanatory statement calling the Annual General Meeting.

All Independent Directors have given declaration that they meet the criteria of independence as laid under section 149(6) of the Companies Act 2013 and SEBI (LODR) Regulations, 2015. A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors, was held during the year, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the directors of the Company have disclosed their interest to the Company pursuant to Sec 184(1) of Companies Act, 2013. As required by SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the information on the particulars of the Directors seeking re-appointment are given in the notice to the AGM.

AUDITORS**Statutory Auditors**

As per the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s. K.S.Rao & Co., Chartered Accountants, Hyderabad, (ICAI Firm Regn. No.003109S) has been appointed as Statutory Auditors of the Company for a term of five years from conclusion of 33rd Annual General Meeting till the conclusion of 38th Annual General Meeting at such remuneration plus reimbursement of out of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors."

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 2018-19 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. L.D. Reddy & Co., Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the financial year 2018-19, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The Secretarial Audit Report for FY 2018-19 forms part of this Report as Annexure.

Reply to the observations of Secretarial auditor:

Your Company is law abiding entity and filed the necessary forms and returns with Regulatory authorities. However there was some delay filings occurred during the year. Management is taking measures to avoid the delay filings in future.

The Company is regular in complying the regulatory compliances under Relevant Acts / Regulations. Filing of Integrated return under Labour laws was missed inadvertently. It is not intentional in nature. The Company does not have any mala-fide intention regarding the same. Regulatory provision shall be conformed in entirety. However the Company will be cautious for compliance of the said laws/acts.

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 .

DEVELOPEMNT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

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

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

NOMINATION AND REMUENRATION POLICY

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

INTERNAL COMPLAINT COMMITTEE

The Company has in place a policy for prevention, prohibition and redressal against sexual harassment of women at workplace to protect women employees and enable them to report sexual harassment at workplace. An Internal Committee has been constituted consisting of optimum number of women for the said purpose.

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.

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, 2019 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, 2019 and of the profit of the Company for the financial year; The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- i. The Directors had prepared the annual accounts on a 'going concern' basis;
- ii. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

- iii. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

OTHER DISCLOSURES:**Board Meetings**

During the year under review, Six Board Meetings were held on 16th May, 2018, 08th August 2018; 31st August, 2018; 22nd September, 2018, 12th November, 2018 and 11th February, 2019.

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 is as per the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The details of the Constitution of Committees are mentioned in Corporate Governance Report, which forms part of this Annual Report.

Corporate Governance Report

Your Company has complied with the requirements of Regulation 34(3) read with Schedule V of SEBI (LODR), Regulations, 2015 and provisions of the Companies Act, 2013, Report on Corporate Governance including Auditor's Certificate on compliance with the code of Corporate Governance has been annexed with this report.

Change in Key Managerial Personnel

There is no change in Key Managerial Personnel during the said financial year 2018-19.

Board's response on Auditor's qualification, reservation or adverse remark or disclaimer made:

During the year, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013.

Management Discussion and Analysis

A brief note on the Management discussion and analysis for the year is enclosed as Annexure 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. All permanent employees of the Company are covered under the Whistle Blower Policy.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued 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

M Srinivas
(Whole Time Director)

M Lokeswara Rao
(Managing Director)

Disclosure pertaining to remuneration and other details as required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 are provided here:

- 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	23.09:1
B Kishore Babu	15:1
M. Srinivas	15:1
M. Srikrishna	15:1

- 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 Srinivas	—
M Srikrishna	—
K Krishna Swamy	—
V Sudhakara Reddy	—
Matru Prasad Mishra	25.00%

- iii) The number of permanent employees on the rolls of company; 417

- iv) 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 10% 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.

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

Aggregate remuneration of Key Managerial Personnel(KMP) in FY 2019 (Rs. Lakhs)	196.05
Total Revenue (Rs.Lakhs)	19138.82
Remuneration of KMP(as % of revenue)	1.02%
Profit before Tax (PBT) (Rs.Lakhs)	1018.62
Remuneration of KMP(as % of PBT)	19.25%

vi) 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 31,2019	March 31,2018	% Change
Market Capitalisation (Rs. Lakhs)	7811.94	9700.04	(19.46%)
Price Earning Ratio	11.55	19.85	(41.81%)

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 31,2019	IPO Price	% Change
Market Price (BSE)	44.05	140	-68.54%
Market Price (NSE)	43.65	140	-68.82%

vii) 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;

There is no increase in remuneration paid to the Whole time Directors during the financial year ended 31st March, 2019.

viii) 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. Srikrishna	Mr. V. Sudhakara Reddy	Mr.Matru Prasad Mishra
Remuneration in FY 18 -19 (Rs. Lakhs)	60.00	39.00	39.00	39.00	19.20	6.00
Total Revenue (Rs. Lakhs)	19138.82	19138.82	19138.82	19138.82	19138.82	19138.82
Remuneration as % of Revenue	0.31	0.20	0.20	0.20	0.10	0.03
Profit Before Tax	1018.62	1018.62	1018.62	1018.62	1018.62	1018.62
Remuneration (as % of PBT)	5.89	3.83	3.83	3.83	1.88	0.59

ix) The key parameters for any variable component of remuneration availed by the directors; None

x) 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

xi) 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.38 of the Financial Statements of the Company for the financial year ended 31st March, 2019. 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.

All transactions entered by the Company with Related parties were in the Ordinary Course of business and Arm's Length pricing basis. The Audit Committee granted approval at every quarterly held meeting and subsequently as per the recommendation of the Audit Committee it has been ratified by the Board of Directors.

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

M Srinivas
(Whole Time Director)

M Lokeswara Rao
(Managing Director)

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
For the financial year ended on 31-03-2019

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

I. REGISTRATION AND OTHER DETAILS

CIN	L29219TG1983PLC004319
Registration Date	17/12/1987
Name of the Company	LOKESH MACHINES LIMITED
Category / Sub-Category of the Company	Company Limited by Shares/ Indian Non-Government Company
Address of the Registered office and contact details	B-29 EEIE STAGE, 2, BALANAGAR, HYDERABAD-500037.
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer	Karvy Fintech Pvt. Ltd. Karvy Selenium Tower B, Plot No.31-32,Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032.
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:

Sl.No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	General Purpose Machines	28110	57.73%
2.	Special Purpose Machines	28221	8.77%
3.	Jobwork charges	28223	33.50%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No	Name and Address of The company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
1.	NA	NA	NA	NA	NA

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	8991705	—	8991705	50.24	8932505	—	8932505	49.91	(0.33)
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt (s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	—	—	—	—	—	—	—	—	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other....	—	—	—	—	—	—	—	—	—
Sub-total (A)(1):-	8991705	—	8991705	50.24	8932505	—	8932505	49.91	(0.33)
(2) Foreign									
a) NRIs -Individuals	—	—	—	—	—	—	—	—	—
b) Other –Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other....	—	—	—	—	—	—	—	—	—
Sub-total (A)(2):-	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	8991705	—	8991705	50.24	8932505	—	8932505	49.91	(0.33)
B. PublicShareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	438090	—	438090	2.45	371798	—	371798	2.08	(0.37)
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) InsuranceCompanies	—	—	—	—	—	—	—	—	—
g) FIIs	—	—	—	—	—	—	—	—	—
h) Foreign VentureCapital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	438090	—	438090	2.45	371798	—	371798	2.08	(0.37)
2. Non-Institutions									
a) Bodies Corp.	1237352	—	1237352	6.91	983728	—	983728	5.50	(1.41)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	4934023	12360	4946383	27.64	4721324	12360	4733684	26.45	(1.19)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2094142	—	2094142	12.29	2399242	—	2399242	13.41	1.12

c) Others									
- Directors	—	—	—	—	—	—	—	—	—
- Trust	6000	—	6000	0.03	12000	—	12000	0.07	0.04
- HUF	372800	—	372800	2.08	347555	—	347555	1.94	(0.14)
- NRIs	116612	—	116612	0.65	97112	—	97112	0.54	(0.11)
- Clearing members	63334	—	63334	0.35	18246	—	18246	0.10	(0.25)
- NBFC	500	—	500	0.002	1000	—	1000	0.01	0.008
Sub-total (B)(2):-	8454615	12360	8466975	47.31	8580107	12360	8592467	48.01	0.7
Total Public Shareholding (B)= (B)(1)+ (B)(2)	8892705	12360	8905065	49.76	8951905	12360	8964265	50.09	0.33
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total(A+B+C)	17884410	12360	17896770	100.00	17884410	12360	17896770	100.00	—

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change In shareholding during the year
		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 Pledged / encumbered to total shares	
1	MULLAPUDI LOKESWARARAO	553093	3.09	3.07	553093	3.09	3.07	--
2	MULLAPUDI SRIKRISHNA	1812271	10.13	6.55	1812271	10.13	6.55	--
3	MULLAPUDI SRINIVAS	1921615	10.74	7.87	1921615	10.74	6.48	--
4	MULLAPUDI VIJAYALAKSHMI	1844913	10.31	9.86	1794913	10.03	8.47	(0.28)
5	MULLAPUDI KANAKADURGA	700372	3.91	3.01	700372	3.91	2.17	--
6	BOLLINENI KISHORE BABU	1097009	6.13	4.15	1087009	6.07	5.00	(0.06)
7	BOLLINENI VIJAYALAKSHMI	140939	0.79	0	140939	0.79	0	--
8	BOLLENENI SHILPA	104810	0.59	0	104810	0.59	0	--
9	AJAYKUMAR MULLAPUDI	3269	0.02	0	3269	0.02	0	--
10	MULLAPUDI LIKHITA	554190	3.10	0	554190	3.10	0	--
11	MULLAPUDI RAMMOHAN RAO	22043	0.12	0	22043	0.12	0	--
12	BOLLINENI SRIHARSHA	32819	0.18	0	32819	0.18	0	--
13	GANNE ANNAPURNA	16598	0.09	0	16598	0.09	0	--
14	KRISHNASWAMY K	12000	0.07	0	12000	0.07	0	--
15	MULLAPUDI VASANTHALAKSHMI	14004	0.08	0	14004	0.08	0	--
16	GUTTA SAIRAM PRASAD	7059	0.039	0	7859	0.043	0	0.004
17	G KAMALADEVI	7777	0.04	0	7777	0.04	0	--
18	NAGA SATYA SWAROOPA RANI	146924	0.82	0	146924	0.82	0	--
		8991705	50.24	34.55	8932505	49.91	31.74	(0.33)

(iii) Change in Promoters' Shareholding

Sl. No	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 At the end of the year	553093	3.09	553093	3.09
2	MULLAPUDI SRIKRISHNA At the beginning of the year At the end of the year	1812271	10.13	1812271	10.13
3	MULLAPUDI SRINIVAS At the beginning of the year At the end of the year	1921615	10.74	1921615	10.74
4	BOLLINENI VIJAYALAKSHMI At the beginning of the year At the end of the year	140939	0.79	140939	0.79
5	BOLLINENI KISHORE BABU At the beginning of the year At the end of the year	1097009	6.13	1087009	6.07
6	GUTTA SAIRAM PRASAD At the beginning of the year Purchase during the year At the end of the year	7059 800	0.039 0.004	7859	0.043
7	MULLAPUDI VIJAYALAKSHMI At the beginning of the year Sale of Shares on 31/10/2018 At the end of the year	1844913 50000	10.31 0.28	1794913	10.03
8	MULLAPUDI NAGA SATYA SWAROOPA RANI At the beginning of the year At the end of the year	146924	0.82	146924	0.82

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

Sl. No	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	UNITED INDIA INSURANCE COMPANY LIMITED				
	At the beginning of the year	370000	2.07		
	Increase/ Decrease shareholding during the year	—	—	—	—
	At the end of the year			370000	2.07
2	Sundeep Rajapal Chhabra				
	At the beginning of the year	224250	1.25		
	At the end of the year			200000	1.12
3	Kavita Sundeep Chhabra				
	At the beginning of the year	200000	1.12		
	At the end of the year			200000	1.12
4	Raunaq Sundeep Chhabra				
	At the beginning of the year	200000	1.12		
	At the end of the year			200000	1.12
5	RUPANKI PRASHANT SHAH				
	At the beginning of the year	—	—		
	At the end of the year			142770	0.80
6	Golden Goenka Credit Pvt Ltd.				
	At the beginning of the year	118842	0.70		
	At the end of the year			141000	0.70
7	Girdhar Fiscal Services Pvt Ltd.				
	At the beginning of the year	41520	0.24		
	At the end of the year			129972	0.73
8	A .MAHALAKSHMI				
	At the beginning of the year	125000	0.69		
	Increase in the share holding during the year	—	—	—	—
	At the end of the year			125000	0.69
9	Chetan Rasiklal Shah				
	At the beginning of the year	144000	0.80		
	At the end of the year			119000	0.66

10	JAHNAVI SRI DHANYA S				
	At the beginning of the year	109000	0.61		
	At the end of the year			109000	0.61

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. 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	553093	3.09		
	At the end of the year			553093	3.09
2	MULLAPUDI SRIKRISHNA				
	At the beginning of the year	1812271	10.13		
	At the end of the year			1812271	10.13
3	MULLAPUDI SRINIVAS				
	At the beginning of the year	1921615	10.74		
	At the end of the year			1921615	10.74
4	BOLLINENI KISHORE BABU				
	At the beginning of the year	1097009	6.44		
	At the end of the year			1087009	6.07
5	K. KRISHNA SWAMY				
	At the beginning of the year	12000	0.07		
	At the end of the year			12000	0.07
6	V.SUDHAKARA REDDY				
	At the beginning of the year	11000	0.06		
	During the year	—	—	—	—
	At the end of the year			11000	0.06
7	MATRU PRASAD MISHRA				
	At the beginning of the year	—	—	—	—
	During the Year	—	—	—	—
	At the end of the year			—	—

II. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	19,37,76,282	5,05,00,000	Nil	24,42,76,282
ii) Interest due but not paid	25,62,616	3,61,171		29,23,787
iii) Interest accrued but not due	—	—		—
Total (i+ii+iii)	19,63,38,898	5,08,61,171		24,72,00,069
Change in Indebtedness during the financial year			Nil	
• Addition	7,01,21,864			7,01,21,864
• Reduction	(13,66,42,387)	(60,00,000)		(14,26,42,387)
Net Change	(6,65,20,523)	(60,00,000)		(7,25,20,523)
Indebtedness at the end of the financial year				
i) Principal Amount	12,98,18,375	4,45,00,000		17,43,18,375
ii) Interest due but not paid	3,53,644	4,25,762	Nil	7,79,406
iii) Interest accrued but not due	—	—		—
Total (i+ii+iii)	13,01,72,019	4,49,25,762		17,50,97,781

III. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount (Rs.Lakhs)
		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	60.00	39.00	39.00	39.00	177.00
	(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)	60.00	39.00	39.00	39.00	177.00

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 Board of Directors	Mr. B.R. Mahesh Mr. R. Mohan Reddy Mr. A. Vijay Kumar	40,000 60,000 10,000
2	Commission	—	—
	Total		1,10,000

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

Sl. 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	—	6.00	19.20	25.20
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income taxAct, 1961	—	—	—	—
2.	Stock Option	—	—	—	—
3.	Sweat Equity	—	—	—	—
4.	Commission - as % of profit - others, specify...	—	—	—	—
5.	Others, please specify	—	—	—	—
	Total	—	6.00	19.20	25.20

IV. 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 Rule 8(3) of 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 utilizing alternate sources of energy : NA
- iii) The capital investment on energy conversion 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 : 65 lakhs
 - (c) Total: : 65 lakhs
 - (d) Total R & D expenditure as a percentage of total turnover: 0.34 %

Foreign Exchange Earnings and Outgo

- (i) Foreign Exchange Earnings : Rs. 631.36 Lakhs
- (ii) Foreign Exchange Outgo:

For Capital Goods	: Rs. 123.46 lakhs
For Components on FOB basis	: Rs 858.33 lakhs
Towards Foreign Travel	: Rs. 17.69 lakhs

Annexure 'B'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

The financial statements have been prepared in compliance with the requirements of the Companies act, 2013 and in compliance with Companies (Indian Accounting Standard) Rules, 2015. The Company has adopted "IND AS" with effect from 1st April, 2017. Accordingly the financial statements for the year 2018-19 have been prepared in compliance with Companies (Indian Accounting Standards) Rules, 2015. The estimates and judgments relating to financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner.

The management presents the analysis of performance of your Company for the year 2018-19 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 Developments:

The Indian machine tools sector offers several opportunities for investment. The Indian machine tool industry is growing at a steady pace and with the continuous support of the Government aims to grow even further ahead. It is largely expected that the platforms like "Make in India" coupled with the growth in manufacturing are said to be the results of the growing demand in the machine tools sector. 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.

With the Tractor, Auto and Truck business is on a rapid growth trajectory, the Auto Component Manufacturing Companies are also in a growth mode. There is a rapid demand from the OEMs and therefore significant capacities are being added by the Component Manufacturers.

Opportunities and Threats:

The growth opportunity for the machine tool Industry is in proportion with growth of other industries. During the last few years, the phenomenal growth in Automobile industry has largely contributed to the growth of machine tool industry and opportunities lie in further growth in Automobile Industry as several multinational car manufacturer shifts their production base to India.

The main threat to which the Industry is exposed to is volatility of commodity prices affecting input costs structure. Volatility and seasonality have a significant impact on capacity utilizations in the Industry which would result in stiff price competition in lean periods. However the Company strives to create sustainable profitable growth by continuing focus on technology developments/up-gradation and quality of its products to its diversified customer base which will lead the Company towards a competitive edge in the market.

Segment –wise Performance

Machine Tool Division: In line with the Industry performance as mentioned above, your company also is adding significant capacities in the coming years. Further, the technology will be upgraded on par with the Global levels by entering into strategic tie ups with leading European and South Asian companies.

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

Component Division: The Company has a rich experience of 35 years in automobile sector and in manufacturing of auto component such as Cylinder Blocks, Cylinder Heads and Connecting Rods. With significant demand from the OEMs, the company is adding capacities to meet the demands.

Outlook

The Long term outlook for the industry is optimistic based upon the product innovation as most major global players having a base in India for manufacturing, global sourcing and engineering. The domestic demand will

continue to grow. The Tractor industry expects a modest growth in coming years with the indication of normal monsoon.

Risks and Concerns

The Company's growth is linked to growth of the Automobile Sector which are cyclical in nature. This cyclical nature might affect the demand ultimately has a effect on the order book of the Company. However the Company is focusing towards its export orders to counter the risk.

Our profitability and cost effectiveness may be affected due to change in the prices of raw materials, power and other input costs which can significantly impact the profitability. Careful monitoring of the above cost can be very encouraging.

Discussion on Financial Performance with respect to operational performance

During the year the Company has recorded Revenue from operations by way of Sales of Rs. 19,044.07 lakhs against Rs. 17,494.48 lakhs in the FY 2017-18, an increase of about 8.86%. Profit after Tax made during the year is Rs. 676.54 lakhs as against Rs. 470.47 lakhs in 2017-18, thereby an increase in profit.

KEY FINANCIAL RATIOS

Sl.No.	Particulars	2018-19	2017-18
1.	Debtors Turnover	5.86	7.07
2.	Inventory Turnover	1.99	1.83
3.	Interest Coverage Ratio	2.50	2.09
4.	Current Ratio	1.15	1.12
5.	Debt Equity Ratio	0.54	0.61
6.	Operating Profit Margin (%)	12.06	12.09
7.	Net Profit Margin (%)	3.53	2.68
8.	Return on Net Worth (%)	4.69	3.42

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 two non-executive 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, 2019 was 962 (including trainees, employees on contract).

Cautionary Statement:

Statements in the Management's Discussions and Analysis report describing the Company's objectives, 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 31-03-2019

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

To
The Board of Directors
M/s.LOKESH MACHINES LTD
B-29 EEIE Stage, 2,
Balanagar ,Hyderabad

We have conducted the Secretarial Audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Lokesh Machines Ltd** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period from 1st April, 2018 to 31st March, 2019 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Period from 1st April, 2018 to 31st March, 2019 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 there under;
 - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under;
 - 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 (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - b. The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The SEBI (Prohibition of Insider Trading) Regulations, 2015
 - d. The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - e. The SEBI (Share Based Employee Benefits) Regulations, 2014
 - f. The SEBI (Issue and Listing of Debt Securities) Regulations, 2008
 - g. The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - h. The SEBI (Delisting of Equity Shares) Regulations, 2009
 - i. The SEBI (Buyback of Securities) Regulations, 1998
 - vi. The Payment of Wages Act, 1936

- vii. Minimum Wages Act, 1948
- viii. Employees Provident Fund And Misc. Provisions Act, 1952
- ix. Employees State Insurance Act, 1948
- x. Payment of Gratuity Act, 1972
- xi. Workmen's Compensation Act, 1923
- xii. The Payment of Bonus Act, 1965
- xiii. Contract Labour (Regulation & Abolition) Act 1970
- xiv. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- xv. Income Tax Act, 1961
- xvi. Goods and Services Tax Laws
- xvii. The Insurance Act, 1938 [as amended by insurance (amendment) act, 2002]
- xviii. The Factories Act, 1948 and rules made thereunder.
- xix. Water (Prevention & Control of Pollution) Act 1974 and rules there under.
- xx. Air (Prevention & Control of Pollution) Act 1981 and rules there under.
- xxi. The Environment (Protection) Act, 1986
- xxii. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- xxiii. Customs Act, 1962
- xxiv. HMC Act, 1955

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 as amended entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.

2. We further report that the company has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act as notified by Ministry of Corporate Affairs from time to time and the Memorandum and Articles of Association of the Company, with regard to:

- ⌘ Closure of the Register of Members.
- ⌘ Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- ⌘ Service of documents by the Company to its Members, Auditors and the Registrar of Companies;
- ⌘ Adequate notice is given to all directors to schedule the Board Meetings and agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- ⌘ The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes during the year in composition of Board.
- ⌘ Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- ⌘ Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;

- ⌘ Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- ⌘ Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- ⌘ Payment of remuneration to Directors including the Managing Director and Whole-time Directors,
- ⌘ Appointment and remuneration of Statutory Auditor, Cost Auditor and Secretarial Auditors.
- ⌘ Declaration and payment of dividends; - Not Applicable
- ⌘ Borrowings and registration, modification and satisfaction of charges wherever applicable;
- ⌘ Investment of the Company's funds including investments and loans to others; - Not Applicable
- ⌘ Format of balance sheet and statement of profit and loss is as per Schedule III of Companies Act, 2013 read with Companies (Indian Accounting Standard (Ind AS) Rules 2015;
- ⌘ Report of the Board of Directors as per sec 134 of the Companies Act 2013
- ⌘ The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Conduct for Directors and Management Personnel;

3. We further report that:

- ⌘ The Company has complied with the requirements under the equity listing agreements entered into with BSE Limited, National Stock Exchange of India Limited;
- ⌘ The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013; including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- ⌘ The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- ⌘ The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding;
- ⌘ There was no prosecution initiated and no fines or penalties were imposed during the period under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

4. We Further Report That:

- ⌘ The Company is not regular in depositing statutory dues including Provident Fund, employee's state insurance, wages, bonus, gratuity, Income tax, sales tax, service tax, Duty of customs, cess and all other statutory dues with the appropriate authorities under relevant Act's and filing returns thereunder.
- ⌘ The Company is regular in publishing Audited and Unaudited Financial Result.
- ⌘ The Company has filed return under Employment Exchange Act/Rules
- ⌘ The Company has renewed the Policy for Gratuity under Payment of Gratuity Act,1972
- ⌘ The Company Website is well acquainted with all the statutory required information.

- ⌘ The company has not filed integrated return under the Factories Act, 1948 and other Labour Laws for the financial year ending 31st March, 2019.
- 5. We further report that based on the information received and records maintained 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.
- 6. We further Report that during the audit period the Company has:
 - ⌘ No Public /Right/Preferential Issue of Shares/Debentures/Sweat Equity etc.,
 - ⌘ No buy back of shares
 - ⌘ No major Decision taken by the members in pursuance of Section 180 of the companies Act, 2013;
 - ⌘ No Merger/Amalgamation/Reconstruction, etc.,
 - ⌘ No Foreign Technical Collaborations;

Date: 14.08.2019
Place: Hyderabad

For L.D.Reddy & Co.,
Company Secretaries

L. Dhanamjay Reddy
(Proprietor)
M.No.: 13104
CP. No.3752

ANNEXURE

To
The Board of Directors
M/s.LOKESH MACHINES LTD
B-29 EEIE Stage, 2,
Balanagar, Hyderabad - 50037 Telangana.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records on our audit.
2. We have followed the audit practices and processes as appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the information and relevant documents including representation given by the management about the compliance of laws, rules and regulation and happening of events etc.
5. The compliances of the provisions of corporate and other applicable laws. Rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the company efficiency of effectiveness with which the management has conducted the affairs of the company.

Date: 14.08.2019
Place: Hyderabad

For L.D.Reddy & Co.,
Company Secretaries

L. Dhanamjay Reddy
(Proprietor)
M.No.: 13104
CP. No.3752

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 Board of Directors along with its Committees provides leadership and guidance to the management.

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, a 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 16th May, 2018, 08th August 2018; 31st August, 2018; 22nd September, 2018, 12th November, 2018 and 11th February, 2019.

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	03	No	3	NIL	Nil
B. Kishore Babu DIN : 00840630	Promoter- Executive Director	06	05	Yes	2	1	Nil
M. Srinivas DIN : 00917565	Promoter-Non Executive Director	06	02	Yes	1	1	Nil
M. Srikrishna DIN : 00841388	Promoter- Executive Director	06	02	Yes	1	1	Nil
K. Krishna Swamy DIN : 00840887	Non- Promoter, Executive Director	06	01	No	Nil	Nil	Nil
B. R. Mahesh DIN :00810019	Independent Non Executive Director	06	05	Yes	4	1	1
R. Mohan Reddy DIN : 00841038	Independent Non Executive Director	06	06	Yes	3	3	3
A.Vijayakumar DIN : 01655185	Independent Non Executive Director	06	02	No	1	Nil	Nil
Smt Bhavana Rao DIN : 00956209	Independent Nominee Director	06	01	No	5	Nil	Nil

Information on Directors appointment / re-appointment as required under the SEBI (LODR) Regulations 2015 with stock exchanges is given in the Explanatory 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 the Regulation 16 of SEBI (Listing Obligations 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 Three Non-Executive Independent directors and one Executive Director. The Company Secretary of the Company acts as a secretary to the 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)
3. Mr. R Mohan Reddy - Member (Independent and Non Executive Director)
4. Mr. A. Vijay Kumar - Member (Independent and Non Executive Director)

c) Meetings and attendance during the year

During the period under review four Audit Committee Meetings were held as follows: on 16th May, 2018; 08th August, 2018; 12th November, 2018 and 11th February, 2019. The gap between two Audit meetings was not more than four months.

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

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

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. B R Mahesh – Member (Independent and Non-executive Director)and
3. Mr A. Vijay Kumar.– Member (Independent and Non-executive Director)

One meeting was held on 31st August, 2018 during the year for the above committee.

c) Remuneration Policy

To recommend/review the remuneration package, periodically, to the Executive Directors and the KMPs. 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	Other Allowance	Commission	Total
Mr. M. Lokeswara Rao (Managing Director)	60.00	-	-	60.00
Mr. B. Kishore Babu Executive Director	39.00	-	-	39.00
Mr. M.Srinivas Whole-time Director	39.00	-	-	39.00
Mr. M. Srikrishna Whole-Time Director	39.00	-	-	39.00

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 2018-19 is given below:

Name of Director Sitting Fees paid(Rs)

Mr. B R Mahesh	40000
Mr. R Mohan Reddy	60000
Mr. A. Vijay Kumar	10000

f) Shareholdings of Non Executive Directors as on March 31, 2019:

Mr. B R Mahesh, Mr. R Mohan Reddy, Mr. A. Vijay Kumar, the Non Executive Independent Directors of the company and Smt. Bhavana Rao Nominee Director of the company, do not hold any shares of the Company. Mr. K. Krishna Swamy Non-Executive Non-Independent director of the Company holds 12,000 shares.

V. Stakeholders Relationship Committee

The Stakeholders Relationship committee consists of three members namely:

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

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

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

During the period under review One Shareholders Grievance Committee Meetings were held on 21st March 2019, 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	1	1
2	Mr. M Srikrishna	1	0
3	Mr. B Kishore Babu	1	1

Compliance Officer

Mr Matru Prasad Mishra, as the Company Secretary as Compliance Officer with effect from 14th December, 2017.

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 4 Complaints during the year. The company resolved all of them during the year under review. There are no outstanding complaints as on 31st March, 2019.

VI General Meetings:

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

Year	AGM	Venue	Date	Time
2015-16	32 nd	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033	28/09/2016	11:00 A.M.
2016-17	33 rd	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033	28/09/2017	11:00 A.M.
2017-18	34 th	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033	29/09/2018	3:00 P.M.

Special resolutions

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

AGM held on	Special resolution passed	Summary of the resolution
29-09-2018	6	<ol style="list-style-type: none"> 1. Re-appointment of Mr. M. Lokeswara Rao as Managing Director. 2. Re-appointment of Mr. B. Kishore Babu as a Whole-time director. 3. Re-appointment of Mr. M. Srinivas as a Whole-time director 4. Re-appointment of Mr. M. Srikrishna as a Whole-time director

		<ol style="list-style-type: none"> 5. Approval for Continuation of current term of Mr. R. Mohan Reddy as Non-Executive Director. 6. Approval for Continuation of Mr. K. Krishna Swamy as Non-Executive Director of the Company.
28-09-2017	No	No Special Resolutions were passed at 33 rd AGM.
28-09-2016		<ol style="list-style-type: none"> 1. Revision in the remuneration of Mr M.Lokeswararao as Managing director 2. Revision in the remuneration of Mr B.Kishore Babu as Executive director 3. Revision in the remuneration of Mr M.Srinivas Executive director 4. Revision in the remuneration of Mr M Srikrishna as Executive director 5. Ratification of Typo Graphical Errors in the EGM Notice

Postal Ballot:

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

VII. Other Disclosures**Related Party Transactions**

No transaction of material nature was entered into by the Company with the related parties i.e, Directors or the management, their subsidiaries or relatives conflicting with the Company's interest. Transactions with the related parties are disclosed in notes to accounts in the Annual Report. Also Related Party Transactions are approved by Audit Committee and then ratified by the Board in their duly convened meeting.

Disclosure of Accounting Treatment:

In the preparation of financial statements, the Company has adopted "IND AS" with effect from April 01st, 2017. Accordingly the financial statements for the year 2018-19 have been prepared in Compliance with Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of Companies Act, 2013.

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 is placed at periodic intervals for review by the Board.

Whistle Blower /Vigil Mechanism:

The The Company has established a whistle Blower /Vigil Mechanism through its Directors, Employees and stakeholders can report their genuine concerns about unethical behaviors, 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 2019.

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

During the financial year 2018-19, the Company has not issued any GDRs/ADRs. There has been no change in the Paid-up capital of the Company during the said Financial Year 2018-19.

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 Financial Express (English) and Nava Telangana (Telugu) within 48 hours of the conclusion of the Board meeting.

The Company's website www.lokeshmachines.com contains a separate dedicated section "Investor Center" 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	27 th September 2019, at 10.00 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 27, 2019 b) Results for the quarter ending June 30, 2019: 2 nd Week of August, 2019 c) Results for the quarter ending September 30, 2019 : on or before 2 nd week of November, 2019 d) Results for the quarter ending December 31, 2019: on or before 2 nd week of February, 2020 e) Results for the Year ending March 31, 2020: on or before 30 th May, 2020
c.	Date of Book Closure (both days inclusive)	September 21, 2019 to September 27, 2019 both days inclusive
d.	Listing on Stock Exchanges	The Bombay Stock Exchange Limited P.J.Towers, Dalal Street, Mumbai – 400001 The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051 Annual Listing fees have been paid for both BSE & NSE.
e.	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

		<p>2. Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28th Floor Dalal Street, Mumbai – 400023</p> <p>The International Securities Identification Number (ISIN) allotted to the Company's scrip is ISIN: INE397H01017.</p> <p>99.93% of equity shares are held in dematerialised form as on March 31, 2019.</p>
h	Credit Rating	CARE Ratings has given the credit rating of CARE BB; Stable for long Bank facilities and CARE A4 for short term Bank facilities.
i	Registered Office Address (for correspondence)	B-29, EEIE, Stage II, Balanagar, Hyderabad – 500 037
j	Registrar and Share Transfer Agent's Contact Address	<p>Karvy Fintech Pvt. Ltd. Karvy Selenium Tower B, Plot No.31-32, Gachibowli Financial District, Nanakramaguda, Serilingampally, Hyderabad - 500 032 Phone : +91 40 67161591 E-mail: einward.ris@karvy.com Web Site: www.karvy.com</p> <p>Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants</p>
k	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.
l	Details of Compliance Officer	<p>Mr. Matru Prasad Mishra 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 CIN: L29219TG1983PLC004319 cosecy@lokeshmachines.com</p>
m	Plant locations	<p>Temple Road, Bonthapally, Medak District, Telangana</p> <p>B - 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, Telangana</p> <p>B - 15 & 17, EEIE, Stage II, Balanagar, Hyderabad, Telangana</p> <p>Ravalkol village, Medchal Mandal. Rangareddy Distt, Telangana</p> <p>Plot No 41, IDA Balanagar, Hyderabad, Telangana</p> <p>Plot No D260/1, Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra</p>

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 prohibition of insider trading code in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended) for prevention of insider trading by its Management, Staff and Directors. The code is applicable to all Directors, Designated Employees and their relatives.

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 "Closure of Trading Window" notified by the company from time to time to stock exchanges.

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 listing regulations which is attached to this report.

Distribution of shareholding as on March 31, 2019

S.No.	Category (Amount)	Numbers of shareholders	% of shareholders	Number of shares	% of shareholding
1.	1 to 5000	10467	84.19	1453922	8.12
2.	5001-10000	983	7.91	824454	4.61
3.	10001-20000	483	3.88	755706	4.22
4.	20001-30000	150	1.21	389323	2.18
5.	30001-40000	75	0.60	265591	1.48
6.	40001-50000	62	0.50	295208	1.65
7.	50001-100000	104	0.84	804066	4.49
8.	100001 & Above	109	0.88	13108500	73.25
	Total	13,335	100.00	17896770	100.00

Shareholding pattern as on March 31, 2019

Category	No of Shareholders	Total Shares	% of Equity
CLEARING MEMBERS	15	18246	0.10
TRUSTS	1	12000	0.07
RESIDENT INDIVIDUALS	11604	7132926	39.86
H U F	504	347455	1.94
INDIAN FINANCIAL INSTITUTIONS	2	371798	2.08
INDIAN PROMOTERS	18	8932505	49.91
BODIES CORPORATES	166	983728	5.50
NBFC	1	1000	0.01
NON RESIDENT INDIANS	122	97112	0.53
Total	12433	17896770	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 2018-19 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 18	71.60	54.15	71.55	53.20
	May 18	77.4	63.5	77.75	63.50
	Jun 18	72.9	53.3	72.80	53.25
	July 18	61.7	50.25	61.80	50.25
	Aug 18	66	52.2	65.55	52.10
	Sep 18	57.8	47	57.60	47.10
	Oct 18	50.8	43.25	51.40	41.85
	Nov 18	52.5	40	53.70	41.40
	Dec 18	50.8	41.55	50.80	41.00
	Jan 19	51	41.45	49.00	40.70
	Feb 19	44	36.8	44.70	36.70
	Mar 19	48.85	41.05	49.20	41.05

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, 2019.

For Lokesh Machines Limited

Place: Hyderabad
Date: 14th August, 2019

M. Lokeswara Rao
Managing Director

CEO AND CFO CERTIFICATION

To
The Board of Directors
Lokesh Machines Ltd
Hyderabad

We, M.Lokeswara Rao, 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 Financial year ended on 31st March, 2019 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 31st March 2019
 - 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.Lokeswara Rao
Managing Director

V.Sudhakara Reddy
Chief Financial Officer

Place: Hyderabad.
Date: 25th May, 2019

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of Lokesh Machines Limited

We have examined all the relevant records of Lokesh Machines Ltd (“the Company”) for the Year ended on 31st March, 2019, as Stipulation in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements),2015 (“Regulations”)

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 the above mentioned Regulations..

We 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.

Place: Hyderabad.
Date: 25th May, 2019

For K S Rao & CO.
Chartered Accountants

(M. Naga Prasadu)
Partner
Membership No. 231388

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOKESH MACHINES LIMITED, HYDERABAD.

Report on the Indian Accounting Standards

Opinion

We have audited the accompanying financial statements of LOKESH MACHINES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit matter	How the matter was addressed in our audit
<p>Valuation of inventory</p> <ul style="list-style-type: none"> • Inventory forms a significant part i.e. 33% of the Company's total assets. • Inventory comprises of Raw Materials, Finished Goods, Stock in Process and Stores and Spares. • Inventories are valued at lower of cost and net realisable value(NRV) • Valuation of inventories can be subjective due to inherent uncertainty due to volatility in prices of raw material and volatility in prices of finished goods due to changes in consumer demands 	<p>Our Procedures included</p> <p>We have reviewed the stock records and held discussion with the management. We verified the arithmetical accuracy of valuation records/reports.</p> <p>Obtaining understanding of production process and testing of key controls over recognition and measurement of inventory.</p> <p>For a sample of inventory items we have verified that the weighted average cost calculation by the system in case inventory is appropriate.</p>

<ul style="list-style-type: none"> • Determination of whether inventory will be realized for value less than cost requires management to exercise judgement and apply assumption • Because of size, inherent uncertainty in volatility in prices of raw material, assumption and complexities involved in inventory valuation, this is considered key audit matter 	<p>Assessing reasonableness of assumption and judgements applied by management in inventory valuation including evaluating consistencies with management's prior period estimation.</p> <p>Assessing appropriateness of NRV estimated by management, on sample basis, by comparing NRV to recent market prices.</p>
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Other Information

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board of Directors' Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The above specified reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 in terms of Section 143(11) of the Act, we give in "Annexure- A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS 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 March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act,
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended 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 that 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 delays in transferring amounts, required to be transferred, to the “Investor Education and Protection Fund” by the Company.

for **K.S.RAO & CO.**
Chartered Accountants
Firm’s Regn No. 003109S

(M.NAGA PRASADU)

Partner
Membership No. 231388

Place : Hyderabad
Date : 25.05.2019

ANNEXURE-A TO THE INDEPENDENT AUDITORS' 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 31st March, 2019.

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 regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Goods and Services 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 March 31, 2019 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. During the year under review, the company has not raised any moneys by way of initial public offer or further public offer(including debt instruments). The Term loans availed were applied for the purposes for which those are raised.
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. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
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. details and situation of fixed assets.

for **K.S.RAO & CO.**
Chartered Accountants
Firm's Regn No. 003109S

(M.NAGA PRASADU)

Partner
Membership No. 231388

Place : Hyderabad
Date : 25.05.2019

ANNEXURE-B TO THE INDEPENDENT AUDITORS' 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 2019 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 Board of directors of the company 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 internal financial controls over financial reporting of the company 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") issued by ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 2019, 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 **K.S.RAO & CO.**
Chartered Accountants
Firm's Regn No. 003109S

(M. NAGA PRASADU)

Partner
Membership No. 231388

Place : Hyderabad
Date : 25.05.2019

BALANCE SHEET AS AT 31st MARCH, 2019

Rs. in Lakhs

PARTICULARS	Note No.	As at 31.03.2019	As at 31.03.2018
I ASSETS			
1 Non-Current Assets.			
(a) Property, Plant and Equipment	4	10,143.66	10,833.27
(b) Capital Work-in-Progress		2,477.88	1,900.17
(c) Intangible Assets		31.38	17.37
(d) Financial Assets			
(i) Investments	5	150.00	150.00
(ii) Loans and Advances	6	692.34	552.28
(iii) Other Financial Assets	7	950.07	996.22
Total Non-Current Assets		14,445.34	14,449.33
2 Current Assets			
(a) Inventories	8	9,570.74	9,576.70
(b) Financial Assets			
(i) Trade Receivables	9	3,380.45	2,479.95
(ii) Cash and Cash Equivalents	10	397.95	308.32
(iii) Loans and Advances	11	828.57	734.81
(iv) Other Financial Assets	12	186.35	418.39
Total Current Assets		14,364.06	13,518.18
TOTAL ASSETS		28,809.40	27,967.51
II EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share capital	13	1,789.68	1,789.68
(b) Other Equity	14	12,624.31	11,975.62
Total Equity		14,413.99	13,765.30
2 Liabilities			
Non-Current liabilities			
(a) Financial borrowings	15	659.77	782.69
(b) Deferred tax liabilities (Net)	16	918.39	900.08
(c) Other Non-Current liabilities	17	22.53	198.29
(d) Provisions	18	307.06	240.88
Total Non-Current Liabilities		1,907.75	2,121.94
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	6,415.40	6,455.86
(ii) Trade payables	20		
a) Total outstanding dues of MSME		0.00	0.00
b) Total outstanding dues of other than MSME		3,728.59	2,759.22
(iii) Other Financial liabilities	21	638.42	1,153.59
(b) Other current liabilities	22	1,546.35	1,502.68
(c) Provisions	23	158.91	208.92
Total Current liabilities		12,487.66	12,080.27
TOTAL EQUITY AND LIABILITIES		28,809.40	27,967.51
Significant Accounting policies and key accounting adjustments & Judgements.	1-42		

As per our report of even date attached

for **K. S. RAO & CO.**

Chartered Accountants

Firm's Registration No. : 003109S

M. NAGA PRASADU

Partner

Membership No. 231388

Place: Hyderabad

Date : 25th May, 2019

For and on behalf of the Board

M. LOKESWARA RAO

Managing Director

M. SRINIVAS

Whole Time Director

V. SUDHAKARA REDDY

Chief Financial Officer

MATRU PRASAD MISHRA

Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31st MARCH , 2019

Rs. in Lakhs

PARTICULARS	Note No.	Current Year 31.03.2019	Previous Year 31.03.2018
I INCOME			
Revenue from Operations	24	19,044.07	17,494.48
Other Income	25	94.75	84.05
Total Income		19,138.82	17,578.53
II EXPENSES			
Cost of Material consumed	26	9,821.23	9,317.97
Changes in inventories of finished goods and work in progress	27	4.13	(13.70)
Other Manufacturing expenses	28	2,131.47	1,711.47
Employee benefits expense	29	3,314.71	3,047.02
Financial costs	30	1,289.73	1,408.88
Depreciation and amortization expenses	31	912.58	817.28
Other expenses	32	1,070.50	927.09
		18,544.35	17,216.01
Less : Captive consumption		424.15	352.98
Total Expenses		18,120.20	16,863.03
III Profit before exceptional items & taxes (I-II)		1,018.62	715.50
IV Tax expenses			
- Income tax -Current		310.00	200.00
- Deferred Tax		32.07	45.03
Total tax expenses		342.07	245.03
V Profit for the year after taxes (III-IV)		676.54	470.47
VI Other Comprehensive income			
i Items that will not be reclassified subsequently to profit or loss		(41.61)	2.95
ii Income tax relating to items that will not be reclassified to profit or loss		13.76	(0.97)
		(27.85)	1.97
		648.69	472.44
VII Earning per equity share (Amount in Rs.)			
Basic	33	3.78	2.73
Diluted		3.78	2.73
Significant Accounting policies and key accounting adjustments & Judgements.	1-42		

As per our report of even date attached

for **K. S. RAO & CO.**

Chartered Accountants

Firm's Registration No. : 003109S

For and on behalf of the Board

M. NAGA PRASADU

Partner

Membership No. 231388

M. LOKESWARA RAO

Managing Director

M. SRINIVAS

Whole Time Director

Place: Hyderabad

Date : 25th May, 2019**V. SUDHAKARA REDDY**

Chief Financial Officer

MATRU PRASAD MISHRA

Company Secretary

Statement of Changes in Equity**A. Equity Share Capital**

As At April 1, 2018	17,89,67,700
Changes in equity share capital during the year	0
As at March 31, 2019	17,89,67,700

B. Other Equity (Rupees In Lakhs)

Particulars	Capital Redemption Reserve	Security Premium	General Reserves	Retained Earning	Remeasurement of defined benefit plan	Total
Balance as at April 01,2018	150.00	7,388.31	425.00	4,005.54	6.77	11,975.62
Profit for the Year				676.54		676.54
Addition during the year						
Total comprehensive income for the year					-27.85	-27.85
Balance as at 31, March,2019	150.00	7,388.31	425.00	4,682.08	-21.08	12,624.31

The description of nature and purpose of reserves within equity is as follows:

- Capital Redemption Reserve : Created on redemption of preference shares and it can be utilized as per section 63 of the company act.
- Security premium : Premium received on issue of equity shares credited to security premium and it can be utilized as per section 63 of the companies act.
- General reserve: Reserve is created from time to time by transfer of profits from retained earnings and it can be utilized as per section 63 of the companies act.
- Retained earnings: Retained earnings are accumulation of profits earned by the company and it can be utilized as per section 63 of the companies act.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

(Rs. in Lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxes	1,018.62	715.50
Adjusted for		
Depreciation	912.58	817.28
Financial charges	1,289.73	1,408.88
Profit on sale of asset	-	(29.71)
Interest Income	(52.86)	(14.93)
Other comprehensive income	(41.61)	2.95
Operating profit before working capital changes	3,126.45	2,899.97
Adjustment for changes in		
Decrease/(Increase) in Receivables & Other advances	(824.43)	1,297.00
Decrease/(Increase) in Inventories	5.96	(12.09)
Decrease/(Increase) in Trade and other payables	1,009.64	(1,067.90)
Cash generated from operations	3,317.61	3,116.98
Direct taxes paid	(199.63)	(81.51)
Net Cash Flow from Operating Activity (A)	3,117.99	3,035.47
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including CWIP and capital advances	(954.74)	(741.75)
Sale of assets	-	187.03
Interest received	50.87	6.47
Net Cash Flow from Investing Activity (B)	(903.87)	(548.25)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Bank Borrowings	(678.56)	(1,343.53)
Proceedings from equity & Share Application money		415.26
Dividend paid (Earlier issued DD's now return back by bank)	2.69	-
Interest paid	(1,448.61)	(1,479.23)
Net Cash Flow from Financing Activity (C)	(2,124.48)	(2,407.50)
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)	89.63	79.72
Add: Cash/Cash equivalents at the beginning of the year	308.32	228.60
Cash/Cash equivalents at the end of the year	397.95	308.32

As per our report of even date attached

for **K. S. RAO & CO.**

Chartered Accountants

Firm's Registration No. : 003109S

For and on behalf of the Board

M. NAGA PRASADU

Partner

Membership No. 231388

M. LOKESWARA RAO

Managing Director

M. SRINIVAS

Whole Time Director

Place: Hyderabad

Date : 25th May, 2019**V. SUDHAKARA REDDY**

Chief Financial Officer

MATRU PRASAD MISHRA

Company Secretary

Notes to the financial statements for the year ended March 31, 2019(Continued)

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT: FOR THE YEAR ENDED MARCH 31, 2019 (Rs. in Lakhs)

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As at 01.04.2018	Additions	Deletions	As at 31.03.2019	Upto 31.03.2018	For the year	Deletions	Upto 31.03.2019	As at 31.03.2019	As at 31.03.2018
A	Tangible Assets										
1)	Freehold Land	1,388.35	63.09		1,451.44					1,451.44	1,388.35
2)	Buildings	3,709.29			3,709.29	826.49	117.34		943.84	2,765.45	2,882.80
3)	Plant and Machinery	12,344.16	77.60		12,421.76	6,784.78	565.79		7,350.57	5,071.19	5,559.38
4)	Furniture & Fixtures	94.43	0.29		94.72	80.08	3.46		83.54	11.18	14.35
5)	Vehicles	431.13			431.13	214.86	66.46		281.32	148.81	216.26
6)	Misc.Equipment	2,125.61	60.12		2,185.73	1,369.56	146.81		1,516.37	669.36	756.05
7)	Office Equipment	71.97	0.34		72.31	66.84	1.78		68.62	3.69	5.13
8)	Computers	297.48	18.61		316.09	286.53	8.02		294.55	21.54	10.95
	Total	20,462.41	220.05		20,682.46	9,629.14	909.66		10,538.80	10,143.66	10,833.27
B	In tangible Assets										
	Computer software	63.02	16.92		79.94	45.64	2.92		48.56	31.38	17.37
	Total	63.02	16.92		79.94	45.64	2.92		48.56	31.38	17.37
	Total	20,525.43	236.97		20,762.40	9,674.78	912.58		10,587.36	10,175.04	10,850.65
	March 31,2018	17,996.76	3,254.15	725.48	20,525.43	9,060.04	817.66	202.92	9,674.78	10,850.65	1,900.17
C	Capital work in progress	1,900.17			2,477.88					2,477.88	

Notes to the Financial Statements for the Year ended 31st March, 2019.

NOTE 5 - INVESTMENTS-NON CURRENT

Rs. In Lakhs

Particulars	As At 31.03.2019	As At 31.03.2018
Investment in equity shares (Un-Quoted)		
a) 5,00,000 Equity shares of Rs.10/- each in M/s MLR Motors Ltd	50.00	50.00
b) 5,00,000 Equity shares of Rs.20/- each in M/s MLR Auto Ltd	100.00	100.00
Total	150.00	150.00

NOTE 6 - LOANS AND ADVANCES -NON CURRENT

(Un secured - considered good)		
Capital advances	692.34	552.28
Total	692.34	552.28
Capital advances includes Rs.690.62 lakhs(Previous year Rs. 550.56 lakhs) given to the group companies towards purchase of Land and Machinery.		

NOTE 7 - OTHER FINANCIAL ASSETS - NON CURRENT

(Un secured - considered good)		
a. Security Deposits	161.48	201.37
b. Land Lease rentals	323.41	327.19
c. Trade Receivables	465.18	467.67
Total	950.07	996.22
Other receivables include Rs. 314.87 Lakhs (Previous Year Rs. 314.87 Lakhs) due from group companies.		

NOTE 8 - INVENTORIES

(At cost and certified by the Management)		
a) Raw Materials & Components	1,718.96	1,720.79
b) Finished Goods	564.20	531.93
c) Work-in-Progress	7,286.54	7,313.14
d) Scrap (at realisable value)	1.05	10.85
Total	9,570.74	9,576.70
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 31st March, 2019.

NOTE 9 -TRADE RECEIVABLES

Rs. In Lakhs

Particulars	As At 31.03.2019	As At 31.03.2018
Trade Receivables		
i) Trade Receivables considered good -secured	-	-
ii) Trade Receivables considered good -un secured	3,380.45	2,479.95
iii) Trade Receivables which have significant increase in risk	-	-
iv) Trade Receivables -Credit impaired	-	-
Total	3,380.45	2,479.95

NOTE 10 - CASH AND CASH EQUIVALENTS

(a) Balances with banks:		
Current accounts	100.56	133.42
Ear marked with Banks- Un paid Dividends	3.94	1.25
Against Margin Money/ Guarantee	291.31	171.76
(b) Cash on hand	2.14	1.89
Total	397.95	308.32

NOTE 11 - LOANS AND ADVANCES - CURRENT

(Un secured - considered good)		
Advances against materials and services	643.39	549.98
Advances for capital purchases	165.10	166.38
Other advances	20.08	18.46
Total	828.57	734.81

NOTE 12 - OTHER FINANCIAL ASSETS -CURRENT

(Un secured - considered good)		
Balance with GST authorities	94.43	208.40
Provision for Income Tax (Net)	36.49	146.87
Interest accrued on deposits	36.99	34.99
Prepaid expenses	18.44	28.14
Total	186.35	418.39

Notes to the Financial Statements for the Year ended 31st March, 2019.

NOTE 13 - EQUITY SHARE CAPITAL

Rs. In Lakhs

Particulars	As At 31.03.2019	As At 31.03.2018
a. Authorised Share Capital 2,00,00,000 Equity Shares of Rs.10 each	20,00,00,000	20,00,00,000
	20,00,00,000	20,00,00,000
b. Issued, Subscribed and Paid-Up 1,78,96,770 Equity Shares of Rs.10 each	1,789.68	1,789.68
Total	1,789.68	1,789.68
c. Reconciliation of the shares outstanding at the beginning and the end of respective years:		
No. of shares at the beginning of the year	1,78,96,770	1,70,32,800
Issued during the year	-	863,970
No. of shares at the end of the year	1,78,96,770	1,78,96,770
d. The Company has only one class of equity shares having a face value of Rs. 10/- per share with one vote per each share. The Company declares and pay dividends in Indian Rupees. The dividends proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining asset of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
f. Details of Share Holders holding more than 5% of shares in the Company.		
M.Vijayalakshmi - In Nos. - In %	17,94,913 10.03	18,44,913 10.31
M.Srinivas - In Nos. - In %	19,21,615 10.74	19,21,615 10.74
M.Srikrishna - In Nos. - In %	18,12,271 10.13	18,12,271 10.13
B.Kishore babu - In Nos. - In %	10,87,009 6.07	10,97,009 6.13

Notes to the Financial Statements for the Year ended 31st March, 2019.

NOTE 14 - OTHER EQUITY

Rs. In Lakhs

Particulars	As At 31.03.2019	As At 31.03.2018
(a) Capital Redemption Reserve At the beginning and at the end of the year	150.00	150.00
(b) Securities Premium Reserve At the beginning of the year Add: Additions for the year At the end of the year	7,388.31 7,388.31	6,783.53 604.78 7,388.31
(c) General Reserve At the beginning and at the end of the year	425.00	425.00
(d) Surplus in Statement of Profit & Loss At the beginning of the year Profit for the year Appropriations: Less: Equity Dividend Corporate Dividend Tax Closing Balance	4,005.54 676.54 4,682.08	3,535.07 470.47 4,005.54
(e) Other Comprehensive Income On Actuarial Gain/(loss) on post employment benefits At the beginning of the year Add: Additions for the year At the end of the year	6.77 (27.85) (21.08)	4.80 1.97 6.77
Total	12,624.31	11,975.62

NOTE 15 - FINANCIAL BORROWINGS -NON CURRENT

1 Term Loans from Banks		
a) Punjab National Bank -1	-	111.22
b) Punjab National Bank -2	-	28.49
c) State Bank of India - 2	86.62	280.72
2 Term Loans from other parties		
d) Mahindra & Mahindra Finance Ltd	434.99	150.08
e) Electronica Finance Ltd	35.24	66.71
Total	556.84	637.22

1 The Loans referred at (a) & (b) above are secured by 1st pari-passu charge by hypothecation of land & buildings and Plant & Machinery, created out of bank finance as per 2DI expansion plan at Pune and guaranteed by Managing Director and Executive Director & 2nd pari-passu charge on the fixed assets of the company (other than project assets exclusively financed) and current assets of the company.

Notes to the Financial Statements for the Year ended 31st March, 2019.

Rs. In Lakhs		
Particulars	As At 31.03.2019	As At 31.03.2018
2	The Loans referred at (c) above are secured by 1st pari-passu charge by hypothecation Plant & Machinery, created out of bank finance for set up of connecting rodline 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 (e) and (f) 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	Sanction date
a) Punjab National Bank -2	30.12.2014	30.12.2014
b) State Bank of India -2	25.07.2012	25.07.2012
II Vehicle Hire Purchase Loans	102.92	145.47
Total	102.92	145.47
1	Hire Purchase Loans above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company and repayable in monthly installments.	
Total (I+II)	659.77	782.69

NOTE 16 - DEFERRED TAX LIABILITIES (NET)

Deferred tax liability		
Difference in WDV value of assets (between books and Income tax)	1,032.87	979.72
Deferred tax asset		
Provisions charged to the statement of profit and loss but not allowed as per Income tax Act.	114.48	79.64
Total	918.39	900.08

Notes to the Financial Statements for the Year ended 31st March, 2019.

NOTE 17 - OTHER NON CURRENT LIABILITIES

Rs. In Lakhs

Particulars	As At 31.03.2019	As At 31.03.2018
Creditors for Capital expenditure	22.53	27.49
Advance from customers	0.00	170.80
Total	22.53	198.29

NOTE 18 - PROVISIONS - NON CURRENT

(a) Provision for employee benefits		
Gratuity	212.17	141.62
Leave Encashment	94.89	99.26
Total	307.06	240.88

NOTE 19 - BORROWINGS - CURRENT

a. Working Capital Loans -Secured		
State Bank of India -Cash Credit	3,861.32	3,900.00
Punjab National Bank Cash Credit	270.33	226.54
WCDL	760.00	760.00
Indusind Bank - Cash Credit	1,074.50	1,060.71
b. From Companies	449.26	508.61
Total	6,415.40	6,455.86

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.

- 2 For corporate loans the company has given personal guarantee of the directors by way of pledge of shares.

NOTE 20 - TRADE PAYABLES - CURRENT

For supplies and Services		
a) Total outstanding dues of MSME	3,728.59	2,759.22
b) Total outstanding dues of other than MSME	-	-
a) Principal Amount Due	-	-
b) Interest due on above	-	-
c) Amount of interest paid in terms of section 16 of the MSMED Act,2006	-	-
d) Amount of interest due and payable for the period off delay	-	-
e) Amount of interest accrued and remaining unpaid as at year end	-	-
f) Amount of further interest remaining due and payable in the succeeding year	-	-
g) Total outstanding dues other than MSME	-	-
Total	3,728.59	2,759.22

Notes to the Financial Statements for the Year ended 31st March, 2019.

According to the information available with Management, on the basis of intimation received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has no amounts due to micro and small enterprises under the said Act as at March 31st, 2019

NOTE 21 - OTHER FINANCIAL LIABILITIES - CURRENT

Particulars	As At 31.03.2019	As At 31.03.2018
Current maturities of long term borrowings		
State Bank of Hyderabad -Term loan - 1	-	44.70
Punjab National Bank -Term loan - 1	21.37	28.49
Punjab National Bank -Term loan - 2	-	430.00
State Bank of India -Term loan - 2	160.00	120.00
Vehicle hire purchase loans	35.31	26.26
Mahindra & Mahindra Finance Ltd	372.98	419.59
Electrinica Finance Ltd	48.76	84.56
Total	638.42	1,153.59

NOTE 22 - OTHER CURRENT LIABILITIES

Interest accrued and due on borrowings	14.49	173.38
Unpaid dividend	3.70	1.01
Other payables-Statutory	157.25	110.73
Other payables	694.58	435.90
Advances received against sales	676.33	781.66
Total	1,546.35	1,502.68

(a) Interest accrued and due on borrowings has been debited by the bank on 1st April 2019.

NOTE 23 - PROVISIONS - CURRENT

(a) Provisions for employee benefits		
Salary & Reimbursements	106.55	155.88
Bonus Payable	52.36	53.04
Total	158.91	208.92

Notes to the Financial Statements for the Year ended 31st March, 2019.

NOTE 24 -REVENUE FROM OPERATIONS

Rs. In Lakhs

Particulars	Current period 31.03.2019		Previous year 31.03.2018	
	Sale of Machines -Domestic	13,849.07		12,692.16
Sale of Machines -Export	631.36		334.74	
Sale of Connecting Rods	2,200.27		2,314.46	
Sale of Spares	345.35		358.48	
Job work charges	5,347.86		4,993.16	
Scrap Sales	159.01		146.37	
	22,532.92		20,839.36	
Less : GST/Excise duty	3,488.85		3,344.88	
Total	19,044.07		17,494.48	
Detail of sales	2018-19		2017-18	
	Qty	Value	Qty	Value
Special Purpose Machines	9	1,471.06	10	899.70
General Purpose Machines (ind)	576	12,378.01	556	11,792.46
GPM Machies exports	25	631.36	15	334.74
Sale of Connecting Rods		2,200.27		2,314.46
Jobwork charges		5,347.86		4,993.16
Spares & Scrap		504.37		504.85
	610	22,532.92	581	20,839.36

NOTE 25 - OTHER INCOME

Interest Income		
On Margin money deposits	52.86	14.93
Other Non-operating income		
Gain on sale of assets	0.00	29.71
Exchange variance	20.90	14.80
Miscellaneous Income	20.99	24.61
Total	94.75	84.05

NOTE 26 - COST OF MATERIAL CONSUMED

Inventory at the beginning of the year		1,720.79		1,722.39
Add: Purchase of Materials		9,819.40		9,316.37
		11,540.19		11,038.76
Less: Inventory at the end of the year		1,718.96		1,720.79
Total		9,821.23		9,317.97
Value of Imported & Indigenious Material Consumed	2018-19		2017-18	
	Value	%	Value	%
Imported at landed cost	881.57	8.98	825.39	8.86
Indigenously obtained	8,939.66	91.02	8,492.58	91.14
	9,821.23	100.00	9,317.97	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 31st March, 2019.

NOTE 27 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Rs. In Lakhs

Particulars	Current period 31.03.2019	Previous year 31.03.2018
Inventory at the beginning of the year		
Finished Goods	531.93	534.53
Work-in-Progress	7,313.14	7,296.41
Scrap	10.85	11.28
	7,855.92	7,842.22
Inventory at the end of the year		
Finished Goods	564.20	531.93
Work-in-Progress	7,286.54	7,313.14
Scrap	1.05	10.85
	7,851.78	7,855.92
Total	4.13	(13.70)

NOTE 28 - OTHER MANUFACTURING EXPENSES

Consumable Stores	163.87	114.53
Job works (processing charges)	695.13	405.42
Packing material	155.64	140.71
Freight and cartage	219.73	207.19
Power and fuel	685.36	702.79
Testing charges	12.46	12.49
Repairs and Maintenance - Plant and Machinery	199.29	128.35
Total	2,131.47	1,711.47

NOTE 29 - EMPLOYEE BENEFITS EXPENSES

Salaries, Wages and Bonus	3,109.06	2,845.43
Contribution to PF,ESI and Other Funds	115.09	110.26
Staff Welfare expenses	90.57	91.32
Total	3,314.71	3,047.02
Employee benefits expenses include managerial remuneration as detailed below:		
Salary	177.00	177.00
Provident Fund	0.86	0.86
Sitting fees	1.10	1.15
	178.96	179.01

Notes to the Financial Statements for the Year ended 31st March, 2019.

NOTE 30 - FINANCE COSTS

Rs. In Lakhs

Particulars	Current period 31.03.2019	Previous year 31.03.2018
Interest expenses	1,219.13	1,314.52
Bank charges	70.60	94.36
Total	1,289.73	1,408.88

NOTE 31 - DEPRECIATION AMORTISATION EXPENSES

On Property, Plant and Equipment	909.66	815.91
On intangible Assets	2.92	1.37
Total	912.58	817.28

NOTE 32 - OTHER EXPENSES

Rent	56.19	2.27
Rates and Taxes	40.44	26.87
Insurance	35.18	21.22
Travelling and Conveyance	200.88	212.49
Printing and Stationery	41.49	34.13
Postage and Telephones	22.58	19.87
Vehicles Maintenance	50.03	39.78
Directors Sitting Fee	1.10	1.15
Sales Commission	107.12	77.84
Professional Charges	87.19	60.24
Auditor's Remuneration :		
- As Auditors	5.00	5.00
Business Promotion Expenses	18.76	13.30
Advertisement	2.23	3.53
Donations	1.29	2.58
Miscellaneous Expenses	102.31	72.43
Security Charges	68.10	41.55
Exhibition expenses	81.96	110.57
Service charges	139.41	181.82
Exchange variance	9.25	0.46
Total	1,070.50	927.09

NOTE 33 - EARNINGS PER EQUITY SHARE:

a Profit for the year (before other comprehensive income/expenses)	676.54	470.47
b Weighted average number of equity shares of Rs. 10/- each		
Basic	178.97	172.50
Effect of Conversion option	-	-
Diluted	178.97	172.50
c Earning per share		
Basic	3.78	2.73
Diluted	3.78	2.73

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**1. CORPORATE INFORMATION:**

Lokesh Machines Limited ("the Company") was incorporated on December 17, 1983 under the Companies Act, 1956. The Company is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). At present the Company is engaged in the business of manufacture of Special Purpose Machines (SPM), General Purpose Machines/CNC Lathes (GPM), Connecting Rods and machining of Cylinder Blocks and Heads.

These Financial Statements were approved by the Board of Directors and authorized for issue on May 25, 2019.

2. BASIS OF PREPARATION:

These Financial Statements prepared by the Company complying in all material respects with the notified Accounting Standards under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 and in accordance with the generally accepted accounting principles in India.

The financial statements have been prepared on a historical cost basis, except for financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

3. SIGNIFICANT ACCOUNTING POLICIES:**a) Statement of Compliance:**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015 with effect from April 01,2016.

b) Critical Accounting Estimates and Judgments

The preparation of Company's financial statements requires management to make accounting estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures of contingencies at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in future periods.

The areas involving critical estimates or judgments are –

- Useful lives of property plant and equipment and intangible assets
- Measurement of defined benefit obligation.
- Estimation of impairment
- Estimation of Provision and Contingent liabilities
- Recognition of deferred taxes

c) Current Vs Non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it satisfies the below mentioned criteria:

- i. Expected to be realized or intended to be sold or consumed in normal operating cycle;
- ii. Expected to be realized within twelve months after the reporting period, or
- iii. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non- current assets.

A liability is classified as current when it satisfies the below mentioned criteria:

- i. Expected to settle the liability in normal operating cycle;
- ii. Due to be settled within twelve months after the reporting period, or
- iii. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non- current.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

d) Property, Plant and Equipment:

Property, plant and equipment are stated at cost net of input tax credits, less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and all attributable cost, to bring the asset to its working condition for its intended use. Borrowing costs relating to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

The Company adopted cost model as its accounting policy, in recognition of the property, plant and equipment and recognizes transaction value as the cost.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the Statement of Profit and Loss. Property, Plant and Equipment which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from property, plant and equipment and the carrying amount net of scrap value, if any is charged to Statement of Profit and Loss.

The improvements/modifications carried on the lease hold land/property are recognized as lease hold improvements and are written off over the primary lease period or the life of such improvement whichever is lower.

Estimated useful lives of the assets are as follows :

Type of the Asset	Method of Depreciation	Useful life considered(years)
Building-Factory	SLM	30
Plant and Machinery	SLM	15
Furniture and Fixtures	WDV	10
Vehicles	WDV	8
Office Equipment	WDV	10
Miscellaneous Equipment	WDV	15

e) Intangible Assets:

Computer software:

Computer software is recognized at cost and is amortized over the useful life as estimated by the Management which is about 3 years for all of the intangible computer software assets.

e) Impairment of non-financial assets:

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.
- ii. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset do no longer exist or have decreased.

f) Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset(s), even if that right is not explicitly specified in an arrangement.

Classification on inception of lease:

i. Operating lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

ii. Finance Lease:

A lease is classified as a finance lease where the lessor transfers substantially all the risks and rewards incidental to the ownership of the leased item.

Accounting of Operating leases:

Where the Company is the lessee:

Lease payments in case of operating leases are charged to profit and loss statement on straight line basis over the lease term. In case the escalation in operating lease payments are in line with the expected general inflation rate then the lease payments are charged to statement of profit and loss instead of straight line method.

h) Inventories:

Raw materials, stores and spares, work in progress and finished goods are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory and are determined based on first in first out basis (FIFO).

Cost of raw materials comprises cost of purchases and includes all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare parts, stand-by equipment and servicing equipment are recognized in accordance with this Ind AS-16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory. Spare parts, stand-by equipment and servicing equipment are stated at the lower of cost or net realizable value.

i) Revenue recognition:

Revenue is measured at the fair value of consideration received or receivable and is recognized to the extent that it is probable that the economic benefits will flow to the Company. Specifically, the following basis is adopted for various sources of income:

Sale of goods:

Revenue is recognized when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. Amounts disclosed as revenue are exclusive of excise duty and net of returns, trade allowances, rebates, and value added taxes. Revenue from export sales is recognized on the date of bill of lading, based on the terms of export.

j) Other income**Interest income:**

Interest income primarily comprises of interest on Margin money deposits with the banks, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of financial asset.

k) Foreign currency transactions:**i. Functional and Reporting Currency:**

The Company's functional and reporting currency is Indian National Rupee.

ii. Initial Recognition:

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amounts the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

iii. Conversion on reporting date:

Foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

iv. Exchange Differences:

Exchange difference arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognized as income or as expenses in the year in which they arise.

l) Retirement and other employee benefits:

- i. Employer's contribution to Provident Fund/Employee State Insurance which is in the nature of defined contribution scheme is expended off when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the fund.
- ii. Gratuity liability is in the nature of defined benefit obligation. Such liability is provided based on independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits". Actuarial gain/ (loss) in the valuation are recognized as other comprehensive income for the period.
- iii. Compensated absences which are in the nature of defined benefit obligation are provided for based on estimates of independent actuarial valuation on projected unit credit method made at the end of each financial year as per the requirements of Ind AS 19 "Employee Benefits".

m) Borrowing Costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

n) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Management.

o) Dividends:

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

p) Earnings per Share:

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period, net off treasury shares. For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilute potential equity shares.

q) Provisions:

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

r) Contingencies:

Where it is not probable that an inflow or an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognized in the statement of balance sheet and is disclosed as a contingent asset or contingent liability. Possible outcomes on obligations/rights, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities.

s) Taxes on Income:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the respective laws of the state. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

t) Prior period items:

In case prior period adjustments are material in nature the Company prepares the restated financial statement as required under Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

u) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Company's cash management.

v) Financial Instrument:

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

a. Financial Asset:**Initial recognition and measurement**

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit & loss account transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement financial assets are classified as measured at:

- 1) Amortized Cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through other comprehensive income (FVTOCI)

Financial Asset measured at amortized cost

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

The company while applying above criteria has classified all the financial assets (except investments in equity shares) at amortized cost.

Financial Assets Measured at fair value through other comprehensive income

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to other income' in the Statement of Profit and Loss.

Financial Assets at fair value through profit or loss (FVTPL)

Financial Asset is measured at fair value through Profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of profit & loss.

De-recognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

b. Financial Liabilities.

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or losses are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

Financial Liabilities at amortized cost

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

All the financial liabilities of the company are subsequently measured at amortized cost using Effective Interest method.

De recognition of Financial Liabilities

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or canceled or expires.

v) Offsetting.

Financial assets and financial liabilities are off set and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

34) Fair Value Measurement:

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to

generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.
- b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.
- c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table provides the fair value measurement hierarchy of the company's assets and liabilities Quantitative disclosures of fair value measurement hierarchy as at March 31, 2018.

Particulars	As at		
	Fair value hierarchy Level	March 31, 2019	March 31, 2018
Financial Assets measured at FVTPL			
Investments in Equity instruments	2	150	150
Financial Liabilities measured at Amortized Cost			
Term loans	2	7,264	7,884

35. Contingent Liabilities:

Contingent Liabilities and commitments not provided for on account of:

Rs in Lakhs

S.No	Particulars	31.03.19	31.03.18
a	Letter of credit	606.63	750.91
b	Bank Guarantees	312.90	274.51
c	Contracts to be executed	300.00	150.00

36. Foreign Currency Exposure:

Foreign Currency Exposure on account of:

Rs in Lakhs

S.No	Particulars	31.03.19	31.03.18
a	Exports	631.36	334.74
b	Travel	17.69	30.05
c	Imports of stores & Components	858.33	541.62
d	Imports of Machinery	123.46	-

37. Retirement Benefit Obligations:**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. In lakhs

Particulars	As on 31.03.2019	As on 31.03.2018
a Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	180.05	169.94
Interest cost	13.15	12.23
Current Service Cost	15.82	13.39
Benefits Paid	(31.30)	(11.90)
Actuarial gain / (Loss) on obligations	38.20	(3.61)
Present value of obligations as at end of year	215.94	180.05
b Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	38.44	3.37
Expected return on plan assets	1.74	1.63
Contributions	0.55	46.00
Benefits Paid	(31.30)	(11.90)
Actuarial gain / (Loss) on Plan assets	3.22	(0.66)
Fair value of plan assets at the end of year	6.20	38.44
c Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	38.43	3.37
Actual return on plan assets	1.74	1.63
Contributions	0.55	46.00
Benefits Paid	(31.30)	(11.90)
Actuarial gain / (Loss) on Plan assets	(3.22)	(0.66)
Fair value of plan assets at the end of year	6.20	38.44
Funded status	18.82	(13.39)
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	7.65%	8.00%
Salary Escalation	4.00%	4.00%

38. Related party transactions:

1. Transactions during the year

Rs in lakhs

Name of the party	Relation ship	Nature of transaction	31.03.19	31.03.18
M. Lokeswara Rao Managing Director	Key Management	Remuneration	60.00	60.00
B.Kishore Babu Executive Director	Key Management	Remuneration	39.00	39.00
M.Srinivas Director	Key Management	Remuneration	39.00	39.00
M.Srikrishna Director	Key Management	Remuneration	39.00	39.00
MLR Motors Ltd	Entity owned or significantly influenced by key Management personnel.	Refund of advance against purchase of Asset	(140.06)	(203.45)
MLR Motors Ltd	Entity owned or significantly influenced by key Management personnel.	Refund of advance against purchase of Asset	—	(101.00)
M.Srinivas & M.Srikrishna Directors	Key Management	Lease for Land & Building	51.60	0.00

2. Payables as at 31.03.2019

Rs in lakhs

Name of the party	Relation ship	Nature of transaction	31.03.19	31.03.18
M. Lokeswara Rao Managing Director	Key Management	Remuneration	5.00	5.00
B.Kishore Babu Executive Director	Key Management	Remuneration	3.25	3.25
M.Srinivas Director	Key Management	Remuneration	3.25	3.25
M.Srikrishna Director	Key Management	Remuneration	3.25	3.25
C. Srirekha	D/o of M .Lokeswara rao	Purchase of asset	14.76	14.76
MLR Motors Ltd	Entity owned or significantly influenced by key Management personnel	Purchase of asset	(0.21)	(140.27)
		Sale of goods	245.79	245.79
MLR Auto Ltd	Entity owned or significantly influenced by key Management personnel.	Purchase of asset	690.83	690.83
		Sale of goods	69.08	69.08
M.Srinivas & M.Srikrishna Directors	Key Management	Lease for Land & Building	4.30	0.00

39. Segment information:

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 Component 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 system.

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

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets, net of allowances.

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

Particulars	Machine Division	Components Division	Un allocated	Total
External sales	12,735.13 (11,536.05)	6,308.94 (5,958.43)	-	19,044.47 (17,494.48)
Intersegment sales	-	-	-	-
Total Revenue	12,735.13 (11,536.05)	6,308.94 (5,958.43)	-	19,044.47 (17,494.48)
Segment Results	2,447.86 (2,328.64)	825.04 (635.06)	-	3,272.90 (2,963.70)
Corporate Expenses (net)	-	-	2,254.28 (2,248.20)	2,254.28 (2,248.20)
Profit before tax	-	-	-	1018.62 (715.50)
Segment Assets	20,264.38 (19,157.63)	8,545.02 (8,822.20)	-	28,809.40 (27,979.83)
Segment Liabilities	10,254.90 (9,617.97)	4,140.51 (4,596.56)	-	14,395.41 (14,214.53)
Capital expenditure	130.75 (2431.53)	106.22 (822.62)	-	236.97 (3254.15)
Segment depreciation	356.74 (285.79)	555.84 (531.87)	-	912.58 (817.66)

(Amounts in brackets represent previous year figures)

Secondary segment reporting is performed on the basis of geographical location of customers. The operations of the company are largely confined in India, with export contributing to approximately 3.32% of its annual net sales. The management views the Indian market and export market as distinct geographical segments.

40. Financial Risk Management

The Company's activities expose it to market risk, credit risk and liquidity risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

I. Market Risk

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

- a. **Foreign Currency Risk** - Foreign Currency Risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to change in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to impact of raw materials and spare parts, capital expenditure and export of Machines. The company does not enter into any derivative instruments for trading or speculative purposes and the impact foreign currency risk is negligible.

- b. **Interest Rate Risk** – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's short term borrowing. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. Since all the borrowings are on floating rate and constantly monitored, no significant risk of change in interest rate.

II. Credit Risk

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with banks. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The Company is receiving payments regularly from its customers and hence the Company has no significant credit risk.

III. Liquidity Risk

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts based on expected cash flows.

41. Capital Management

Gearing Ratio

Rs. In lakhs

Particulars	As at	
	March 31, 2019	March 31, 2018
a) Debt Obligations	7264.33	7883.53
b) Cash and Cash equivalents	397.95	308.32
c) Net Debt (a-b)	6866.38	7575.21
(d) Total Equity	14415.17	13765.30
Net Debt Equity Ratio (c/d)	0.48	0.55

IV. Deferred tax

Under Previous GAAP, deferred taxes were recognized for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognized using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases.

42. Previous Year's figures have been regrouped wherever necessary to correspond with the current year's figures. Except when otherwise stated, the figures are presented in Rupees in Lakhs.

As per our report of even date attached

for **K. S. RAO & CO.**

Chartered Accountants

Firm's Registration No. : 003109S

M. NAGA PRASADU

Partner

Membership No. 231388

Place: Hyderabad

Date : 25th May, 2019

For and on behalf of the Board

M. LOKESWARA RAO

Managing Director

M. SRINIVAS

Whole Time Director

V. SUDHAKARA REDDY

Chief Financial Officer

MATRU PRASAD MISHRA

Company Secretary

LOKESH MACHINES LIMITED

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

THIRTY FIVE 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 35th Annual General Meeting of the Company to be held on Friday, September 27, 2019 at 10.00 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 Statements of the Company for the financial Year ended March 31, 2019 together with the report of the Board of Directors' and the Auditors' thereon.		
2	To appoint a Director in place of Mr. K. Krshna Swamy who retires by rotation and being eligible, seeks re-appointment		
	Special Business		
3	Re-appointment of Mr. B.R. Mahesh (DIN: 00810019) as Independent Director of the Company for the second term of 5 (five) consecutive years.		
4.	Re-appointment of Mr. R. Mohan Reddy (DIN: 00841038) as Independent Director of the Company for the second term of 5 (five) consecutive years.		
5.	Regularisation of Appointment of Mr. D. Balaji (DIN: 01872392) as an Independent Director of the Company.		
6.	Revision in the remuneration of Mr. B. Kishore Babu, Whole-time director of the company.		
7.	Revision in the remuneration of Mr. M. Srinivas, Whole-time Director of the company.		
8.	Revision in the remuneration of Mr. M. Srikrishna, Whole-time Director of the Company.		
9.	Approval for Continuation of Mr. K. Krishna Swamy as Non- Executive Director of the Company		
10.	Ratification of Remuneration of Cost-Auditors		

Signed this _____ day of _____ 2019.

Signature of member _____ Signature of proxy holder: _____

Affix
Re.1/-
Revenue
Stamp

Note:

- The Proxy Form in order to be effective should be 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.
- Proxy need not be a member of the Company.
- 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

THIRTY FIVE ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Member's Reg. Folio No. _____

Client ID: _____

DP ID: _____

No. of Shares held : _____

Name and Address of Member _____

I hereby record my presence at the 35th Annual General Meeting held at 10.00 A.M on Friday on September 27, 2019 at Jubilee Hills International Centre, Near Jubilee Hills Check Post, 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.

ROUTE MAP FOR THE 35th ANNUAL GENERAL MEETING-27/09/2019

Address:- Jubilee Hills International Centre,
Road No. 14, Jubilee Hills, Hyderabad, Telangana-500 033

