



**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**

September 04, 2022

To, BSE Limited Department of Corporate Services Floor 25, PJ Towers, Dalal Street Mumbai-400001 Scrip 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,

**Sub: Submission of Annual Report for the financial year 2021-2022 pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.**

This is with reference to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015; we are enclosing the Annual Report for the financial year 2021-22.

This is for your information and record.

**Thanking You,**

For Lokesh Machines Limited

**Gurprit Singh**  
Company Secretary & Compliance Officer



Encl: a/a

# Growth Focused.

Providing World Class Engineering Solutions.



The Driving Force of Indian Auto Industry



**Lokesh  
Machines Limited**

Annual Report 2021-22

# INDEX

## Corporate Overview 1-15

Strategy	2
Corporate snapshot	4
Product portfolio	6
Message from the top	8
Key performance indicators	10
Responsible approach	12
Board of Directors	14

## Statutory Reports 16-50

Board's Report	16
Management Discussion and Analysis Report	28
Corporate Social Responsibility Report	32
Report on Corporate Governance	40

## Financial Statements 51-85

## Notice 86-99

### Highlights of FY22



Revenue

**₹20,184 lakhs**



EBITDA

**₹3,058 lakhs**



Profit After Tax

**₹635 lakhs**

# GROWTH FOCUSED: PROVIDING WORLD-CLASS ENGINEERING SOLUTIONS

Lokesh Machines was founded with the objective of simplifying solutions by manufacturing state-of-the-art machinery in line with global benchmarks.

Led by our vision, we have been able to solidify our presence as one of the most trusted machine tool manufacturers across country. This is validated by the long-standing relationships we have formed with some of the biggest companies across the country.

We have achieved this through the delivery of superior and durable machines, coupled by our unmatched customer support. Going forward, our goal will be on leveraging our rich industry expertise to carve out a sustainable growth trajectory, that would enhance profitability and value for all stakeholders over the foreseeable future.







# CARVING OUT A SUSTAINABLE GROWTH TRAJECTORY

At Lokesh Machines, we are always in the process of innovation – with regards to our products as well as business plans. We are always working on devising strategies that would enable us to attain consistent growth across all our business divisions and mitigate the risk of over-dependence on any particular product or division.

Our target is to grow y-o-y and reach the ₹750 crores revenue mark in 5 years.



## Initiatives being undertaken to reach this goal

### Capital influx

We are fully aware that in order to attain our goal, we would have to significantly invest in our internal capabilities. In line with this, we have committed capex in the tune of ₹1,217 lakhs towards infrastructure up-gradation to maintain our standards of quality and track record of producing world-class products.

### Strengthening and expanding our market presence

We have already established a strong dealer network in most of the major cities across the country. In order to further deepen our presence in these geographies, we have set up parallel marketing offices to enhance efficiencies and support our dealers. In addition to this, we are also on the lookout to expand into newer geographies, that would enhance our top line over the foreseeable future.

### Improving people capabilities

We are always working to ensure that our people possess the required skills and knowledge to cater to the ever-evolving demands of our national and international customers. To attain this, training and skill development programmes are arranged for all our employees on a regular basis.

### Expanding our presence

We are placing great emphasis on reducing our dependence on any particular industry or segment. Historically, the auto sector always accounted for a significant share of our revenues. We are expanding and solidifying our presence in non-auto segments with regards to our machine tools division as well as the components division. We have already identified aerospace and internal security areas and are undertaking a slew of initiatives to foray into these segments and develop a strong foothold. We believe that our focus on entering new segments will enable us to attain diversified business growth.

### Diversifying our product line

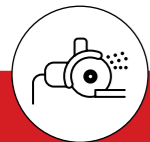
In our industry, innovation and up-gradation take centre stage while creating our product portfolio. Keeping up with this, we have made a few changes and have a good pipeline of new products under development. Some of the products such as multi-axis lathes and a new range of turn mills, are already being sourced by the overseas customers and are now being offered to domestic customers too.

We have also made new product refreshes in the areas of VTLs and VMCs, and are already witnessing greater traction for these products. Additionally, we are in the process of launching a renewed range of HMCs and High Speed VMCs within the current financial year.



# LOKESH MACHINES. A HALLMARK OF DEPENDENCE.

Founded in 1983, we have been able to cement our position as one of the top 5 machine tool manufacturers in the country and a well-established export presence.



## Experience

We possess 30+ years of industry experience in the metal cutting and manufacturing space. Our experience over the years has equipped us with the necessary knowledge required to mitigate any cyclical downturns, giving us a significant advantage over our peers.

**>30 years**  
Industry experience



## Manufacturing facilities

We have six state-of-the-art manufacturing units located across Hyderabad and Pune. These units have the latest equipment, supported by a team of experienced professionals, who ensure we continue to manufacture best-in-class products.

**6**  
Manufacturing units



## Product portfolio

We are involved in the manufacturing of machine tools such as CNC Lathes, Vertical Machining Centers, Horizontal Machining Centers, Vertical Turning Centers, Special Purpose Milling Machines, Line Boring Machines and Gun Drilling Machines, among others. We are also involved in the manufacturing of precision components for auto and non-auto sectors, along with jigs and fixtures.



## Export presence

Due to the consistent delivery of superior and cost-effective products, we have been able to carve out a name for ourselves among international customers, especially with regards to our CNC machines. Our CNC machines are exported to Japan, Germany, Netherlands, Italy, Turkey, Russia, China and other Middle-East countries.

**6+**  
Countries export presence



## Leadership

We are guided by an experienced Board of Directors and management team, led by Mr. Mullapudi Lokeswara Rao. They are actively involved in our daily operations and have helped us sail through multiple industry and macro developments over the years.



## Listing

We are listed on the National Stock Exchange and Bombay Exchange since 2007.





# BOASTING A DIVERSIFIED PRODUCT PORTFOLIO

## CNC Machines

- CNC Turning Centres
- Vertical Machining Centres
- Drill and Tap Centres
- Turn Mill Centres
- Vertical Turning Lathe
- Horizontal Machining Centres



## Automation

- Gantry Automation
- Robotic Automation
- 4<sup>th</sup> Axis Automation
- Customised Standard Machines

## Special Purpose Machines

- Milling Machines
- Drilling Machines
- Boring Machines
- Transfer Lines



## Auto Components

- Cylinder Blocks
- Cylinder Heads
- Connecting Rods







# POISED FOR AN EXCITING TOMORROW

## Dear shareholders,

I hope this message finds you well and all your loved ones are safe and sound.

At the outset, I would like to begin by extending my heartfelt gratitude towards the medical fraternity and governments across nations for their contribution and resilience during the COVID-19 pandemic. Due to the proactive measures undertaken by them, I am proud to say with a heave of optimism that the worst is behind us and the entire world is taking significant strides towards normalcy.

It is no secret that most businesses across the globe were affected due to the unprecedented challenges arising out of the once-in-a-century pandemic. Our business was not immune to this either and had a temporary effect on our performance as well. However, having been in business for nearly four decades, we have weathered multiple cyclical downturns and were confident that we would be able to sail through this period as well, banking our well-devised strategies, strong foundation and the emergence of sectoral opportunities.

To give a better context of how we derive this optimism, it is imperative that we discuss India's position as a major manufacturing hub. The machine tools industry is one of the major pillars of Indian engineering and was projected to be valued around ₹6,600 crores in FY22. We have witnessed a significant uptick in demand for engineering activities, coupled with the revival of the automotive sector. In lieu of these developments, the Indian machine tools industry is expected to reach a market value of ₹10,000 crores by FY23. Considering our market position and experience, we believe we are attractively placed to capitalise on this opportunity.

The improvement in the operating context was validated by our business performance as we registered a revenue of ₹20,184 lakhs, an increase of ~34%, compared to ₹15,021 lakhs. Our Profit After Tax stood at ₹635 lakhs, a substantial increase of ~60% compared to ₹396 lakhs in the previous year. This improvement in performance could be attributed to the revival of the Indian economy, especially in the automotive segment, due to the easing of COVID-19 restrictions across the country and proactive measures undertaken by all team members.

Our machine tool division and components division recorded a y-o-y growth of ~33% and ~37%, respectively.

We are now at a juncture where we intend to accelerate our growth momentum and have well-devised strategies in place. Over the past year, we had a capital outlay of ₹1,217.09 lakhs towards infrastructure up-gradation. In addition to this, we are looking to strategically deepen and expand our market presence, along with improving the capabilities of our people through dedicated training programmes.

If there is something that we pride ourselves on, it is how proactively we are able to meet the evolving demands of all our customers. We will continue to do so by making consistent improvements in our product line and enter new segments to reduce any sort of over-dependence on any particular segment or industry. As of March 31, 2022, we possessed an order book of ₹150 crores, and we expect to sustain these levels over the coming years as well. As a result of the multitude of initiatives undertaken, coupled with our market experience, we expect to grow by 3.5x over the next five years to cross the ₹750 crores revenue mark.

We have embedded sustainability as a part of our broad strategic pillars and place emphasis on sharpening our Environment, Social and Governance (ESG) focus. Guided by our experienced Board of Directors, we are striving to reach the levels of industry benchmarks. We have also put in place targets that are a testimony of our continued commitment to sustainability. As we move through the new normal, our focus on sustainability and ESG remain strongest to the core.

Lastly, on behalf of the Board of Directors, I would like to thank all our stakeholders for their undeterred support, irrespective of the market scenario. It is because of your support that we were able to navigate through every challenge that was thrown at us. As we gear up for a sustainable future, I can assure you that we will continue being an organisation that everyone can be proud of.

**Mr. Mullapudi Lokeswara Rao**  
Managing Director



The Indian machine tools industry is expected to reach a market value of ₹10,000 crores by FY23. Considering our market position and experience, we believe we are attractively placed to capitalise on this opportunity.

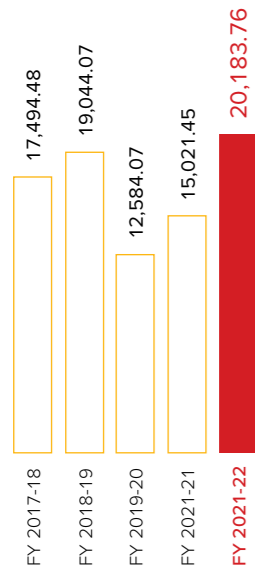




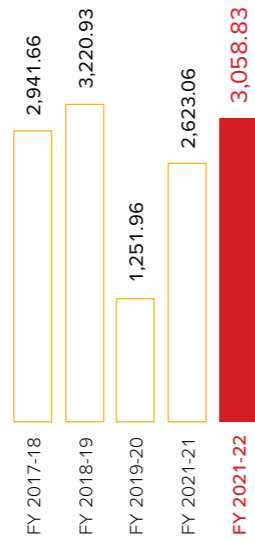
# DELIVERING A ROBUST PERFORMANCE

## Financial

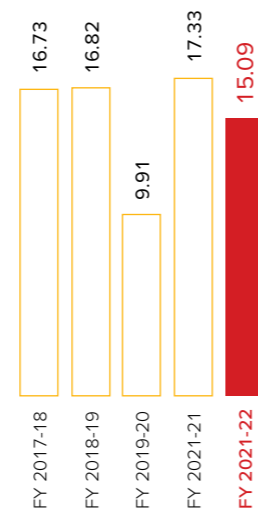
**Revenue from Operations**  
(in ₹ lakhs)



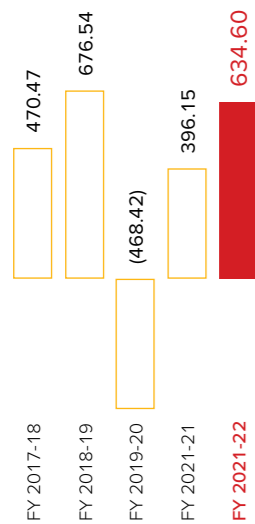
**EBITDA**  
(in ₹ lakhs)



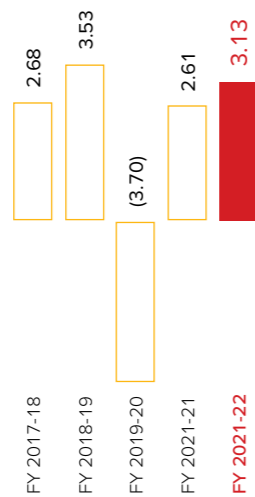
**EBITDA Margin**  
(%)



**Profit After Tax**  
(in ₹ lakhs)

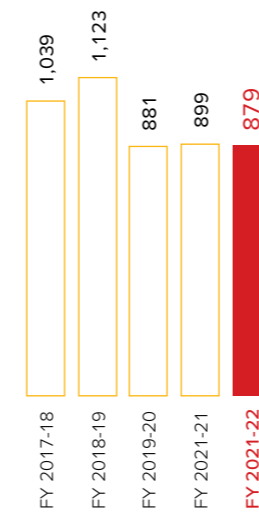


**Profit After Tax (PAT) margin**  
(%)

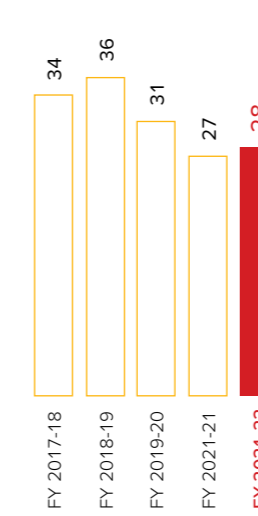


## Non-financial

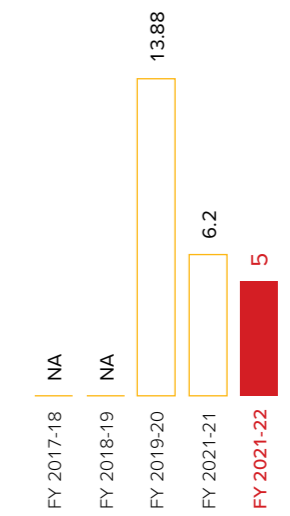
**Employees**  
(nos.)



**Women employees**  
(nos.)



**CSR spend**  
(in ₹ lakhs)





# LOKESH MACHINES: A RESPONSIBLE CORPORATE

We believe that the success of a business is not solely defined by the numbers it generates, but rather by the transformative impact it has on all its stakeholders at large. We place great focus on integrating responsible business practices to ensure we are able to bring about a positive impact on all fronts.

## Environment

We are always working towards ensuring that we adopt greener practices to reduce our carbon footprint. With regards to this, we have undertaken a slew of sustainability practices towards the conservation of water, power and reduction in landfill waste. These are regularly tracked under all Model Risk Management (MRM) guidelines, and we have been able to make significant improvements in this regard.



## Communities

We believe it is the responsibility of every organisation to work towards uplifting the communities it is involved with. At Lokesh Machines, we place great emphasis in the area of neighbourhood development in and around the areas of our manufacturing facilities. In addition to this, we also collaborate with NGOs and provide financial assistance towards healthcare and midday meal programmes.

**₹5 lakhs**  
CSR spend in  
FY22



## Employees

We have always reiterated that our employees are the biggest drivers of our success over the years. Our focus has always been on harbouring a safe and inclusive work environment for all our employees. During the year, we prioritised the health and safety of our employees while maintaining continuity of our business operations. In addition to this, we heavily invest in learning and development programmes to create a future-ready leadership pool, while simultaneously equipping them with relevant skills and abilities.







# UPHOLDING THE HIGHEST STANDARDS OF GOVERNANCE

Good governance is one of our main priorities and we strongly believe in implementing good corporate governance across all the verticals of the organisation. We are an ethical company and have a robust corporate governance framework in place to ensure effective engagement with all our stakeholders and enable us to deliver long-term value.

We have a strategically sorted governance framework in place adequately comprising of Independent Directors, Nominee Directors and Promoter Directors as well as the constitution of the committees of the Board of Directors, as required under applicable laws. We strive to ensure that we maintain the highest levels of transparency, accountability, awareness and equity in all aspects of operations.

Since we are a listed company, we have to comply with the applicable provisions of the Listing Regulations, as amended with respect to Corporate Governance, including the appointment of the Independent Directors and constitution of the committees. The Board of Directors function either as a full Board or through various committees formed to monitor specific operational areas. We continually focus on designing and improving the flow of activities in an effective manner, which ensures economic prosperity and long-term value creation for the enterprise as well as for the stakeholders.

**300+ years**

Cumulative experience  
of the Board

## Board of Directors



**Mr. Mullapudi Lokeswara Rao**  
Managing Director



**Mr. B. Kishore Babu**  
Whole-time Director



**Mr. M. Srinivas**  
Whole-time Director



**Mr. M. Srikrishna**  
Whole-time Director



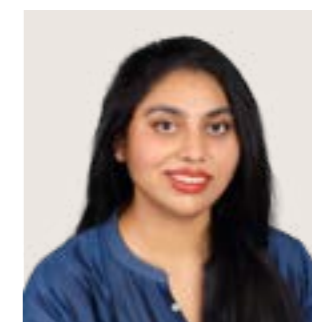
**Mr. B. R. Mahesh**  
Independent Director



**Mr. S. S. Raman**  
Independent Director



**Mr. D. Balaji**  
Independent Director



**Ms. M. Likhitha**  
Non-executive Director




**Mr. K. Krishna Swamy**  
Non-executive Director

A → Audit Committee

N → Nomination & Remuneration Committee

S → Stakeholder & Relationship Committee

 Chairperson

 Member





## BOARD'S REPORT

Dear Share Holders,

Your Directors are pleased to present the 38<sup>th</sup> Annual Report of the company along with the Audited financial Statements for the financial year ended March 31, 2022.

### 1. FINANCIAL RESULTS

Particulars	(₹ in lakh)	
	(2021-22)	(2020-21)
Revenue from Operations	20183.76	15,021.45
Other Income	82.20	132.17
<b>Total Income</b>	<b>20265.95</b>	<b>15,153.62</b>
<b>Total Expenses</b>	<b>19330.72</b>	<b>14611.56</b>
<b>Profit before Exceptional items &amp; Taxes</b>	<b>935.24</b>	<b>542.06</b>
Tax Expenses Less:		
(i) Current Tax	156.11	90.50
(ii) Provision for earlier tax	25.30	0
(iii) Deferred Tax	119.23	55.41
<b>Profits/ (Loss) after Taxes</b>	<b>634.60</b>	<b>396.15</b>
<b>Earnings Per Equity Share:</b>		
<b>Basic</b>	<b>3.55</b>	<b>2.21</b>
<b>Diluted</b>	<b>3.55</b>	<b>2.21</b>

### 2. PERFORMANCE REVIEW:

The overall turnover increased by over 34.37%, during the year.

- During the year, the Company recorded Revenue from Operations by way of Net Sales of ₹20183.76/- lacs as compared to ₹15,021.45/- lacs in 2020-21, an increase of about 34.37%.
- The Machine Tool Division has registered a growth of around 32.87 % in terms of sales value as compared to the previous year; primarily lead by the General Purpose machinery division which itself showed a sharp growth of around 44.42.% as compared to previous year. SPM Machines sale has shown a slight decrease in comparison to previous financial year.
- The Component division has seen an increase of 37.17% in comparison to previous year.
- The overall increase in Turnover and the profit by the Company was due to the marginal growth of the economy especially in Auto sector after reduction of COVID-19 related restrictions. The Company is continuously putting its efforts towards achieving its sales and profit targets and your directors are confident that the same will be achieved in near future despite challenges posed by COVID-19.

### 3. DIVIDEND

Due to the inadequacy of profit and to meet the expansion requirements, your directors regret that they are unable to recommend any dividend for the financial year ended March 31, 2022.

### 4. TRANSFER TO GENERAL RESERVE

The Company does not propose to transfer any amount to General Reserve for the financial year 2021-22.

### 5. SHARE CAPITAL

The paid-up Equity Share Capital as on March 31, 2022 was ₹1789.67 Lakhs.

### 6. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

### 7. CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company.

### 8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### a) Composition

The Corporate Governance Report annexed to this Board's Report contains the composition of the Board of Directors of the Company.

During the year, 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.

Mr. S.S. Raman, has been appointed as an Additional cum Independent Director at the board meeting held on August 11, 2022 and his appointment is to be confirmed by the Shareholders at the ensuing Annual General Meeting.

Mr. R. Mohan Reddy ceased to be an Independent Director due to his demise w.e.f. May 20, 2022.

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

As required by SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the information on the particulars of the Directors seeking appointment & re-appointment is given in the notice to the AGM.

Mr. M. Lokeswara Rao, Managing Director, Mr. V. Sudhakar Reddy, Chief Financial officer, Mr. Gurprit Singh Company Secretary hold the office of Key Managerial Personnel. Mr. M. Srinivas, Mr. M. Srikrishna and Mr. B. Kishore Babu hold the office of Whole-time Director.

#### b) Noting of Appreciation of Services:

Mr. R. Mohan Reddy ceased to be an Independent Director due to his untimely demise. The board condoles his passing away and appreciate the valuable contribution made by him during his tenure on the Board as Director of the Company.

#### Independent Directors

The Independent Directors have fulfilled the criteria of Independence as defined under Section 149 (6) and requisite declarations in terms of Section 149(7) of the Companies Act, 2013 have been received.

During the year under review a separate meeting of independent directors was held on March 28, 2022. 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. The Meeting was attended by Mr. B.R. Mahesh and

Mr. R. Mohan Reddy and leave of absence was granted to Mr. D. Balaji. All the directors of the Company have disclosed their interest to the Company pursuant to Sec 184(1) of Companies Act, 2013. Mr. S. S. Raman was appointed as an Additional cum Independent Director by the Board at their meeting held on August 11, 2022. In the opinion of Board, Mr. Raman is a person of integrity and has more than 37 years of Experience in organizations such as TATA Motors, Birla Yamaha Limited, Whirlpool of India Limited, TVS Electronics Limited. He retired as Managing Director of TVS Electronics Limited and was Executive Director in Whirlpool of India Limited. He has exposure of various areas including Sales, Marketing and Service besides core of Manufacturing, Technology and SCM, exposed to International business and alliance in global procurement. Further, he is exempted from passing Online proficiency self-assessment test pursuant exemption provided in proviso of sub-rule 4 of rule 6 of Companies (Appointment and Qualifications of Directors), 2014.

### 9. BOARD MEETINGS

During the year, 7 meetings of the Board of Directors were held. The details of the meetings are furnished in the Corporate Governance Report which is attached to this report.

### 10. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The provisions of Section 178(1) of the Companies Act, 2013 relating to constitution of Nomination and Remuneration Committee are applicable to the Company and hence, the Company has devised a policy relating to appointment of Directors, payment of managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013. The said policy is posted on the Company's website [www.lokeshmachines.com](http://www.lokeshmachines.com).

### 11. AUDITORS

#### a) 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. Brahmayya & Co., Hyderabad (ICAI Firm Regn. No.000513S) has been proposed to be appointed as Statutory Auditors of the Company at the ensuing Annual General Meeting for a term of five years i.e. from conclusion of 38<sup>th</sup> Annual General Meeting till the conclusion of 43<sup>rd</sup> 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.

The Statutory Auditors' report forms part of the Annual Report. The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

There are no specifications, reservations, adverse remarks on disclosure by the statutory auditors in their report. They have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

**b) Cost Auditors:**

The Board has appointed M/s Naval & Associates, Cost Accountants (Firm Reg: 002319) at their meeting held on August 11, 2022 for conducting the audit of cost records of the Company for various segments for the financial year 2022-23 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.

**c) Secretarial Auditors:**

M/s. L.D. Reddy & Co., Practising Company Secretaries, was appointed by the board at their meeting held on May 26, 2022 to conduct the Secretarial Audit of the Company for the financial year 2022-23, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The Secretarial Audit Report for FY 2021-22 forms part of this Report as **Annexure A**.

The Company has also undertaken an audit for the financial year 2021-22 for all applicable compliances as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with circulars/guidelines issued thereunder. The Annual Secretarial Compliance Report issued by Mr. L. Dhanamjay Reddy, Practising Company Secretary, Hyderabad has been submitted to the Stock Exchanges within the specified time and same is annexed herewith as **Annexure A2**.

**12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

M/s M. V. Narayana Reddy & Co., Chartered Accountants, Ameerpet, Hyderabad have been appointed as Internal Auditors by the Board at their meeting held on May 26, 2022 to conduct Internal Audit of the Company for the financial year ended March 31, 2023. The details are provided in the Management Discussion and Analysis Report attached to this report as **Annexure B**. The Internal

Auditors reviews the efficiency and effectiveness of the systems and procedures. The Audit Committee approves and reviews the internal audit plan for the year.

**13. SECRETARIAL STANDARDS**

The Directors have devised proper systems and processes for complying with the requirements of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

**14. PREVENTION OF INSIDER TRADING:**

As per SEBI (Prohibition of Insider Trading) Regulation, 2015 as amended from time to time, the Company has adopted a Code of Conduct for Prevention of Insider Trading. The Company has appointed Mr. Gurprit Singh, Company Secretary as Compliance Officer w.e.f. June 16, 2021, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review, there has been due compliance with the said code of conduct for prevention of Insider trading.

**15. DIVIDEND DISTRIBUTION POLICY**

The Provision relating to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding formulation of Dividend Distribution Policy is not applicable to your Company.

**16. BUSINESS RESPONSIBILITY REPORT**

The Provision relating to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time regarding submission of Business Responsibility Report is not applicable to your Company.

**17. ANNUAL RETURN**

The Annual Return of the Company as on March 31, 2022 is available on the Company's website and can be accessed at <https://www.lokeshmachines.com> and the Annual Return as on March 31, 2022 shall be uploaded on the website of the Company as & when filed with the Registrar of Companies.

**18. INDUSTRIAL RELATIONS**

The employee relations have remained cordial throughout the year and industrial harmony was maintained. Measures for the safety, training and development of the employees continued to receive top priority. The Directors wish to place on record their appreciation of the valuable contribution made by the employees of the Company at all levels towards the performance and growth of the Company.

**19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. The details of the investments made by Company are given in the financial statements.

**20. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The CSR Policy of the Company and details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been disclosed as part of this report in Annexure C attached hereof. Further details of composition of the Corporate Social Responsibility Committee and other details are provided in the Corporate Governance Report which forms part of this report as **Annexure C**.

**21. 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.

**22. PERFORMANCE ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

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

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure, and time schedule for the Performance Evaluation process for the Board, its Committees and Directors.

Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings.

**23. 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.

**24. 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 March 31, 2022.

- a. The applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b. 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 March 31, 2022 and of the profit of the Company for the financial year;
- c. 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;
- d. The Directors had prepared the annual accounts on a 'going concern' basis;
- e. 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
- f. 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.

**25. 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 attached as **Annexure D** with this report. The statutory auditors certificate on Corporate Governance is attached as **Annexure D2**.

**26. CERTIFICATE FROM COMPANY SECRETARY IN PRATICE**

Mr. L. Dhanamjaya Reddy, Practising Company Secretary has issued a certificate as required under the Listing Regulations confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/ Ministry of Corporate Affairs or





any such statutory authority. The certificate is enclosed as **Annexure D1**.

#### 27. NOMINATION AND REMUNERATION 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, and independence of a director and other matters and to frame proper systems for identification, appointment of directors & KMP, Payment of Remuneration to them and Evaluation of their performance.

#### 28. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company are not applicable on your company during the financial year under review.

The Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the **Annexure E** forming part of the Annual Report.

With regard to the provisions of Section 136(1) read with its relevant provision of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary at [cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com) or can write at the registered office address of the Company.

#### 29. BOARD'S RESPONSE ON AUDITOR'S QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE:

During the year, there is no qualification, reservation or adverse remark or disclaimer made or reported by the auditors under the provisions of the Companies Act, 2013 read with SEBI Listing regulations.

#### 30. INSURANCE:

The Company takes a very pragmatic approach towards insurance. Adequate cover has been taken for all movable and immovable assets for various types of risks.

#### 31. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:

There are no significant material orders passed by the Regulators /Courts/ Tribunals which would impact the going concern status of the Company and its future operations

#### 32. MATERIAL CHANGES AND COMMITMENTS

There are no Material changes and commitments affecting the financial position of the Company which occurred between the financial year ended March 31, 2022 to which the financial statements relates and the date of signing of this Report.

#### 33. MANAGEMENT DISCUSSION AND ANALYSIS:

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

#### 34. 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, in **Annexure F**.

#### 35. 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 as a part of 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.

#### 36. VIGIL MECHANISIM

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.

#### 37. PUBLIC DEPOSITS:

The Company has not accepted any deposits from the public.

#### 38. RELATED PARTY TRANSACTIONS:

Related party transactions entered during the financial year under review are disclosed in Note No.37 of the Financial Statements of the Company for the financial year ended March 31, 2022. 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. There are no materially significant related party transactions made by the Company during the year. 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.

#### 39. THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR.

During the year under review, there are no proceedings, either filed by the Company or filed against Company, pending under the Insolvency and Bankruptcy Code,

2016, before Hon'ble National Company Law Tribunal or other Court.

#### 40. 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.

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

Sd/- Sd/-

**Place:** Hyderabad **M. Srinivas** **M. Lokeswara Rao**  
**Date:** August 11, 2022 (Whole-time Director) (Managing Director)



ANNEXURE "A"

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Period from 01.04.2021 to 31.03.2022

[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 and Regulation 24A of SEBI (LODR) Regulations, 2015]

To  
The Board of Directors  
**M/s. Lokesh Machines Ltd**  
Address: B-29, EEIE, Stage II, Balanagar,  
Hyderabad, Telangana 500037

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 April 1, 2021 to March 31, 2022 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 April 1, 2021 to March 31, 2022 according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;
  - 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 (Not applicable to the Company during the Audit period)
- f. The SEBI (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period)
- 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 (Not applicable to the Company during the Audit period)
- i. The SEBI (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the Audit period)
- 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. Electricity Act, 2003
- xi. Payment of Gratuity Act, 1972
- xii. Employee's Compensation Act, 1923
- xiii. The Payment of Bonus Act, 1965
- xiv. Contract Labour (Regulation & Abolition) Act 1970
- xv. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- xvi. Income Tax Act, 1961
- xvii. GST Act and Rules made thereunder
- xviii. The Insurance Act, 1938 [as amended by insurance (amendment) act, 2002]
- xix. The Factories Act, 1948 and rules made thereunder.
- xx. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- xxi. Secretarial Standards issued by The Institute of Company Secretaries of India.

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;
  - Maintenance of various statutory registers and documents and making necessary entries therein has been done as per the Companies Act, 2013;
  - The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - 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;
  - 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.
  - Borrowings and registration, modification and satisfaction of charges wherever 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, 2011; 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 as amended including the provisions with regard to disclosures and maintenance of records required under the said Regulations;- No insider trading during the year
    - 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;- No transactions during the year
    - 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 regular in publishing Audited and Unaudited Financial Results.
    - The Company has filed return under Employment Exchange Act/Rules
    - The company has filed integrated return under The Factories Act, 1948 and other Labour Laws for the financial year ending March 31, 2022





## ANNEXURE "A1"

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;

**Important Note:** Due to Covid-19 pandemic, Secretarial Audit for this Financial Year ended 2022 was conducted through exchange of e-mails and using technology on sample basis. Since, visiting of company's Factories was not possible due to the current pandemic situation, I have relied on the Certificate of compliance from the respective plant heads of the company.

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

**Lebaka Dhanamjaya Reddy**

(Proprietor)

M No.: 13104

CP. No.3752

**Date:** 02.08.2022

**Place:** Hyderabad

UDIN: A013104D000736717

**Note:** our report should be read along with the annexure

To  
The Board of Directors  
**M/s. Lokesh Machines Ltd**  
Address: B-29 EEIE, Stage II, Balanagar,  
Hyderabad, Telangana 500037

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.

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

**Lebaka Dhanamjaya Reddy**

(Proprietor)

M No.: 13104

CP. No.3752

**Date:** 02.08.2022

**Place:** Hyderabad

UDIN: A013104D000736717



## ANNEXURE "A2"

### Secretarial compliance report of M/s. LOKESH MACHINES LTD ended March 31, 2022

I, L. Dhanamjaya Reddy, proprietor of L.D. Reddy & Co., Company Secretaries have examined:

- all the documents and records made available to us and explanation provided by M/s. LOKESH MACHINES LTD ("the listed entity"),
- the filings/ submissions made by the listed entity to the stock exchanges,
- website of the listed entity,
- other document/filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31 2022 ("Review Period") in respect of compliance with the provisions of :

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the audit period)**
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the audit period)**
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the audit period)**
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the audit period)**
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **(Not Applicable to the Company during the audit period)**
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- other regulations as applicable and circulars/ guidelines issued thereunder;

and based on the above examination, I/We hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
Nil	Nil	Nil	Nil

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my/our examination of those records.

- The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No	Action taken by	Details of violation	Details of action taken E.g. Fines warning letter, debarment, etc.	Observations/ Remarks of the Practicing Company Secretary, if any
Nil	Nil	Nil	Nil	Nil

- The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Nil	Nil	Nil	Nil	Nil

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

**Lebaka Dhanamjaya Reddy**

(Proprietor)

CP. No.: 3752

M. No.: 13104

UDIN: A013104D000342941

PR 1262/2021

**Place:** Hyderabad  
**Date:** May 18, 2022





## Annexure 'B'

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overview:

The management presents the analysis of performance of your Company for the year 2021-22 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, Pandemic and Political Developments, both in the Indian and international economies and due to factors beyond control of the Company.

### Industry Structure and Developments:

#### Indian Market

The Machine Tool sector is a part of the Capital Goods sector. The sector comprises of plant and machinery, equipment/ accessories required for manufacture/production, either directly or indirectly, of goods or rendering services required for replacement, modernization, technological up-gradation and expansion.

As per the present estimates, the Capital Goods industry contributes about 12% to the total manufacturing activity in India which translates to about 1.5% of GDP. This sector is crucial for the development of the country's economy for the following reasons:

- Capital Goods are considered essential for the development of domestic manufacturing capabilities from a national self-reliance perspective.
- Capital Goods sector through a multiplier effect has a strong bearing on the growth and employment in the user industries as it provides critical inputs, i.e. machinery and equipment for the entire manufacturing sector and other related sectors

The policy environment for the heavy engineering and machine tool sector is briefly detailed as under:

- No industrial license is required for the sector;
- FDI up to 100% permitted on automatic route (through RBI) except from the countries having land borders with India;
- Quantum of payment for technology transfer, design and drawing, royalty, etc. to the foreign collaborator is not restricted
- There is no restriction on imports and exports.

The Machine Tool industry is considered as the mother industry as it supplies machinery for the entire manufacturing sector. The types of machine tools currently manufactured are general/special purpose machines, standard Computer Numerical Control (CNC) machines, gear cutting, grinding, medium size machines, electrical discharge machining (EDM), presses, press brakes, pipe bending, rolling, bending machines, etc.

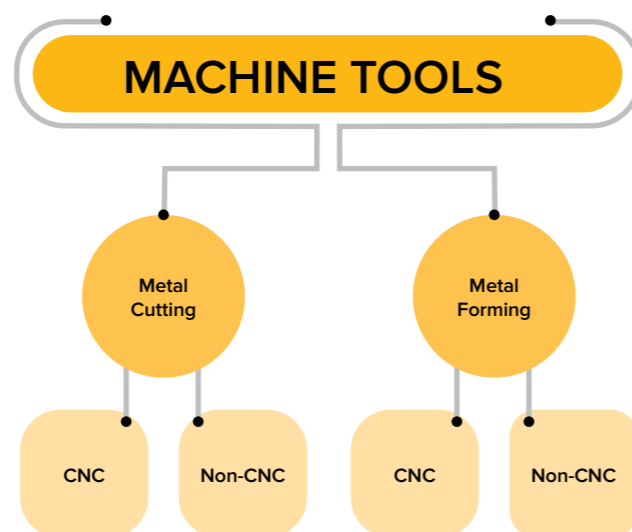
#### Global Market

The global machine tools market size was valued at USD 77.22 billion in 2021 and is expected to grow at a compound annual growth rate (CAGR) of 5.7% over the forecast period. The primary reasons driving the industry include technological improvements in machine tools, such as robotic and multi-axis arms, as well as the growth in the manufacturing industry. The emergence of the COVID-19 pandemic has resulted in a global economic impact across all industry sectors in 2020.

Machine tool manufacturers are also encountering issues as a result of this crisis, which has resulted in a slowdown in production and sales. Following the pandemic, growth will be supported by changing supply chain requirements and increased demand for digital services, automation etc.

#### Industry Composition

Milling, Turning, Threading, Grinding, Filing, etc.  
Forging, bending, rolling, pressing, etc



\*CNC- Computer Numerically Controlled.

Report of Italian Trade Commission on Indian Machine Tools Industry.

### Opportunities and Threats:

#### Growth Drivers

India machine tools market is expected to grow at a steady CAGR for the forecast period, FY2023-FY2027.

Advent of machine tools such as multi-axis and robotic arm is fueling the demand of machine tools in the region. Growth of oil and gas industry, railway sector and automotive industries is boosting the demand for machine tools market. Demand for smart functions across various end-user industries for reduced

power usage and higher energy efficient machines are creating the demand for machine tools in the region. Rise in demand for heterogeneous material for manufacturing process to facilitate the flexibility in design and optimize the operational and maintenance costs is increasing the demand for advanced machine tools. Growing focus of manufactures for increasing the speed of production and procure cost-effective methods is aiding to the machine tools market growth. Growth in general machinery and vehicle production machinery is paving the way for high demand of machine tools in the forecast period

#### Production, Import and Export Statistics of Indian Machines Tools Industry

Year	Production data	Import	Export
2016-17	5803	6173	361
2017-18	7294	7752	354
2018-19	9692	12390	673
2019-20	6152	10288	768
2020-21	6602	5965	531
CAGR (5 Year) (Base Year 2015-16)	6.91%	0.06 %	12.39%

Annual Report of Ministry of Heavy Industries, Government of India

#### Threats:

After having achieved strong growth in recent years, India's machine tool industry is faced with multiple challenges posed by the COVID-19 pandemic which has had a negative impact on various sectors including automotive, one of the key contributors to the growth. Whereas, several other external and internal issues including changing market dynamics and technology advances are having a ripple effect on the machine tool industry, forcing manufacturers to adapt to the new environment.

Since long, the automotive sector has been one of the key contributors to the growth of the machine tool industry. However, the global developments in respect of emission regulations and rising concerns of climate change and sustainability have propelled the alternative mobility concept, vis-à-vis electric vehicles. Although this transition is a long-term process, it has started showing impact on the machine tool industry.

Further internal combustion engine needs high precision in machining of metal parts and a large number of metal parts are used. Whereas the electric drive trains have fewer machined parts.

As a result of that the demand for machine tools in the automotive sector may decline. "Reduction in car parts will lead to less throughput time and manufacturing facilities. This could lead to market shrinkage for the automotive cutting tools and machine tools.

Apart from that, the industry continues to face a range of business risks related to supply chain and changing customer preferences. Delay in economic recovery, increase in

commodity prices and forex volatility are some of the headwinds being confronted. Moreover, evolving regulatory and trade environment, technological changes and environmental regulation continue to pose challenges to the sector.

But on a brighter side, post covid 19, the demand from non auto sectors has steadily increased and is expected to be more than the auto sector in the years to come.

#### Segment –wise Performance

##### Machine Tool Division:

In line with the Industry performance as mentioned above, your company has also performed well. While the company had its share of problems with the disruption in supply chain as well as disruption in operations, but it has managed to wade successfully through these issues and posted a reasonable growth. The company could also counter to an extent the commodity price rise and supply chain disruptions; particularly the imported items through a focused supply chain management and stringent internal cost controls. The company has also been successful in promoting its machines in the non-automotive space and this would only improve further going forward.

With an efficient and 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, cost competitiveness and increased market reach are expected to yield good results in the near future.

##### Component Division:

The Company has a rich experience of 37 years in automobile sector and in manufacturing of auto components such as Cylinder Blocks, Cylinder Heads and Connecting Rods.



Though the demand picked up considerably, but due to a well-established practice of continuous improvements through Kaizens etc., the costs were very well reined in and investments minimised.

### Outlook

#### Machine Tool Division:

The industry which is seeing a meaningful upturn after a long period of sluggish growth is likely to witness a positive momentum on the back of revival in overall economy, improving rural cash flows, and an increasing need for personal mobility. Introduction of schemes like production-linked incentive and vehicle scrappage policy is likely to increase the competitiveness of the Indian automotive industry globally. Also, with the Global Supply Chains in Engineering and Automotive space starting to source from India as a China De-risking strategy, the future augurs well for India.

To meet this potential demand, your company is adding significant capacities in both manufacturing as well as marketing. Further, to cater to the new opportunities emerging from Non-Automotive industries, the technology will be upgraded on par with the Global levels by entering into strategic tie ups with leading European and South Asian companies.

#### Component Division:

There is a significant demand forecast from M&M due to their new product launches as well as growth in the existing products. The company is very quickly adding capacities to meet the demands. The company is also venturing into non-automotive space, given its engineering strengths, infrastructure, well laid out processes and is therefore confident of making significant inroads in the years to come.

### Risks and Concerns

Capital goods industries are sensitive to general economic downturns. Since machine tools are mainly used to produce other capital goods, this applies especially for the machine tool industry, making it vulnerable to economic fluctuations. The recent economic downturn triggered by the pandemic

and other negative effects was mentioned as the biggest challenge faced by most machine tool builders.

Uncertainty Related to Social and Economic Factors can hinder the market growth. Changes in the global economic conditions can also result in the hindrance of the market. Expenditures in the manufacturing industry are directly proportional to these tools sales. Hence, if the global economy slows, it is expected to directly result in the decline of machine tool revenue. Likewise, trends in the automotive industry have had a larger impact on the tools sector owing to the high adoption of machinery in the industry. However, the trends related to capital expenditure in the automotive manufacturing sector have a significant impact on the market revenue. Furthermore, unexpected changes in the economic, political, or social circumstances and regulations of a country can impact the growth of the market revenue.

Further the Company's growth is linked to growth of the Automobile Sector which is cyclical in nature. This cyclical nature might affect the demand ultimately and has an effect on the order book of the Company. However the Company is focusing towards export orders and non-automotive business to counter the risk. There have been very good results so far and the company is confident of posting significant success in these areas.

The profit margin and cost competitiveness 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 and being frugal and innovative can be very encouraging in maintaining margins.

#### Discussion on Financial Performance with respect to operational performance

During the year the Company recorded Revenue from operations by way of Sales of ₹20183.76 lakhs as against ₹15,021.45 lakhs in the FY 2020-21, an increase of about 34.36% in sales value. During the year the Net profit after tax was ₹634.60 as compared to a profit of ₹396.15 lakhs in the previous financial year.

#### 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 March 31, 2022 was 879 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.

### KEY FINANCIAL RATIOS

Sl. No.	Particulars	2021-22	2020-21
1	Debtors Turnover	4.81	4.37
2	Inventory Turnover	2.05	1.51
3	Interest Coverage Ratios	2.5	2.1
4	Current Ratio	1.44	1.41
5	Debt Equity Ratio	0.58	0.61
6	Operating Profit Margin (%)	10.68	11.91
7	Net Profit Margin (%)	3.14	2.64
8	Return on Net Worth (%)	4.25	2.77

1. The Change in Inventory Turnover is due to increase in sales.
2. The Change in Return on Net Worth (%) is due to increase in sales and profits.





## Annexure 'C'

# CORPORATE SOCIAL RESPONSIBILITY REPORT

For the Financial Year Ended March 31, 2022

### 1. Corporate Social Responsibility Policy Overview

The Company has framed its CSR policy in compliance with the provisions of the Companies Act, 2013 & the policy is duly approved by the Board of Directors.

To support and endeavor to bring about positive difference to communities where we exist. Through the CSR initiatives, the Company strives to provide equitable opportunities for sustainable growth, thereby aligning with our goal to build Lokesh Machines Limited into an organization which maximizes Stakeholders Value.

The Company would engage in activities whereby business further contributes to make a positive and distinguishing impact on the environment, customers and other stakeholders.

Core areas as per the CSR Policy include Rural development, Reduction in inequality faced by backward class and benefits for Community at large and Environment etc.

The Company's CSR policy can be accessed on: <https://www.lokeshmachines.com/investment-center.php?key=csr>

Composition of CSR Committee (As on March 31, 2022)

Sr. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. B.R. Mahesh	Non- Executive Independent Director/ Chairperson	1	1
2.	Mr. R. Mohan Reddy	Non- Executive Independent Director/Member	1	1
3.	Mr. M. Lokeswara Rao	Executive Director/Member	1	1
4.	Mr. B. Kishore Babu	Executive Director/Member	1	1
5.	Mr. M. Srinivas	Executive Director/Member	1	NIL
6.	Mr. M. Srikrishna	Executive Director/Member	1	NIL

### 2. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The Composition of CSR committee <https://www.lokeshmachines.com/investment-center.php?key=csr>  
CSR Policy and CSR projects

### 3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

During the financial year under review, the provisions of sub-rule (3) of rule 8 the Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable on your company.

### 4. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

During the financial year under review, the provisions of sub-rule (3) of rule 7 the Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable on your company.

5. Average Net Profit of the Company as per Section 135(5) of Companies Act, 2013	249.31 Lakhs
6. (a) 2% of Average Net Profit of the last three financial years	4.99 Lakhs
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
(c) Amount required to be set off for the financial year, if any	NIL
(d) Total CSR obligation for the financial year (7a+7b-7c.)	5.00 Lakhs

### 7. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (₹)	Amount Unspent (₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer.	Name of the Fund	Amount	Date of transfer.
5.00 Lakhs	NIL	NIL	NIL	NIL	NIL

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(c) Details of CSR amount spent against other than ongoing projects for the financial year

(₹ in lakhs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
				State	District			Name	CSR registration number
1.	Community Hall for Backward Caste	Measures for reducing inequalities faced by socially and economically backward groups	Yes	Telangana	Medchal Ravalkol Village	1.5	Direct	-	-
2.	Rural Development	Road Construction	No	Andhra Pradesh	Chataparru Village	3.5	Direct	-	-
<b>Total</b>						<b>5.00</b>			

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): 5.00 Lakhs

(g) Excess amount for set off, if any: NA

8. (a) Details of Unspent CSR amount for the preceding three financial years: NA

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NA

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NA

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

Place: Hyderabad  
Date: May 11, 2022

Sd/-  
Mr. M. Lokeswara Rao  
(Managing Director)

Sd/-  
Mr. B.R. Mahesh  
(Chairperson CSR Committee)



## Annexure “D”

### REPORT ON CORPORATE GOVERNANCE

#### I. Company's Philosophy on Code of 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, Non-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.

Presently the Company's Board of Directors comprises of 9 directors. Four are Executive Directors and three are Independent Directors and two are Non-Executive Directors including Women Director. Mr. R. Mohan Reddy ceased to be a director w.e.f. May 20, 2022 due to his untimely demise. The Company, its Directors and its Management, condole his passing and appreciate the valuable contribution made by him during his tenure on the Board as Director of the Company.

The Company has a Non-Executive and Independent Chairman, a Managing Director and three 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.

M. Lokeswara Rao, Mr. M. Srinivas, Mr. M. Srikrishna and Ms. M. Likhitha are related to each other. There is no inter-se relationship among other directors of the Company.

During the year under review, Seven Board Meetings were held on April 08, 2021, June 16, 2021, July 27, 2021, September 02, 2021, October 28, 2021, December 29, 2021 and February 14, 2022.

Further the gap between two consecutive Board meetings held during the financial year was not more than 120 days.

The composition of the Board, designation, attendance particulars and the number of outside directorship and committee positions held by Directors of the Company as on March 31, 2022 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	Listed Committee memberships including this Company (Audit & Stakeholder Committee)	Listed Committee Chairmanships including this Company (Audit & Stakeholder Committee)
		Held	Attended				
M. Lokeswara Rao DIN :00989447	Managing Director and Promoter Executive Director	7	7	Yes	1	NIL	NIL
B. Kishore Babu DIN: 00840630	Promoter-Executive Director	7	7	Yes	1	NIL	NIL
M. Srinivas DIN: 00917565	Promoter- Executive Director	7	5	Yes	1	1	NIL
M. Srikrishna DIN: 00841388	Promoter-Executive Director	7	6	Yes	NIL	1	NIL
K. Krishna Swamy DIN: 00840887	Promoter, Non-Executive Director	7	3	Yes	NIL	NIL	NIL
B. R. Mahesh DIN :00810019	Independent Non-Executive Director	7	7	Yes	4	1	1
@R. Mohan Reddy DIN: 00841038	Independent Non Executive Director	7	7	Yes	3	4	1
D. Balaji DIN: 01872392	Independent Non Executive Director	7	2	Yes	1	NIL	NIL
M. Likhitha DIN: 08765043	Promoter, Non-Executive Director	7	6	Yes	NIL	1	NIL

\*Mr. R. Mohan Reddy was also an Independent Director in Nelcast Limited and further he ceased to the director due to his demise on May 20, 2022.

#Other directors doesn't hold directorship in a listed entity.

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 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:

Name of the Director	Skills/Competence/Expertise
Financial Management	Proficiency in Financial Management, Practical knowledge and experience in Corporate Finance, accounting and reporting and internal financial controls
Business Development	Understanding diverse business environments, with a broad perspective of Indian and global business opportunities
Sales and Marketing	Understanding
Leadership/Strategy	Leadership experience in managing companies and associations including general management, leadership roles in large businesses, with competencies around strategy development & implementation, business administration/ operations and people management.
Industry and Technology	Possessing industrial, technical and operational expertise and experience in machinery, automobile and emerging technologies and associations with industrial bodies.
Governance/Regulatory	Having insight into maintaining effective Board and Management relationship, Protecting Stakeholders Interest/ Strong expertise and experience in regulatory compliance.

In terms of the requirement of the SEBI Listing Regulations, the individual skills, experience, competency and expertise of each of the Directors of the Company is mapped to the core skills/ expertise/competencies of the Directors already identified by the Board, as furnished above, in the context of the Company's business for effective functioning and as available with the Board:

#### Independent Directors

The Independent directors have 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 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board confirms that, in the opinion of the Board, the Independent directors of the Company fulfilled the conditions specified in SEBI (LODR) Regulations, 2015 and are independent of the Management.

#### Skills, expertise and competencies of the board:

The Board of Directors has, based on the recommendations of the Nomination and Remuneration Committee ('NRC') has identified the following core skills/ expertise/ competencies of Directors as required in the context of business of the Company for its effective functioning: The Board as a whole possesses the identified skills, expertise and competencies as are required in the context of business of the Company. These are presented as a matrix below:

The Company follows structural orientation and familiarization programme through various internal policies/reports for all the directors with a view to update them on the Company's policies and procedures on regular basis.

The details of the Familiarization Programmes are available on the website of the Company at the following link: <https://www.lokeshmachines.com/investment-center.php?key=policy>





### SKILLS / EXPERTISE / COMPETENCIES IDENTIFIED

Name of the Director	Financial Management	Business Development	Sales and Marketing	Leadership/ Strategy	Industry and Technology	Governance/ Regulatory
Mr. B.R. Mahesh	✓	✓	✓	✓	✓	✓
Mr. S.S. Raman	✓	✓	✓	✓	✓	✓
Mr. D. Balaji	✓	✓	✓	✓	✓	✓
Mr. K. Krishna Swmay	✓	✓	✓	✓	✓	✓
Mr. M. Lokeswara Rao	✓	✓	✓	✓	✓	✓
Mr. M. Srinivas	✓	✓	✓	✓	✓	✓
Mr. M. Srikrishna	✓	✓	✓	✓	✓	✓
Mr. B. Kishore Babu	✓	✓	✓	✓	✓	✓
Ms. M. Likhitha	✓	✓	✓	✓	✓	✓

### 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 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 and under the Companies Act, 2013. The Committee provides the Board with additional assurance as to the adequacy of Company's internal control systems and financial disclosures.

#### b) Composition

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

The Committee comprises of:

Sl. No.	Name of the Member	Designation
1.	Mr. B. R. Mahesh	Chairman (Independent and Non-Executive Director)
2.	<sup>1</sup> Mr. R. Mohan Reddy	Member (Independent and Non Executive Director)
3.	Mr. M. Srinivas	Member (Executive Director)
4.	<sup>2</sup> Mr. D. Balaji	Member (Independent and Non Executive Director)
5.	<sup>3</sup> Mr. S.S. Raman	Member (Independent and Non Executive Director)

#### Notes:

- Mr. Mr. R. Mohan Reddy ceased to be a member of the Committee w.e.f. 20.05.2022
- Mr. D. Balaji was appointed as member of the Committee w.e.f. 26.05.2022 and further ceases to be a member of the Committee w.e.f. 11.08.2022
- Mr. S.S. Raman was appointed as a member of the Committee w.e.f. 11.08.2022

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

During the period under review five Audit Committee Meetings were held as follows: on April 08, 2021, June 16, 2021, July 27, 2021, October 27, 2021, and February 14, 2022. 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:

Sl. No.	Name of the Member	Number of meetings held during the tenure	Numbers of meetings attended
1.	Mr. B. R. Mahesh	5	5
2.	Mr. R. Mohan Reddy	5	5
3.	Mr. M. Srinivas	5	3

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

### IV. Nomination and Remuneration Committee

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

To formulate the remuneration policy and approve the remuneration or revision in the remuneration payable to Executive Directors/Whole time Directors/KMPs. Further detailed terms of reference is as per the Companies act, 2013 read with SEBI listing regulations.

#### b) Composition

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

Sl. No.	Name of the Member	Designation
1.	<sup>1</sup> Mr. R. Mohan Reddy	Chairman (Independent and Non-Executive Director)
2.	<sup>2</sup> Mr. D. Balaji	Chairman (Independent and Non-Executive Director)
3.	<sup>3</sup> Mr. S.S. Raman	Chairman (Independent and Non-Executive Director)
4.	<sup>4</sup> Ms. M. Likhitha	Member (Independent and Non-Executive Director)
5.	Mr. B. R. Mahesh	Member (Independent and Non-Executive Director)

#### Notes:

- Mr. Mr. R. Mohan Reddy ceased to be a Chairman of the Committee w.e.f. 20.05.2022
- Mr. D. Balaji was appointed as member of the Committee w.e.f. 26.05.2022 and further ceases to be a member of the Committee w.e.f. 11.08.2022
- Mr. S.S. Raman was appointed as a member and Chairman of the Committee w.e.f. 11.08.2022
- Ms. M. Likhitha was appointed as a member of the Committee w.e.f. 26.05.2022

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

During the period under review, two meetings of Nomination and remuneration committee were held on June 16, 2021 & July 27, 2021.

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

Sl. No.	Name of the Member	Number of meetings held during the tenure	Numbers of meetings attended
1.	Mr. B. R. Mahesh	2	2
2.	Mr. R. Mohan Reddy	2	2
3.	Mr. D. Balaji	2	1

#### d) 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, 2013.

#### e) 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:

(₹ In lakhs)

Name of the Director	Salary	Other Allowance	Commission	Total
Mr. M. Lokeswara Rao (Managing Director)	36.00	0	0	36.00
Mr. B. Kishore Babu Executive Director	54.00	0	0	54.00
Mr. M.Srinivas Whole-time Director	66.00	0	0	66.00
Mr. M. Srikrishna Whole-Time Director	66.00	0	0	66.00

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

At present, the Non-Executive Directors do not receive any remuneration except 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 2021-22 is given below:

Name of Director	Sitting Fees paid (In lakhs)
Mr. B R Mahesh	0.60
Mr. R Mohan Reddy	0.40

#### g) Shareholdings of Non Executive Directors as on March 31, 2022:

Mr. B. R. Mahesh, Mr. R. Mohan Reddy and D. Balaji are the Non-Executive Independent Directors of the company and



therefore do not hold any shares of the Company. Further Mr. K. Krishna Swamy, Non-Executive Non-Independent director of the Company holds 12,000 shares. Ms. M. Likhitha, Non-executive Non-Independent director of the Board holds 5,54,190 shares of the Company.

#### h) 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. Their presence on the board is advantageous and fruitful in taking business decisions.

#### V. Stakeholders Relationship Committee

The Stakeholders Relationship committee consists of three members namely:

Sl. No.	Name of the Member	Designation
1.	<sup>1</sup> Mr. R. Mohan Reddy	Chairman (Independent and Non-executive Director)
2.	<sup>2</sup> Mr. D. Balaji	Chairman (Independent and Non-executive Director)
3.	<sup>3</sup> Mr. S.S. Raman	Chairman (Independent and Non-executive Director)
4.	Mr. B Kishore Babu	Member (Executive Director)
5.	Mr. M Srikrishna	Member (Executive Director)

##### Notes:

- Mr. Mr. R. Mohan Reddy ceased to be a Chairman of the Committee w.e.f. 20.05.2022
- Mr. D. Balaji was appointed as member of the Committee w.e.f. 26.05.2022 and further ceases to be a member of the Committee w.e.f. 11.08.2022
- Mr. S.S. Raman was appointed as a member and Chairman of the Committee w.e.f. 11.08.2022

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 was held on February 14, 2022. The details of attendance of members of the Committee during the year are given below:

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

#### Compliance Officer

Mr. Gurprit Singh was appointed as Company secretary and compliance officer of the Company with effect from June 16, 2021.

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

Details of Investor's Complaints received and resolved during the year:

Sl. No.	Particulars	Comments
1.	Number of shareholders' complaints received during the year ended March 31, 2022	-
2.	Number of complaints not resolved to the satisfaction of shareholders	-
3.	Number of pending complaints at the end of the year	-

#### VI. Corporate Social Responsibility Committee

The Board has set up a Corporate Social Responsibility Committee for the Company which decides CSR Policies and activities of the Company. The committee monitors and reviews the CSR policy periodically and attends to such other matters and functions as may be prescribed from time to time.

The Corporate Social Responsibility Committee consists of six members namely:

Sl. No.	Name of the Member	Designation
1.	Mr. B. R. Mahesh	Chairperson (Independent and Non-executive Director)
2.	Mr. M. Lokeswara Rao	Member (Executive Director)
3.	Mr. M. Srinivas	Member (Executive Director)
4.	Mr. M. Srikrishna	Member (Executive Director)
5.	Mr. B. Kishore Babu	Member (Executive Director)
6.	<sup>2</sup> Ms. M. Likhitha	Member (Executive Director)
7.	<sup>3</sup> Mr. S.S. Raman	Member (Independent and Non-executive Director)

##### Notes:

- Mr. Mr. R. Mohan Reddy ceased to be a Chairman of the Committee w.e.f. 20.05.2022
- Ms. M. Likhitha was appointed as a member of the Committee w.e.f. 11.08.2022
- Ms. S.S. Raman was appointed as a member of the Committee w.e.f. 11.08.2022

During the period under review One Corporate Social Responsibility Committee Meetings held on March 28, 2022. The details of attendance of members of the Committee during the year are given below:

Sl. No.	Name of the Member	Number of meetings held during the tenure	Numbers of meetings attended
1.	Mr. B.R. Mahesh	1	1
2.	Mr. R. Mohan Reddy	1	1
3.	Mr. M. Lokeswara Rao	1	1
4.	Mr. B. Kishore Babu	1	1
5.	Mr. M. Srinivas	1	-
6.	Mr. M. Srikrishna	1	-

##### Notes:

- Mr. R. Mohan Reddy ceased to be a member of the Committee w.e.f. 20.05.2022 due to his untimely demise.

#### Special resolutions

The following are the special resolutions passed at the previous General meetings held in the last three years:

AGM held on	Whether Special resolution passed	Summary of the resolution
28-09-2021	6	<ol style="list-style-type: none"> <li>Re-appointment of Mr. M. Lokeswara Rao (DIN: 00989447) as Managing Director of the Company</li> <li>Re-appointment of Mr. B. Kishore Babu (DIN: 00840630) as a Whole time Director of the Company</li> <li>Re-appointment of Mr. M. Srinivas (DIN: 00917565) as a Whole time Director of the Company</li> <li>Re-appointment of Mr. M. Srikrishna (DIN: 00841388) as a Whole time Director of the Company</li> <li>Approval for Continuation of Mr. K. Krishna Swamy (DIN: 00840887) as Non- Executive Director of the Company</li> <li>Alteration in Object Clause of the Memorandum of Association of the Company</li> </ol>
28-09-2020	2	<ol style="list-style-type: none"> <li>Regularization of Appointment of Ms. Likhitha as a Non-Executive Director (Non-Independent) of the Company</li> <li>Approval for Continuation of Mr. K. Krishna Swamy as Non-Executive Director of the Company</li> </ol>
27-09-2019	6	<ol style="list-style-type: none"> <li>Re-appointment of Mr. B.R. Mahesh as Independent Director of the Company for the second term of 5(five) consecutive years</li> <li>Re-appointment of Mr. R. Mohan Reddy as Independent Director of the Company for the second term of 5(five) consecutive years</li> <li>Revision in the remuneration of Mr. B. Kishore Babu Whole-time director of the Company.</li> <li>Revision in the remuneration of Mr. M. Srinivas Whole-time director of the Company.</li> <li>Revision in the remuneration of Mr. M. Srikrishna Whole-time director of the Company.</li> <li>Approval for Continuation of Mr. K. Krishna Swamy as Non-Executive Director of the Company.</li> </ol>

#### Postal Ballot:

During the year under review, the Company has not passed any resolution through Postal Ballot.

#### Special resolutions proposed to be conducted through Postal Ballot:

None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot. Any special resolutions by way of Postal Ballot, if required to be passed in the future, will be decided at the relevant time.

#### VII. General Body Meetings:

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

Year	AGM	Venue	Date	Time
2018-19	35 <sup>th</sup>	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033	27/09/2019	10.00 A.M.
2019-20	36 <sup>th</sup>	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	28/09/2020	11.00 A.M.
2020-21	37 <sup>th</sup>	Through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	28/09/2021	11.00 A.M.





### 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.

The details of the Familiarization Programmes are available on the website of the Company at the following link: <https://www.lokeshmachines.com/investment-center.php?key=policy>

#### Disclosure of Accounting Treatment:

In the preparation of financial statements, the Company has adopted "IND AS" with effect from April 01, 2017. Accordingly, the financial statements for the year 2021-22 have been prepared in Compliance with Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of Companies Act, 2013.

#### Details of non-compliance during the last three years etc

S. No.	Financial Year	Details of Non-compliance	Penalty Levied	Directors Comment
1.	2018-19	NA	NA	NA
2.	2019-20	NA	NA	NA
3.	2020-21	Non-appointment of Woman Director on the board of the Company	The BSE Limited and the National Stock Exchange of India Limited levied a penalty of ₹4,60,200/- and 6,49,000/- respectively.	The Company was unable to found a suitable women director due to ongoing Covid-19 situation. The Company requested BSE & NSE for the waiver of the penalty levied. The same was waived by BSE vide email dated October 27, 2021.

During the financial year 2021-22, there is no non-compliance of any of the Corporate Governance requirement under SEBI LODR, 2015 or the Companies Act, 2013.

The necessary disclosures of compliance with Corporate Governance requirements as specified in regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI LODR are complied. The Company complied with all mandatory requirements.

#### Adoption of discretionary requirements as specified in Part E of Schedule II

S. No.	Details	Comments
1.	The Board- A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.	The Company has appointed a Non-executive Independent Chairman and sitting fees within the limit mentioned under the Companies Act, 2013 is being paid to the Chairman.
2.	A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.	The Company will consider implementing this non-mandatory requirement in the coming years.
3.	The listed entity may move towards a regime of financial statements with unmodified audit opinion.	During the financial year 2021-22, the Statutory Auditors have issued the Statutory Audit Report or Limited Review Report as the case may be with unmodified Audit opinion
4.	Separate posts of Chairperson and the Managing Director or the Chief Executive Officer	The Company has appointed a separate Chairperson who is Non-executive Independent Director and is not related to the Managing Director as per the definition of the term "relative" defined under the Companies Act, 2013.
5.	The internal auditor may report directly to the audit committee.	The Quarterly Internal Audit Report is being directly placed before the Audit Committee before the same is placed before the Board.

#### Whistle Blower /Vigil Mechanism:

The Company has established a whistle Blower /Vigil Mechanism through its Directors, Employees and stakeholders can report their genuine concerns about unethical 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 Company hereby affirms that no personnel have been denied access to the audit committee. Further, the E-Mail ID for reporting genuine concerns is: [cosecy@lokeshmachines.com](mailto: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 March 31, 2022. The same is annexed as **Annexure D3**.

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

During the financial year 2021-22, the Company has not issued any GDRs/ADRs/shares/warrants. There has been no change in the Paid-up capital of the Company during the said Financial Year 2021-22.

#### Certificate from Practicing Company Secretary:

The Company has received a certificate from the Practicing Company Secretary that none of the directors of the Company have been debarred or dis-qualified from being appointed as Director by SEBI / MCA/ or any other statutory authority.

There was no instance of any non-acceptance by the Board of Directors of the recommendations of any Committee of the Board, where it is mandatorily required, during the financial year under review. The certificate forms part of this report as **Annexure D1**.

#### Fees paid to Statutory Auditor on a consolidated basis:

During 2021-22, ₹5.00 Lakhs (Rupees Five Lakh only) was paid by the Company to its statutory auditor as shown

on the financial statements. Fees paid to the Statutory Auditor of the Company has been provided in the financial statements of the Company has been part of this report. Company has engaged an Independent Statutory Auditor for its audit purposes. However Company is a single entity having no subsidiary or associates at all. So there are no entities in network firm / network entity of which the Statutory Auditor are is a part.

#### Sexual Harassment at workplace:

During the year under review, the Company has not received any complaints in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### 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 generally published in Financial Express (English) and Nava Telangana (Telugu) in the next day newspaper.

The Company's website <https://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.	Registered Office	B-29, EEIE, Stage II, Balanagar, Hyderabad, Telangana- 500037, Phone: (040) 23079310 /311/312 /313
	Venue of Annual General Meeting	Date and time: September 28, 2022 at 11.00 AM Through Video Conferencing / Other Audio-Visual Means
	Financial Year	April 01 to March 31
b.	Financial Calendar (Tentative)	a) Annual General Meeting: On September 28, 2023 b) Results for the quarter ending June 30, 2022: 2 <sup>nd</sup> Week of August, 2021 c) Results for the quarter ending September 30, 2022: on or before 2 <sup>nd</sup> Week of November, 2022 d) Results for the quarter ending December 31, 2022: on or before 2 <sup>nd</sup> Week of February, 2023 e) Results for the Year ending March 31, 2023: on or before May 30, 2023
c.	Date of Book Closure (both days inclusive)	September 22, 2022 to September 28, 2022
d.	Listing on Stock Exchanges	BSE 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 on BSE and NSE and are frequently traded.



f	Stock Code	532740 (BSE) LOKESHMACH (NSE)
g	Dematerialization of shares and liquidity	The Company's equity shares are available for dematerialization on both the Depositories i.e. 1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parle Mumbai – 400013  2. Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28 <sup>th</sup> Floor Dalal Street, Mumbai – 400023  The International Securities Identification Number (ISIN) allotted to the Company's scrip is ISIN: INE397H01017. 99.98% of equity shares are held in dematerialized form as on March 31, 2022.
h	Credit Rating	During the year under review your Company has obtained the Credit Rating from CARE Ratings Limited which is as follows: Long-Term Rating: ACUITE BBB-   Stable   Assigned Short-Term Rating: ACUITE A3   Assigned Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") your Company has intimated to the stock exchanges the credit ratings, obtained.
i	Registered Office Address (for correspondence)	B-29, EEIE, Stage II, Balanagar, Hyderabad – 500 037
j	Registrar and Share Transfer Agent's Contact Address	<b>KFin Technologies Ltd.</b> (Formerly known as KFin Technologies Pvt. Ltd.) Karvy Selenium Tower B, Plot No.31-32,Gachibowli Financial District, Nanakramaguda, Serilingampally, Hyderabad - 500 032 Phone : +91 40 67161524 Toll Free No.: 1800 3094 001 E-mail: einward.ris@kfintech.com Web Site: www.kfintech.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.
k	Share transfer system	SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2019 notified that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository and came into effect from April 01, 2019. However, transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 01, 2019 as per the clarification made by SEBI vide PR No.:12/2019 dated Mar 27, 2019. Therefore, transfers in physical form for those shares are registered by the Registrar and share Transfer Agents immediately on receipt of completed documents and certificates are issued within 7 days of date of lodgment of transfer. A summary of transfer/ transmission of securities, if any of the Company is placed at every Stakeholder's Relationship Committee. The Company obtains from a Company Secretary in Practice half- yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations 2015 and files a copy of the said certificate with Stock Exchanges.
l	Details of Compliance Officer	<b>Gurprit Singh (appointed w.e.f. 16.06.2021)</b> Company Secretary and Compliance Officer  <b>Lokesh Machines Limited</b> B-29, EEIE Stage-II Balanagar, Hyderabad-500 037, Telangana, India. Phone : (040) 23079310 /311/312 /313  <b>CIN: L29219TG1983PLC004319</b> cosecy@lokeshmachines.com
m	Plant locations	Temple Road, Bonthapally, Medak District, Telangana B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, Telangana Plot No 41, IDA Balanagar, Hyderabad, Telangana Ravalkol village, Medchal Mandal, Rangareddy Dist, Telangana Sy.No.148, Kallakal Village, Manoharabad Mandal, Medak District, Telangana Plot No. D-260/1, Ranjangaon Industrial Area, MIDC, Shirur, Pune,Maharashtra

#### Transfer of unclaimed dividend to Investor Education and Protection Fund

Pursuant to Section 124 and other applicable provisions of the Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF"), established by the Central Government under the provisions of Section 125 of the Act. Shareholders are advised to claim the unclaimed dividend lying in the unpaid dividend account of the Company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividend is due for transfer to IEPF.

Sl. No.	Dividend for the Year	Due date for transfer to IEPF
1.	2012-13	November 16 <sup>th</sup> , 2020
2.	2013-14	November 30 <sup>th</sup> , 2021
3.	2014-15	November 30 <sup>th</sup> , 2022

#### 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.

#### Distribution of shareholding with various categories as on March 31, 2022

S. No	Category (Amount)	Total Cases	Total Cases %	Total Shares	Total Amount	Total Amount %
1	1-5000	9896	84.8714	1289094	12890940	7.2029
2	5001- 10000	830	7.1184	702877	7028770	3.9274
3	10001- 20000	447	3.8336	683704	6837040	3.8203
4	20001- 30000	146	1.2521	373803	3738030	2.0887
5	30001- 40000	64	0.5489	230887	2308870	1.2901
6	40001- 50000	64	0.5489	304302	3043020	1.7003
7	50001- 100000	92	0.789	718864	7188640	4.0167
8	100001& Above	121	1.0377	13593239	135932390	75.9536
<b>Total</b>		<b>11660</b>	<b>100</b>	<b>17896770</b>	<b>178967700</b>	<b>100</b>

#### Shareholding pattern as on March 31, 2022

Category	No of Shareholders	Total Shares	% of Equity
Clearing Members	36	78852	0.44
Resident Individuals	13926	6867786	38.42
H U F	409	350720	1.96
Indian Financial Institutions	1	370000	2.07
Indian Promoters	22	9449051	52.80
Bodies Corporates	72	559486	3.13
IEPF	1	17774	0.10
Non Resident Indians	129	139368	0.78
Foreign Portfolio Investos	1	63733	0.36
<b>Total</b>	<b>14597</b>	<b>17,896,770</b>	<b>100.00</b>

The company has adopted a Share Dealing 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 Dependents.

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

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

#### Compliance Certificate of Auditors:

The company has obtained a certificate from the statutory auditors confirming the compliance with the Conditions of Corporate Governance as stipulated under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is attached to this report as Annexure D2.





## Annexure “D1”

### 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 2021-22 were as follows:

	Months	Lokesh Machines Ltd. (BSE)		Lokesh Machines Ltd. (NSE)	
		High	Low	High	Low
<b>Market Price and Index Data High, Low during each month in Last financial year</b>	Apr 21	53.25	32.50	53.70	32.55
	May 21	47.65	42.10	48.90	42.00
	Jun 21	55.80	41.40	55.40	40.85
	July 21	48.80	40.80	47.80	40.80
	Aug 21	50.55	37.55	50.70	36.60
	Sep 21	59.05	44.80	59.05	44.55
	Oct 21	58.50	48.05	58.65	48.00
	Nov 21	61.40	48.20	59.65	47.90
	Dec 21	83.80	47.60	83.85	80.35
	Jan 22	87.80	71.00	88.00	71.00
	Feb 22	88.25	62.20	88.75	62.05
	Mar 22	87.00	67.05	86.30	66.45

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para-C clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Lokesh Machines Limited**  
B-29, EEIE, Stage II,  
Balanagar, Hyderabad  
Telangana- 500037

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Lokesh Machines Limited having CIN L29219TG1983PLC004319 and having registered office situated at B-9, EEIE, Stage II, Balanagar, Hyderabad Telangana- 500037 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2022 have been debarred or dis-qualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of the Director	DIN	Date of appointment in Company
1.	LOKESWARA RAO MULLAPUDI	00989447	17/12/1983
2.	SRIKRISHNA MULLAPUDI	00841388	01/10/2005
3.	SRINIVAS MULLAPUDI	00917565	01/10/2005
4.	KISHORE BABU BOLLINENI	00840630	10/05/2002
5.	BADHE RATNAM MAHESH	00810019	28/06/1991
6.	DORAIRAJAN BALAJI	01872392	14/08/2019
7.	KRISHNA SWAMY KALLAHALLA	00840887	28/07/1995
8.	LIKHITHA MULLAPUDI	08765043	18/06/2020

Ensuring the eligibility for appointment and continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Date:** 02.08.2022  
**Place:** Hyderabad

**Lebaka Dhanamjaya Reddy**  
(Proprietor)  
M. No.: 13104  
CP. No.3752  
UDIN: A013104D000729105



## Annexure “D2”

### AUDITORS’ CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
**Lokesh Machines Limited**

We have examined the compliance of conditions of Corporate Governance of Lokesh Machines Limited for the year ended March 31, 2022 stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and pursuant to the Listing Agreement of the said company entered with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company to ensure Compliance with the condition of Corporate Governance. It is neither an audit nor an expression of an 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, we certify that the Company has fully complied with all the mandatory conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said company with Stock Exchanges.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Registrar and Share Transfer Agent.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **K.S. Rao & Co.**  
Chartered Accountants

**(M.NAGA PRASADU)**  
Partner

**Place:** Hyderabad  
**Date:** 06.08.2022

Membership No. 231388  
UDIN : 22231388AOKKYS4590

## Annexure “D3”

### 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, 2022

For **Lokesh Machines Limited**

Sd/

**M. Lokeswara Rao**  
Managing Director

**Place:** Hyderabad  
**Date:** 11.08.2022





## Annexure “D4”

### 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 March 31, 2022 and that to the best of our knowledge and belief:
- 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - 2) 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. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee, wherever applicable,
- 1) significant changes in internal control over financial reporting during the year;
  - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Lokesh Machines Limited**

Place: Hyderabad  
Date: August 11, 2022

Sd/-  
**V. Sudhakara Reddy**  
Chief Financial Officer

Sd/-  
**M.Lokeswara Rao**  
Managing Director

## Annexure “E”

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
Mr. M Lokeswara Rao	4.33:1
Mr. B Kishore Babu	19.50:1
Mr. M. Srinivas	28.16:1
Mr. M. Srikrishna	28.16:1

- 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
Mr. M Lokeswara Rao	NIL
Mr. B Kishore Babu	NIL
Mr. M Srinivas	44.44%
Mr. M Srikrishna	44.44%
Mr. V Sudhakara Reddy	NIL
Mr. Gurprit Singh	NIL

- iii. The percentage increase in the median remuneration of employees in the financial year: 12.71%
- iv. The number of permanent employees on the rolls of company as on March 31, 2022: 388
- v. 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;
- During the financial year 2020-21, there was no increase in remuneration paid to the Managing Director & Whole time Directors, Chief Financial Officer and Company Secretary (Managerial Personnel's) & therefore comparison cannot be done.
- vi. 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.

Place: Hyderabad  
Date: 11.08.2022

Sd/-  
**M. Srinivas**  
(Wholetime Director)

On behalf of the Board  
For **Lokesh Machines Limited**  
Sd/-  
**M.Lokeswara Rao**  
(Managing Director)



## Annexure “F”

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.

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

1. Specific areas in which R & D carried out by the Company:  
Design & manufacturing of tooling and fixtures required for Automobile Industry like sheet metal dies and BIW welding fixtures.
2. Benefits derived as a result of the above R & D: Expanding the project range
3. Future plan of action: Commercialization of the above products.
4. Expenditure on R & D:

	(IN Lakhs)
a) Capital	NIL
b) Recurring	52
c) Total	52
d) Total R & D expenditure as a percentage of total turnover	0.26%

### D. Foreign Exchange Earnings and Outgo

- (i) Foreign Exchange Earnings : ₹1468.02 Lakhs
- (ii) Foreign Exchange Outgo:
  - (a) For Capital Goods : NIL
  - (b) For Stores & Components on FOB basis : ₹266.61 lakhs
  - (c) Towards Foreign Travel : NIL

# Independent Auditor's Report

To the members of **LOKESH MACHINERS LIMITED**,

## Report on the Audit of the Financial Statements:

### Opinion

We have audited the accompanying financial statements of **LOKESH MACHINES LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2022, 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 (herein after 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 standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and other 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 responsibility for the Audit of 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 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 Matters	Auditor's Response
<p><b>Valuation of inventory</b></p> <ul style="list-style-type: none"> <li>Inventory forms a significant part i.e. 33% of the Company's total assets. And 62% of the Current Assets of the Company</li> <li>Inventory comprises of Raw Materials, Finished Goods, work in Progress and Stores and Spares.</li> <li>Inventories are valued at lower of cost and net realizable value (NRV)</li> <li>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</li> <li>Determination of whether inventory will be realized for value less than cost requires management to exercise judgment and apply assumption</li> <li>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<sup>951</sup></li> </ul>	<p><b>Our Procedures included</b></p> <ul style="list-style-type: none"> <li>We have reviewed the stock records and held discussion with the management. We verified the arithmetical accuracy of valuation records/reports.</li> <li>Obtaining understanding of production process and testing of key controls over recognition and measurement of inventory.</li> <li>For a sample of inventory items, we have verified that the weighted average cost calculation by the system in case inventory is appropriate.</li> <li>Assessing reasonableness of assumption and judgments applied by management in inventory valuation including evaluating consistencies with management's prior period estimation.</li> <li>Assessing appropriateness of NRV estimated by management, on sample basis, by comparing NRV to recent market prices.</li> </ul>

### 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's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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.





## Independent Auditor's Report (Contd.)

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 Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under 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 of the assets of the company and for preventing and detecting the 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 Ind AS 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, the Board of Directors 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 the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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.

## Independent Auditor's Report (Contd.)

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, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Companies Act, 2013 we report to the extent applicable, 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
  - (e) on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

(f) with respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B", Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to financial statements;

(g) With respect to Managerial Remuneration to be included in the Auditor's report under Section 197(16) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

(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 Auditor's) 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 delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of



## Independent Auditor's Report (Contd.)

- funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) In our opinion and Based on the audit procedures conducted by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
- (i) During the year the company has not declared any dividend.

For **K. S. RAO & Co**  
Chartered Accountants  
Firm Registration No. :003109S

**(M. NAGA PRASADU)**  
Partner  
Membership no.: 231388  
UDIN: 22231388AKMTKJ8975

Place: Hyderabad  
Date: 26.05.2022

## Annexure – A to the 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**, for the year ended March 31,2022.,

1. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - a. (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
- b. As explained to us, the management has physically verified some of the Property, Plant and Equipment during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties (other than Properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company as at the balance sheet date, except the following:

Description of property	Gross carrying value	Held in name of	Whether promoter, director or their relative or employee	Period Held	Reason for not being held in the name if company
APIC Land Survey No.148, Extent 26.34 Acrs in Toopran (kallakal Village)	₹131.70 Lakhs	-	No	February 15, 2011 to till date.	Pending for registration

- d. The company did not revalue its Property, Plant and Equipment (including right of use assets) or intangible assets during the year. Accordingly, paragraph 3 (i)(d) of the Order is not applicable.
- e. According to the information and explanations given to us and on our verification of records of the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988. (45 of 1988) and rules made thereunder.

2. a. The inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the coverage and procedures of such verification is appropriate. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
- b. In our opinion and according to the information and explanation given to us and the records of the Company examined by us during the course of the audit, the quarterly returns or statements filed by the company with banks or financial institutions are in agreement with the books of account of the Company.
3. During the year the Company has not made investments in, granted any loans or advance in the nature of loans, guarantee or security, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties. Accordingly, paragraph 3 (iii) of the Order is not applicable.
4. The Company has not given any loans or made any investments or given any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable.
5. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act 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 regular in depositing undisputed statutory dues including Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2022 for a period of 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 statutory dues referred to in subclause (a) have not been deposited on account of any dispute.
8. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.



## Annexure – A to the Auditors' Report (Contd.)

9. a. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or in the payment of interest thereon to any lender.
- b. The Company has not been declared wilful defaulter by any bank or financial institution or any other lender.
- c. The Company has not taken any term loan during the year. Accordingly, Paragraph 3(ix)(c) of the Order is not applicable.
- d. The Company has not taken any funds from any entity or person on account of or to meet the obligations of associates.
- e. The Company has not raised any loans during the year. Accordingly, Paragraph 3(ix)(f) of the Order is not applicable.
10. a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3 (x)(a) of the Order is not applicable.
- b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under clause 3(x)(b) of the Order is not applicable.
11. a. According to the information and explanations given by the management and based upon the audit procedures performed No fraud by the Company and no material fraud on the Company has been noticed or reported during the year
- b. No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and up to the date of this report;
- c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year
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 Order 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 the 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. a. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
- b. We have considered the reports of the Internal Auditors for the period under audit.;
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 any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
16. a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) (a), (b) and (c) of the Order is not applicable.
- b. The Group has no Core Investment Company (CIC). Accordingly, paragraph 3(xvi)(c) of the Order is not applicable.
17. The company has not incurred any cash losses in the financial year and also in the immediately preceding financial year.
18. There is no resignation of statutory auditors of the Company during the year.
19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20. There were no unspent amounts towards Corporate Social Responsibility. Accordingly, Paragraph 3(xx)(a) and (b) of the Order is not applicable for the year.

For **K. S. RAO & Co**  
Chartered Accountants  
Firm Registration No. :003109S

**(M. NAGA PRASADU)**  
Partner

Place: Hyderabad  
Date: 26.05.2022

Membership no.: 231388  
UDIN: 22231388AKMTKJ8975

## Annexure – B to the Independent Auditors' Report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' Section of our report to the Members of **LOKESH MACHINES LIMITED** of even date)

### 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 with reference to financial statements of LOKESH MACHINES LIMITED ("the Company") as of 31<sup>st</sup> March 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial Statements 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial Statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March 2022, based on the internal control with reference to financial statements 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 Registration No. :003109S

**(M. NAGA PRASADU)**  
Partner

Place: Hyderabad  
Date: 26.05.2022

Membership no.: 231388  
UDIN: 22231388AKMTKJ8975





## Balance Sheet

as at March 31, 2022

(₹ in lakhs)			
Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	4	11,254.99	11,190.89
(b) Right-of-use asset		403.06	410.08
(c) Capital work-in-progress		697.43	450.03
(d) Intangible assets		32.04	21.65
(e) Financial assets			
(i) Investments	5	150.00	150.00
(ii) Other financial assets	6	147.20	155.39
(f) Income-tax assets (net)	7	205.08	291.28
(g) Other non-current assets	8	773.77	490.52
<b>Total non-current assets</b>		<b>13,663.57</b>	<b>13,159.84</b>
<b>2 Current assets</b>			
(a) Inventories	9	9,827.65	9,924.76
(b) Financial assets			
(i) Trade receivables	10	4,384.47	4,003.13
(ii) Cash and cash equivalents	11	17.67	58.14
(iii) Bank balances other than (ii) above	12	502.73	573.17
(iv) Other financial assets	6(a)	83.00	102.56
(c) Other current assets	13	937.50	847.51
<b>Total current assets</b>		<b>15,753.02</b>	<b>15,509.27</b>
<b>Total assets</b>		<b>29,416.59</b>	<b>28,669.11</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	1,789.68	1,789.68
(b) Other equity	15	13,134.92	12,524.31
<b>Total equity</b>		<b>14,924.60</b>	<b>14,313.99</b>
<b>2 Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	2,400.72	2,333.02
(b) Provisions	17	439.83	375.17
(c) Deferred tax liabilities (Net)	18	730.72	620.74
<b>Total non-current liabilities</b>		<b>3,571.27</b>	<b>3,328.93</b>
<b>3 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16(a)	6,291.64	6,366.58
(ii) Trade payables	19		
(a) Total outstanding dues of MSME		5.06	0.00
(b) Total outstanding dues of other than MSME		2,775.67	2676.74
(iii) Other financial liabilities	20	241.49	247.62
(b) Other current liabilities	21	1,606.86	1,735.25
<b>Total current liabilities</b>		<b>10,920.72</b>	<b>11,026.19</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,416.59</b>	<b>28,669.11</b>
Significant Accounting Policies and Key Accounting adjustments & Judgements.	1-45		

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: May 26, 2022

For and on behalf of the Board of Directors

**M. LOKESWARA RAO**  
Managing Director

**M. SRINIVAS**  
Whole-time Director

**V. SUDHAKARA REDDY**  
Chief Financial Officer

**GURPRIT SINGH**  
Company Secretary

## Statement of Profit and Loss

for the year ended 31 March 2022

(₹ in lakhs)			
Particulars	Note No.	Year ended 31 March 2022	Year ended 31 March 2021
<b>INCOME</b>			
<b>I</b> Revenue from operations	22	20,183.76	15,021.45
<b>II</b> Other income	23	82.20	132.17
<b>III Total income (I+II)</b>		<b>20,265.96</b>	<b>15,153.62</b>
<b>IV Expenses</b>			
Cost of material consumed	24	10,882.18	7,247.50
Changes in inventories of finished goods and work-in-progress	25	14.98	3.32
Other manufacturing expenses	26	2,041.77	1,638.23
Employee benefits expense	27	3,711.09	2,873.21
Financial cost	28	1,220.83	1,246.95
Depreciation and amortization expenses	29	902.23	834.05
Other expenses	30	1,127.64	799.00
		19,900.72	14,642.26
Less: Captive consumption		570.00	30.70
<b>Total expenses</b>		<b>19,330.72</b>	<b>14,611.56</b>
<b>V Profit before exceptional items and tax (IV-III)</b>		<b>935.24</b>	<b>542.06</b>
<b>VI</b> Exceptional items: (Income)/Expense – Net		-	-
<b>VII Profit before tax</b>		<b>935.24</b>	<b>542.06</b>
<b>VIII Tax expenses</b>			
– Current tax		156.11	90.50
– Provision for earlier tax		25.30	-
– Deferred tax (credit)/charge		119.23	55.41
<b>Total tax expense</b>		<b>300.64</b>	<b>145.91</b>
<b>IX Profit for the year (VII-VIII)</b>		<b>634.60</b>	<b>396.15</b>
<b>X Other comprehensive income</b>			
i. Items that will not be reclassified subsequently to profit or loss		(33.23)	40.97
ii. Income tax relating to items that will not be reclassified to profit or loss		9.24	(11.40)
Other comprehensive income for the year		(23.99)	29.57
<b>Total comprehensive income for the year (IX+X)</b>		<b>610.61</b>	<b>425.72</b>
<b>Earning per equity share (Amount in ₹)</b>			
Basic	31	3.55	2.21
Diluted		3.55	2.21
Significant Accounting Policies and Key Accounting adjustments & Judgements.	1-45		

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: May 26, 2022

For and on behalf of the Board of Directors

**M. LOKESWARA RAO**  
Managing Director

**M. SRINIVAS**  
Whole-time Director

**V. SUDHAKARA REDDY**  
Chief Financial Officer

**GURPRIT SINGH**  
Company Secretary



## Statement of Changes in Equity

as at March 31, 2022

### A. Equity Share Capital

(₹ in lakhs)	
Particulars	Amount
<b>As At April 1, 2021</b>	1,789.68
Changes in equity share capital during the year	0.00
<b>As at March 31, 2022</b>	<b>1,789.68</b>

### B. Other Equity

(₹ in lakhs)						
Particulars	Capital Redemption Reserve	Security Premium	General Reserves	Retained Earning	Remeasurement of defined benefit plan	Total
<b>Balance as at April 01, 2021</b>	<b>150.00</b>	<b>7,388.31</b>	<b>425.00</b>	<b>4,609.81</b>	<b>(48.81)</b>	<b>12,524.31</b>
Profit for the year				634.60		634.60
Addition during the year						0.00
Total comprehensive income for the year					(23.99)	(23.99)
<b>Balance as at March 31, 2022</b>	<b>150.00</b>	<b>7,388.31</b>	<b>425.00</b>	<b>5,244.41</b>	<b>(72.80)</b>	<b>13,134.92</b>

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 Companies Act, 2013.
- 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, 2013.
- 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, 2013.
- 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, 2013.

## Cash Flow Statement

for the year ended March 31, 2022

(₹ in lakhs)		
Particulars	Year ended 31 March 2022	Year ended 31 March 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	935.24	542.06
<b>Adjusted for</b>		
Depreciation	902.23	834.05
Financial charges	1,220.83	1,246.95
Loss on sale of asset	4.24	9.90
Interest income	(28.09)	(65.14)
Other comprehensive income	(33.23)	40.97
<b>Operating profit before working capital changes</b>	<b>3,001.22</b>	<b>2,608.79</b>
<b>Adjustment for changes in</b>		
Decrease/(Increase) in receivables & other advances	(729.09)	(1,293.67)
Decrease/(Increase) in inventories	97.11	(5.36)
Decrease/(Increase) in trade and other payables	34.54	(311.09)
<b>Cash generated from operations</b>	<b>2,403.78</b>	<b>998.67</b>
Direct taxes paid	(95.22)	(65.41)
<b>Net cash flow from operating activity (A)</b>	<b>2,308.56</b>	<b>933.26</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including CWIP and capital advances	(1,217.10)	(295.93)
Sale of assets	(4.24)	185.03
Interest received	30.35	52.01
Movement in other bank balances	70.44	(363.61)
<b>Net cash flow from investing activity (B)</b>	<b>(1,120.55)</b>	<b>(422.50)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in bank borrowings	2.00	760.67
Dividend paid (Earlier issued DD's now return back by bank)	(0.41)	(0.93)
Interest paid	(1,230.07)	(1,295.76)
<b>Net cash flow from financing activity (C)</b>	<b>(1,228.48)</b>	<b>(536.02)</b>
<b>Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)</b>	<b>(40.47)</b>	<b>(25.26)</b>
<b>Add: Cash/Cash equivalents at the beginning of the year</b>	<b>58.14</b>	<b>83.40</b>
<b>Cash/Cash equivalents at the end of the year</b>	<b>17.67</b>	<b>58.14</b>

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: May 26, 2022

For and on behalf of the Board of Directors

**M. LOKESWARA RAO**  
Managing Director

**V. SUDHAKARA REDDY**  
Chief Financial Officer

**M. SRINIVAS**  
Whole-time Director

**GURPRIT SINGH**  
Company Secretary



## Notes to the Financial Statements

for the year ended March 31, 2022

### 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 26<sup>th</sup> May, 2022.

### 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.

## Notes to the Financial Statements

for the year ended March 31, 2022

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.

#### (f) 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.

#### (g) Leases:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has adopted Ind AS 116 - Leases, using "Modified retrospective approach" with effect from 1 April 2019 and accordingly these financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 116. Also, the application of Ind AS 116 did not have any significant impact on the financial statements considering the number of assets under operating lease arrangements of the Company.

At the date of commencement of lease, the Company recognizes a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognizes the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

#### (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.





## Notes to the Financial Statements

for the year ended March 31, 2022

### (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 expensed 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 dilutive potential equity shares.

## Notes to the Financial Statements

for the year ended March 31, 2022

### (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)



## Notes to the Financial Statements

for the year ended March 31, 2022

### 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 cancelled or expires.

### (w) 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.

## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 4 – Property, Plant and Equipment

(₹ in lakhs)

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture and Fixtures	Vehicles	Misc. Equipment	Office Equipment	Computers	Total Property, plant and equipment
<b>At April 1, 2020</b>	1,451.43	3,709.84	12,612.73	96.53	450.53	2,198.47	83.97	320.48	20,923.98
Additions	179.73	24.40	2,445.77	23.03	-	10.37	0.49	7.52	2,691.31
Disposals	(142.54)	-	(897.36)	-	-	-	-	-	(1,039.90)
<b>At March 31, 2021</b>	<b>1,488.62</b>	<b>3,734.24</b>	<b>14,161.14</b>	<b>119.56</b>	<b>450.53</b>	<b>2,208.84</b>	<b>84.46</b>	<b>328.00</b>	<b>22,575.39</b>
Additions	-	-	864.18	4.81	13.09	61.38	-	5.84	949.30
Disposals	-	-	-	-	-	-	-	-	-
<b>At March 31, 2022</b>	<b>1,488.62</b>	<b>3,734.24</b>	<b>15,025.32</b>	<b>124.37</b>	<b>463.62</b>	<b>2,270.22</b>	<b>84.46</b>	<b>333.84</b>	<b>23,524.69</b>
<b>Accumulated Depreciation</b>									
<b>At April 1, 2020</b>	-	1,061.81	7,922.72	86.63	325.31	1,636.99	71.48	306.63	11,411.57
Charge for the year	-	117.72	542.77	5.08	35.96	103.99	5.01	7.38	817.91
Disposals	-	-	(844.97)	-	-	-	-	-	(844.97)
<b>At March 31, 2021</b>	<b>-</b>	<b>1,179.53</b>	<b>7,620.52</b>	<b>91.71</b>	<b>361.27</b>	<b>1,740.98</b>	<b>76.49</b>	<b>314.01</b>	<b>11,384.51</b>
Charge for the year	-	118.18	633.20	7.31	25.47	91.97	2.80	6.27	885.20
Disposals	-	-	-	-	-	-	-	-	-
<b>At March 31, 2022</b>	<b>-</b>	<b>1,297.71</b>	<b>8,253.72</b>	<b>99.02</b>	<b>386.74</b>	<b>1,832.95</b>	<b>79.29</b>	<b>320.28</b>	<b>12,269.71</b>
<b>Net book value</b>									
<b>At April 1, 2020</b>	<b>1,451.44</b>	<b>2,648.03</b>	<b>4,690.01</b>	<b>9.90</b>	<b>125.22</b>	<b>561.48</b>	<b>12.50</b>	<b>13.85</b>	<b>9,512.43</b>
<b>At March 31, 2021</b>	<b>1,488.62</b>	<b>2,554.71</b>	<b>6,540.63</b>	<b>27.85</b>	<b>89.26</b>	<b>467.86</b>	<b>7.97</b>	<b>13.99</b>	<b>11,190.89</b>
<b>At March 31, 2022</b>	<b>1,488.62</b>	<b>2,436.53</b>	<b>6,771.61</b>	<b>25.34</b>	<b>76.88</b>	<b>437.28</b>	<b>5.17</b>	<b>13.56</b>	<b>11,254.99</b>
<b>4A. Capital : work in progress</b>									
At April 1, 2020	-	127.65	2,449.83	-	-	-	-	-	2,577.48
At March 31, 2021	-	345.80	104.23	-	-	-	-	-	450.03
At March 31, 2022	-	590.22	107.21	-	-	-	-	-	697.43

**Note:** Capital Work in process includes Land of area 26.34 acres ( situated at Toopran ) and amount of Rs. 50.14 lakhs/- for which registration from TSIIIC is in Progress.

### Ageing of CWIP as on March 31, 2022:-

(₹ in lakhs)

Particulars	Amount in CWIP for period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i. Projects in progress	247.39	419.30	26.96	3.78	697.43
ii. Projects temporarily suspended	-	-	-	-	-

### Ageing of CWIP as on March 31, 2021:-

(₹ in lakhs)

Particulars	Amount in CWIP for period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i. Projects in progress	419.29	26.96	3.78	-	450.03
ii. Projects temporarily suspended	-	-	-	-	-



## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 4B – Right of Use Asset

(₹ in lakhs)

Particulars	Free hold Land	Total Right of Use Assets
<b>Carrying Amount</b>		
At April 1, 2020 (Deemed cost)	422.73	422.73
Additions	-	-
Disposals	-	-
<b>At March 31, 2021</b>	<b>422.73</b>	<b>422.73</b>
Additions	-	-
Disposals	-	-
<b>At March 31, 2022</b>	<b>422.73</b>	<b>422.73</b>
Depreciation/Amortization @ April 1, 2020	5.64	5.64
Charge for the year	7.01	7.01
Disposals	-	-
<b>At March 31, 2021</b>	<b>12.65</b>	<b>12.65</b>
Charge for the year	7.02	7.02
Disposals	-	-
<b>At March 31, 2022</b>	<b>19.67</b>	<b>19.67</b>
<b>Net book value</b>		
<b>At April 1, 2020</b>	<b>417.09</b>	<b>417.09</b>
<b>At March 31, 2021</b>	<b>410.08</b>	<b>410.08</b>
<b>At March 31, 2022</b>	<b>403.06</b>	<b>403.06</b>

### Note 4C – Intangible assets

(₹ in lakhs)

Particulars	Computer software	Total Intangible assets
<b>Carrying Amount</b>		
At April 1, 2020 (Deemed cost)	89.48	89.48
Additions	-	-
Disposals	-	-
<b>At March 31, 2021</b>	<b>89.48</b>	<b>89.48</b>
Additions	20.40	20.40
Disposals	-	-
<b>At March 31, 2022</b>	<b>109.88</b>	<b>109.88</b>
Depreciation/Amortization @ April 1, 2020	58.71	58.71
Charge for the year	9.12	9.12
Disposals	-	-
<b>At March 31, 2021</b>	<b>67.83</b>	<b>67.83</b>
Charge for the year	10.01	10.01
Disposals	-	-
<b>At March 31, 2022</b>	<b>77.84</b>	<b>77.84</b>
<b>Net book value</b>		
<b>At April 1, 2020</b>	<b>30.77</b>	<b>30.77</b>
<b>At March 31, 2021</b>	<b>21.65</b>	<b>21.65</b>
<b>At March 31, 2022</b>	<b>32.04</b>	<b>32.04</b>

## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 5 – Investments – Non-Current

(₹ in lakhs)

Particulars	As At March 31, 2022		As At March 31, 2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>Non-Current (Un-Quoted) Investments</b>				
<b>Equity Investments (at Cost)</b>				
in MLR Motors Limited	500,000	50.00	500,000	50.00
in MLR Auto Limited	500,000	100.00	500,000	100.00
<b>Total</b>	<b>1,000,000</b>	<b>150.00</b>	<b>1,000,000</b>	<b>150.00</b>
<b>Aggregate carrying value of unquoted investment</b>		<b>150.00</b>		<b>150.00</b>

### Note 6 – Other Financial Assets

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>6. Non-Current</b>		
a. Security Deposits	147.20	155.39
<b>Total Non-Current Financial Assets</b>	<b>147.20</b>	<b>155.39</b>
<b>6 (a) Current</b>		
a. Interest Accrued	52.07	54.33
b. Other advances	30.93	48.23
<b>Total Current Financial Assets</b>	<b>83.00</b>	<b>102.56</b>
<b>Total</b>	<b>230.20</b>	<b>257.95</b>

### Note 7 – Other Financial Assets – Income Tax Net

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
Income Tax Asset (Net)	205.08	291.28
<b>Total</b>	<b>205.08</b>	<b>291.28</b>

### Note 8 – Other Non-Current Assets

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>(Un-secured – considered good)</b>		
a. Advances for purchase of Capital goods	317.38	317.38
b. Advances for capital purchases	456.39	173.14
<b>Total</b>	<b>773.77</b>	<b>490.52</b>

Capital advances includes ₹ 317.16 Lakhs (Previous year: ₹ 317.16 lakhs) given to entity owned or significantly influenced by key Management personnel towards purchase of Land & Machinery.





## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 9 – Inventories

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>(At cost and certified by the Management)</b>		
(a) Raw Materials & Components	1,743.49	1,825.62
(b) Finished Goods	690.93	653.64
(c) Work-in-Progress	7,393.23	7,445.50
<b>Total</b>	<b>9,827.65</b>	<b>9,924.76</b>

- Raw materials and Components are at Cost on first in first out basis (FIFO).
- Finished good and work in progress are valued at lower of cost and net realizable value on full absorption cost basis.

### Note 10 – Trade Receivables

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>Trade Receivables</b>		
(i) Undisputed trade receivables considered good – Secured	-	-
(ii) Undisputed trade receivables considered good – Un-secured	4,384.47	4,003.13
(iii) Trade receivables which have significant increase in risk	-	-
(iv) Trade receivables – Credit impaired	-	-
(v) Disputed trade receivables considered good – Secured	-	-
(vi) Disputed trade receivables considered good – Unsecured	-	-
<b>Total</b>	<b>4,384.47</b>	<b>4,003.13</b>

Trade receivables include ₹ 16.03 Lakhs (Previous Year: ₹ 314.87 Lakhs) due from group companies.

### Ageing of Trade Receivables as on March 31, 2022

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payments					Total
	< 6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	
i. Undisputed trade receivables considered good	3,078.52	149.66	532.86	437.56	185.87	4,384.47
ii. Undisputed trade receivables considered doubtful						0
iii. Disputed trade receivables considered good						0
iv. Disputed trade receivables considered doubtful						0

### Ageing of Trade Receivables as on March 31, 2021

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payments					Total
	< 6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	
i. Undisputed trade receivables considered good	2,058.84	503.08	822.52	88.13	530.56	4,003.13
ii. Undisputed trade receivables considered doubtful						-
iii. Disputed trade receivables considered good						-
iv. Disputed trade receivables considered doubtful						-

## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 11 – Cash and Cash Equivalents

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
(a) Balances with banks:		
Current accounts	15.67	57.46
(b) Cash on hand	2.00	0.68
<b>Total</b>	<b>17.67</b>	<b>58.14</b>

### Note 12 – Other Bank Balances

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
Un-paid Dividends	1.65	2.08
Margin Money Deposits (On LC's and BG's)	501.08	571.09
<b>Total</b>	<b>502.73</b>	<b>573.17</b>

### Note 13 – Other Current Assets

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>(Un-secured – considered good)</b>		
Advances against materials and services	805.12	699.52
Balance with GST authorities	89.37	90.12
Prepaid expenses	43.01	57.87
<b>Total</b>	<b>937.50</b>	<b>847.51</b>

### Note 14 – Equity Share Capital

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>a. Authorised Share Capital</b>		
2,00,00,000 Equity Shares of ₹ 10 each	2,000.00	2,000.00
	<b>2,000.00</b>	<b>2,000.00</b>
<b>b. Issued, Subscribed and Paid-Up</b>		
1,78,96,770 Equity Shares of ₹10 each	1,789.68	1,789.68
<b>Total</b>	<b>1,789.68</b>	<b>1,789.68</b>
<b>c. Reconciliation of the shares outstanding at the beginning and the end of respective years:</b>		
No. of shares at the beginning of the year	178.97	178.97
Issued during the year	-	-
No. of shares at the end of the year	<b>178.97</b>	<b>178.97</b>

- The Company has only one class of equity shares having a face value of ₹ 10/- per share with one vote per 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.



## Notes to the Financial Statements

for the year ended March 31, 2022

### f. Details of Share Holders holding more than 5% of shares in the Company.

(₹ in lakhs)

Particulars		As At March 31, 2022	As At March 31, 2021
M. Vijayalakshmi	- In Nos.	941,586	1,341,586
	- In %	5.26	7.50
M. Srinivas	- In Nos.	2,048,415	1,921,615
	- In %	11.45	10.74
M. Srikrishna	- In Nos.	1,920,188	1,851,488
	- In %	10.73	10.35
B. Kishore babu	- In Nos.	1,145,209	1,087,009
	- In %	6.40	6.07

### g. Details of Share holding of Promoters:

(₹ in lakhs)

Sr. No.	Name of the Promoter	Number of Shares	% of Total Number of Shares	% of Change
1	Lokeswara Rao Mullapudi	496,820	2.78	-0.02
2	Kishore Babu Bollineni	1,145,209	6.40	5.35
3	Srikrishna Mullapudi	1,920,188	10.73	3.71
4	Srinivas Mullapudi	2,048,415	11.45	6.60
5	Bollineni Vijaya Lakshmi	140,939	0.79	0.00
6	Mullapudi Kanakadurga	700,372	3.91	0.00
7	Naga Satya Swaroopa Rani Mullapudi	146,924	0.82	0.00
8	Srirekhya Cherukuri	199,800	1.12	14.24
9	Vijayalakshmi Mullapudi	941,586	5.26	-29.82
10	G. Kamala Devi	7,777	0.04	0.00
11	Ganne Annapurna	16,598	0.09	0.00
12	Mullapudi Vasantha Lakshmi	14,004	0.08	0.00
13	Krishna Swamy Kallahalla	12,000	0.07	0.00
14	Bollineni Sri Harsha	32,819	0.18	0.00
15	Ajay Kumar Mullapudi	53,769	0.30	1,544.81
16	Sai Kiran Cherukuri	290,100	1.62	100.00
17	Mullapudi Rama Mohan Rao	22,043	0.12	0.00
18	Asha Kiran Cherukuri	560,100	3.13	49.32
19	Bollineni Shilpa	104,810	0.59	0.00
20	Mullapudi Likhitha	554,190	3.10	0.00
21	Mullapudi Siddharth	32,729	0.18	100.00
	<b>Total</b>	<b>9,441,192</b>	<b>52.75</b>	

## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 15 – Other Equity

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>(a) Capital Redemption Reserve</b>		
At the beginning and at the end of the year	<b>150.00</b>	<b>150.00</b>
<b>(b) Securities Premium Reserve</b>		
At the beginning of the year	<b>7,388.31</b>	<b>7,388.31</b>
<b>(c) General Reserve</b>		
At the beginning and at the end of the year	<b>425.00</b>	<b>425.00</b>
<b>(d) Surplus in Statement of Profit &amp; Loss</b>		
At the beginning of the year	4,609.81	4,213.66
Profit for the year	634.60	396.15
	<b>5,244.41</b>	<b>4,609.81</b>
Appropriations:		
Less: Equity Dividend	-	-
Corporate Dividend Tax	-	-
<b>Closing Balance</b>	<b>5,244.41</b>	<b>4,609.81</b>
<b>(e) Other Comprehensive Income</b>		
On Actuarial Gain/(loss) on post employment benefits		
At the beginning of the year	(48.81)	(78.38)
Add: Additions for the year	(23.99)	29.57
At the end of the year	(72.80)	(48.81)
<b>Total</b>	<b>13,134.92</b>	<b>12,524.31</b>

### Note 16 – Borrowings

#### 16(a) Non-Current Borrowings:

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>1 Term Loans from Banks</b>		
<b>(a)</b> State Bank of India GECL ₹ 7.62 Crore_1	516.37	729.36
<b>(b)</b> Punjab National Bank GECL ₹ 1.90 Crore_1	137.67	185.65
<b>(c)</b> Indusind Bank GECL ₹ 2.25 Cr	164.06	220.31
<b>(d)</b> Punjab National Bank – COVID-19 ₹ 0.95 Crore	0.00	3.31
<b>(e)</b> Punjab National Bank GECL ₹ 0.95 Crore_2	94.93	0.00
<b>(f)</b> State Bank of India GECL ₹ 7.62 Crore_2	380.68	0.00
<b>(g)</b> ICICI Bank	823.80	893.20
<b>2 Term Loans from other parties</b>		
<b>(h)</b> Mahindra & Mahindra Finance Ltd	269.35	264.25
<b>3 Vehicle Hire Purchase Loans</b>	13.86	36.94
<b>Total Non-Current Borrowings</b>	<b>2,400.72</b>	<b>2,333.02</b>



## Notes to the Financial Statements

for the year ended March 31, 2022

### 16(b) Current Borrowings

		(₹ in lakhs)	
Particulars		As At March 31, 2022	As At March 31, 2021
<b>1 Current Maturities of Long Term Debt</b>			
(a) State Bank of India GECL ₹ 7.62 Crore_1		190.50	31.75
(b) Punjab National Bank GECL ₹ 1.90 Crore_1		47.50	3.96
(c) Indusind Bank GECL ₹ 2.25 Crore		56.25	4.69
(d) Punjab National Bank – COVID-19 ₹ 0.95 Crore		-	63.33
(e) Punjab National Bank GECL ₹ 0.95 Crore		-	-
(f) State Bank of India – COVID-19 ₹ 3.50 Crore		-	231.14
(g) ICICI Bank		66.67	66.67
<b>2 Term Loans from other parties</b>			
(h) Mahindra & Mahindra Finance Ltd		266.22	197.69
<b>3 Vehicle Hire Purchase Loans</b>		31.65	41.27
	<b>(a)</b>	<b>658.79</b>	<b>640.50</b>
<b>4 Cash Credit from Banks</b>			
State Bank of India		3,735.11	3,813.62
Punjab National Bank		920.71	919.54
Indusind Bank		732.03	635.14
<b>5 Corporate loans from Companies</b>		245.00	348.54
	<b>(b)</b>	<b>5,632.85</b>	<b>5,716.84</b>
<b>6 Interest accrued and due on borrowings</b>	<b>(c)</b>	-	9.24
<b>Total Current Borrowings ( a+b+c )</b>		<b>6,291.64</b>	<b>6,366.58</b>
<b>Total Borrowings</b>		<b>8,692.36</b>	<b>8,699.60</b>

- The Loans referred at (a to f) above are Primary secured by hypothecation of entire current assets, present and future on pari-passu basis with other working capital lenders and First charge by way of equitable mortgage of properties standing in the name of the company and Second charge on Fixed Assets of the company ranking pari-passu with other lenders in the working capital consortium.
- The Loans referred at (g) above are secured by 1<sup>st</sup> pari-passu charge by hypothecation of land & Buildings at Toopran, Part - A, Industrial park, and guaranteed by Managing Director and other two promoter directors.
- The Loans referred at (h) above are secured by 1<sup>st</sup> pari-passu charge by hypothecation of movable fixed assets (Plant & Machinery), created out of finance and guaranteed by Managing Director and Director.

Terms of Repayments	Sanction date	Rate of Interest	No. of Installments
(a) State Bank of India GECL_1	January 28, 2021	7.95%	48
(b) Punjab National Bank GECL _1	February 03, 2021	8.35%	48
(c) Indusind Bank GECL	December 16, 2020	7.75%	48
(d) State Bank of India GECL_2	January 14, 2022	7.95%	48
(e) Punjab National Bank GECL _2	November 25, 2021	7.25%	48
(f) ICICI (Monthly repayment)	February 18, 2020	8.90%	180

- 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.

## Notes to the Financial Statements

for the year ended March 31, 2022

### 5. Working capital limits from consortium banks are secured by way of:

**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.

**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 Bonthapally and Medchel except the relating to the specific term loans.

Pari-passu second charge by way of Equitable Mortgage of fixed assets of the Company.

### 6. For corporate loans, the company has given personal guarantee of the directors by way of pledge of shares.

### Note 17 – Provisions

		(₹ in lakhs)	
Particulars		As At March 31, 2022	As At March 31, 2021
<b>Non-current employee benefit obligation</b>			
Gratuity		356.29	305.68
Leave encashment		83.54	69.49
<b>Total non-current employee benefit obligation</b>		<b>439.83</b>	<b>375.17</b>

### Note 18 – Deferred Tax Liabilities (Net)

		(₹ in lakhs)			
		As at March 31, 2022	Recognised in statement of profit & loss	Recognised in other Comprehensive income	As at March 31, 2021
<b>Deferred tax liability</b>					
Property, plant & equipment		987.08	99.80	0.00	887.28
Intangible assets					
<b>Gross deferred tax liability</b>		<b>987.08</b>	<b>99.80</b>	<b>0.00</b>	<b>887.28</b>
<b>Deferred tax asset</b>					
a. Employee benefits & statutory					
Liabilities allowed on payment		127.70	20.91	9.24	97.54
Basis					
b. Unused tax losses		-	(78.52)	0.00	78.52
MAT credit		128.66	38.18		90.48
<b>Gross deferred tax asset</b>		<b>256.36</b>	<b>19.43</b>	<b>9.24</b>	<b>266.54</b>
<b>Net deferred tax liability/asset</b>		<b>730.72</b>	<b>119.23</b>	<b>(9.24)</b>	<b>620.74</b>

### Note 19 – Trade Payables – Current

		(₹ in lakhs)	
Particulars		As At March 31, 2022	As At March 31, 2021
For supplies and services			
<b>Current</b>			
(a) Trade payables: Micro and small enterprises		5.06	-
(b) Trade payables: Other than Micro and small enterprises		2,775.67	2,676.74
(c) Disputed trade payables: Micro and small enterprises		-	-
(b) Disputed trade payables: Other than micro and small enterprises		-	-
<b>Total</b>		<b>2,780.73</b>	<b>2,676.74</b>

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information available with the Company.





## Notes to the Financial Statements

for the year ended March 31, 2022

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
Principle amount due	5.06	-
Interest due on above	-	-
Amount of interest paid in terms of section 16 of the MSMED Act, 2016	-	-
Amount of interest due and payable for the period off delay	-	-
Amount of interest accrued and remaining unpaid as at year end	-	-
Amount of further interest remaining due and payable in the succeeding year	-	-
	<b>5.06</b>	<b>-</b>

### Trade Payables aging schedule as at March 31, 2022

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	5.06	-	-	-	5.06
(ii) Others	2,606.73	149.78	19.16	-	2,775.67
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
	<b>2,611.79</b>	<b>149.78</b>	<b>19.16</b>	<b>-</b>	<b>2,780.73</b>

### Trade Payables aging schedule as at March 31, 2021

(₹ in lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	3.50	-	-	-	3.50
(ii) Others	2,402.79	256.49	13.96	-	2,673.24
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
	<b>2,406.29</b>	<b>256.49</b>	<b>13.96</b>	<b>-</b>	<b>2,676.74</b>

### Note 20 – Other Financial Liabilities

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>Current other Financial Liabilities</b>		
1. Employee related payables	227.48	240.37
2. Capital creditors	12.36	5.19
3. Unpaid dividend	1.65	2.06
<b>Total Current other Financial Liabilities</b>	<b>241.49</b>	<b>247.62</b>

### Note 21 – Other Current Liabilities

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
Other payables-Statutory	45.47	73.14
Other payables	525.75	523.90
Advances received against sales	1,035.64	1,138.21
<b>Total</b>	<b>1,606.86</b>	<b>1,735.25</b>

## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 22 – Revenue From Operations

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
Sale of machines – Domestic	13,342.73	9,971.61
Sale of machines – Export	1,468.02	983.14
Sale of connecting rods	3,562.82	2,071.06
Sale of spares	214.99	367.78
Job work charges	4,781.09	3,986.39
Scrap sales	168.53	99.65
<b>Total gross sales</b>	<b>23,538.18</b>	<b>17,479.63</b>
Less: GST	3,354.42	2,458.18
<b>Total net sales</b>	<b>20,183.76</b>	<b>15,021.45</b>

(₹ in lakhs)

Detail of Net sales	2021-22		2020-21	
	Quantity	Value	Quantity	Value
Special purpose machines	6	1,558.51	8	1,689.75
General purpose machines (ind)	407	9,762.08	376	6,792.51
GPM machines exports	54	1,468.02	44	983.14
Sale of connecting rods		2,793.46		1,616.90
Job work charges		4,276.67		3,558.16
Spares		182.18		296.52
Scrap		142.84		84.47
<b>Total</b>	<b>467</b>	<b>20,183.76</b>	<b>428</b>	<b>15,021.45</b>

### Note 23 – Other Income

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
<b>Interest income</b>		
On margin money deposits	28.09	65.13
<b>Other non-operating income</b>		
Gain on sale of assets	0.00	29.41
Exchange variance	29.78	10.83
Miscellaneous Income	24.33	26.80
<b>Total</b>	<b>82.20</b>	<b>132.17</b>

### Note 24 – Cost of Material Consumed

(₹ in lakhs)

Particulars	As At March 31, 2022	As At March 31, 2021
Inventory at the beginning of the year	1,825.62	1,816.93
Add: Purchase of Materials	10,800.05	7,256.19
	<b>12,625.67</b>	<b>9,073.12</b>
Less: Inventory at the end of the year	1,743.49	1,825.62
<b>Total</b>	<b>10,882.18</b>	<b>7,247.50</b>

(₹ in lakhs)

Particulars	2021-22		2020-21	
	Value	%	Value	%
Imported at landed cost	276.27	2.54	423.06	5.84
Indigenously obtained	10,605.91	97.46	6,824.44	94.16
	<b>10,882.18</b>	<b>100.00</b>	<b>7,247.50</b>	<b>100.00</b>

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



## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 25 – Changes in Inventories of Finished Goods and work in progress

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
<b>Inventory at the beginning of the year</b>		
Finished goods	653.64	645.52
Work-in-progress	7,445.50	7,456.94
	<b>8,099.14</b>	<b>8,102.46</b>
<b>Inventory at the end of the year</b>		
Finished goods	690.93	653.64
Work-in-progress	7,393.23	7,445.50
	<b>8,084.16</b>	<b>8,099.14</b>
<b>Total</b>	<b>14.98</b>	<b>3.32</b>

### Note 26 – Other Manufacturing Expenses

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
Consumable stores	74.28	50.73
Job works (processing charges)	831.74	551.72
Packing material	136.27	127.89
Freight and cartage	274.63	184.51
Power and fuel	556.49	563.45
Testing charges	8.45	6.87
Unloading charges	0.38	10.13
Repairs and maintenance – Plant and machinery	159.53	142.93
<b>Total</b>	<b>2,041.77</b>	<b>1,638.23</b>

### Note 27 – Employee Benefit Expenses

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
Salaries, wages and bonus	3,401.97	2,651.59
Contribution to PF, ESI and other funds	187.48	139.32
Staff welfare expenses	121.64	82.30
<b>Total</b>	<b>3,711.09</b>	<b>2,873.21</b>

Employee benefits expenses include managerial remuneration as detailed below:

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
Salary	222.00	209.05
Provident fund	0.86	0.86
<b>Total</b>	<b>222.86</b>	<b>209.91</b>

## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 28 – Finance Costs

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
Interest expenses	1,126.92	1,149.81
Bank charges	93.91	97.14
<b>Total</b>	<b>1,220.83</b>	<b>1,246.95</b>

### Note 29 – Depreciation Amortisation Expenses

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
On Property, plant and equipment	885.20	817.91
On Right-of-use asset	7.02	7.02
On intangible assets	10.01	9.12
<b>Total</b>	<b>902.23</b>	<b>834.05</b>

### Note 30 – Other Expenses

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
Rent	74.25	67.84
Rates and taxes	48.62	64.09
Insurance	42.13	47.50
Travelling and conveyance	151.59	130.54
Printing and stationery	28.78	23.28
Postage and telephones	18.56	15.23
Vehicles maintenance	80.01	50.49
Directors sitting fee	1.00	0.80
Sales commission	217.32	68.55
Professional charges	61.18	39.74
Auditor's remuneration:		
– As Auditors	5.00	5.00
Business promotion expenses	21.63	12.04
Advertisement	7.07	2.67
Donations	0.75	11.00
Miscellaneous expenses	126.96	105.75
Security charges	87.47	75.04
Exhibition expenses	5.11	-
Service charges	27.80	7.00
CSR expenditure	5.00	6.20
Liquidity damages	-	9.74
Loss on sale of asset	4.24	39.31
Discount charges	107.44	13.50
Exchange variance	5.73	3.69
<b>Total</b>	<b>1,127.64</b>	<b>799.00</b>



## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 31 – Earnings Per Equity Share

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
a. Profit for the year (before other comprehensive income/expenses)	634.60	396.15
b. Weighted average number of equity shares of ₹ 10/- each		
Basic	178.97	178.97
Diluted	-	-
	<b>178.97</b>	<b>178.97</b>
c. Earning per share		
Basic	3.55	2.21
Diluted	3.55	2.21

### Note 32 – Income Taxes

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
<b>(i) Tax Expense/(Credit) recognised in Statement of Profit and Loss</b>		
Current tax	156.11	95.50
Deferred Tax	119.23	55.41
Income tax of earlier years	25.30	0.00
<b>Total</b>	<b>300.64</b>	<b>145.91</b>
<b>(ii) Effective Tax Reconciliation</b>		
Profit/(Loss) before tax	935.24	542.06
Applicable tax rate	16.692%	16.692%
<b>Tax Expense/(Credit) on net profit/(loss)</b>	156.11	90.50
Increase/(decrease) in tax expenses on account of:		
(i) Effect of changes in tax rates	119.23	55.41
(ii) Other Adjustments	0.00	0.00
<b>Tax Expense/(Credit) as per Statement of Profit and Loss</b>	<b>300.64</b>	<b>145.91</b>

### Note 33 – 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.

## Notes to the Financial Statements

for the year ended March 31, 2022

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:

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

Particulars	Fair value hierarchy Level	₹ in lakhs	
		As at March 31, 2022	As at March 31, 2021
<b>Financial assets measured at FVTPL</b>			
Investments in equity instruments	2	150	150
<b>Financial liabilities measured at amortized cost</b>			
Net term loans	2	8,171.96	8,059.05

### Note 34 – Contingent Liabilities & Commitments

Contingent Liabilities and commitments not provided for on account of:

Sr. No.	Particulars	₹ in lakhs	
		As At March 31, 2022	As At March 31, 2021
a	Letter of credit	1,157.78	1,171.96
b	Bank guarantees	344.75	283.67
c	Contracts to be executed	2,874.18	300.00
d	Damages U/s 14B of EPF Act	41.27	0.00

### Note 35 – Foreign Currency Exposure:

Foreign Currency Exposure on account of:

Sr. No.	Particulars	₹ in lakhs	
		As At March 31, 2022	As At March 31, 2021
a	Exports	1,468.02	983.14
b	Imports of stores & Components	266.61	336.59

### Note 36 – Retirement Benefit Obligations

#### Employee Benefits: 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.

Particulars	₹ in lakhs	
	As on March 31, 2022	As on March 31, 2021
<b>a Table showing changes in present value of obligations</b>		
Present value of obligations at the beginning of the year	317.09	327.92
Interest cost	20.61	21.73
Current service cost	26.30	18.27
Benefits paid	(28.76)	(9.89)
Actuarial gain/(Loss) on obligations	33.23	(40.96)
<b>Present value of obligations at the end of the year</b>	<b>368.47</b>	<b>317.07</b>





## Notes to the Financial Statements

for the year ended March 31, 2022

(₹ in lakhs)

Particulars	As on March 31, 2022	As on March 31, 2021
<b>b Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	11.42	10.67
Expected return on plan assets	0.77	0.71
Contributions	28.76	9.89
Benefits paid	(28.76)	(9.89)
Actuarial gain/(Loss) on plan assets	0.00	0.03
<b>Fair value of plan assets at the end of the year</b>	<b>12.19</b>	<b>11.41</b>
<b>c Table showing fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	11.42	10.67
Actual return on plan assets	0.77	0.71
Contributions	28.76	9.89
Benefits paid	(28.76)	(9.89)
Actuarial gain/(Loss) on plan assets	0	0.03
Fair value of plan assets at the end of the year	12.20	11.41
Funded status	3.56	3.60
Excess of actual over estimated return on plan assets	Nil	Nil
(Actual rate of return = Estimated rate of return as ARD falls on March 31)		
<b>d Assumptions:</b>		
Discount rate	7.32%	6.81%
Salary escalation	2.00%	2.00%

### Note 37 – Related party disclosure

#### 1. Transactions during the year

(₹ in lakhs)

Name of the party	Relationship	Nature of transaction	As at March 31, 2022	As at March 31, 2021
M. Lokeswara Rao – Managing Director	Key management	Remuneration	36.00	56.50
B. Kishore Babu – Whole-time Director	Key management	Remuneration	54.00	50.85
M. Srinivas – Whole-time Director	Key management	Remuneration	66.00	50.85
M. Srikrishna – Whole-time Director	Key management	Remuneration	66.00	50.85
V. Sudhakar Reddy – Chief Financial Officer	Key management	Remuneration	24.00	24.00
Gurprit Singh – Company Secretary	Key management	Remuneration	5.61	0.00
M. Srinivas & M. Sri Krishna – Whole-time Directors	Key management	Rent for land & building	51.60	51.60
C. Sirekha	Relative of Key Management	Refund of advance against purchase of asset	14.76	-
MLR Motors Ltd	Entity owned or significantly influenced by key Management personnel.	Refund of advance against purchase of asset	-	(0.21)
		Received against receivables	245.79	-
		Paid towards capital advance	228.00	-
MLR Auto Ltd	Entity owned or significantly influenced by key Management personnel.	Refund of advance against purchase of asset	-	(266.43)
		Sale of goods	53.05	229.14
		Compensation	-	46.06
		Purchase of land	-	179.73

## Notes to the Financial Statements

for the year ended March 31, 2022

#### 2. Payables as at March 31, 2022

(₹ in lakhs)

Name of the party	Relationship	Nature of transaction	As at March 31, 2022	As at March 31, 2021
M. Lokeswara Rao – Managing Director	Key management	Remuneration	1.00	5.00
B. Kishore Babu – Whole-time Director	Key management	Remuneration	4.50	4.50
M. Srinivas – Whole-time Director	Key management	Remuneration	6.50	4.50
M. Srikrishna – Whole-time Director	Key management	Remuneration	6.50	4.50
V. Sudhakar Reddy – Chief Financial Officer	Key management	Remuneration	2.00	2.00
Gurprit Singh – Company Secretary	Key management	Remuneration	0.60	0.00
C. Sirekha	Relative of Key Management	Purchase of asset	-	14.76
M. Srinivas & M. Sri Krishna – Whole-time Directors	Key management	Rent for land & building	4.30	4.30
MLR Motors Ltd	Entity owned or significantly influenced by key Management personnel	Purchase of asset	228.00	-
		Sale of goods	-	245.79
MLR Auto Ltd	Entity owned or significantly influenced by key Management personnel.	Purchase of asset	317.38	317.38
		Sale of goods	16.03	69.08

#### Note 38 – 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.

(₹ in lakhs)

Particulars	Machine Division	Components Division	Un-allocated	Total
<b>Revenue</b>				
External sales	12,957.61	7,226.15	-	20,183.76
	(9,785.55)	(5,235.90)	-	(15,021.45)
Intersegment sales	-	-	-	-
Total Revenue	12,957.61	7,226.15	-	20,183.76
	(9,785.55)	(5,235.90)	-	(15,021.45)
Segment Results	2,326.06	739.39	-	3,065.45
	(1,775.27)	(543.70)	-	(2,318.97)
Corporate Expenses (net)	-	-	2,130.21	2,130.21
	-	-	(1,776.91)	(1,776.91)
Profit/loss before tax	-	-	-	935.24
	-	-	-	(542.06)
Segment Assets	19,814.67	9,601.92	-	29,416.59
	(19,329.44)	(9,339.67)	-	(28,669.11)
Segment Liabilities	9,862.36	4,629.63	-	14,491.99
	(10,066.60)	(4,288.52)	-	(14,355.12)
Capital expenditure	329.86	639.84	-	969.70
	(389.97)	(2,301.34)	-	(2,691.31)
Segment depreciation	315.88	586.35	-	902.23
	(316.70)	(517.35)	-	(835.05)

(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 7.27% of its annual net sales. The management views the Indian market and export market as distinct geographical segments.



## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 39 – 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.

### Note 40 – Capital Management

#### Gearing Ratio

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
(a) Debt Obligations	8,692.36	8,690.36
(b) Cash and Cash equivalents	520.40	631.31
(c) Net Debt (a-b)	8,171.96	8,059.05
(d) Total Equity	14,924.60	14,313.99
Net Debt Equity Ratio (c/d)	0.55	0.56

### Note 41 – Impact of COVID-19

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables and certain investments. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgements, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of receivables, investments and other assets. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

## Notes to the Financial Statements

for the year ended March 31, 2022

### Note 42 – Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, environment sustainability, COVID-19 relief and rural development projects. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Particulars	₹ in lakhs	
	As At March 31, 2022	As At March 31, 2021
(i) Amount Required to be spent by Company during the year	4.99	6.14
(ii) Amount of expenditure incurred	5.00	6.20
(iii) Nature of CSR activities	Rural Development & Measures for reducing inequalities faced by socially and economically backward groups	Soft Skill Development
(iv) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NIL	NIL

### Note 43 – Ratios

Particulars	Numerator	Denominator	₹ in lakhs			Reason for variance
			FY 2022	FY 2021	% Variance	
(a) Current Ratio	Current Assets	Current Liabilities	1.44	1.41	3%	Not significant
(b) Debt-Equity Ratio	Debt	Equity	0.58	0.61	4%	Not significant
(c) Debt Service Coverage Ratio	EBITDA	Interest + Principal	1.44	1.20	20%	Increase in EBITDA
(d) Return on Equity Ratio	PAT	Average equity	1.085%	0.702%	55%	Increase in PAT & Sales
(e) Inventory turnover ratio	Cost of goods sold	Average Inventory	1.10	0.73	51%	Increase in sales
(f) Trade Receivables turnover ratio	Net sales	Average trade receivable	4.81	4.36	10%	Not significant
(g) Trade payables turnover ratio	Net Purchases	Average trade payable	3.96	2.66	49%	Increase in purchases
(h) Net capital turnover ratio	Net sales	Working capital	4.18	3.35	25%	Increase in sales
(i) Net profit ratio	PAT	Net sales	3.14%	2.64%	19%	Increase in PAT & Sales
(j) Return on Capital employed	EBIT	Average capital employed	8.87%	7.58%	17%	Increase in EBIT
(k) Return on investment	PAT	Average equity	NA	NA		

**Note 44 –** As at March 31, 2022, the register of charges of the Company as available in records of the Ministry of Corporate Affairs (MCA) includes charges that were created/modified since the inception of the Company. There are certain charges which are historic in nature and it involves practical challenges in obtaining no-objection certificates (NOCs) from the charge holders of such charges, despite repayment of the underlying loans. The Company is in the continuous process of filing the charge satisfaction e-form with MCA, within the timelines, as and when it receives NOCs from the respective charge holders.

**Note 45 –** 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: May 26, 2022

For and on behalf of the Board of Directors

**M. LOKESWARA RAO**  
Managing Director

**V. SUDHAKARA REDDY**  
Chief Financial Officer

**M. SRINIVAS**  
Whole-time Director

**GURPRIT SINGH**  
Company Secretary



## 38<sup>th</sup> ANNUAL GENERAL MEETING

### NOTICE

**NOTICE** is hereby given that the Thirty Eighth Annual General Meeting of the Members of Lokesh Machines Limited will be held on Wednesday, the 28<sup>th</sup> day of September, 2022 at 11:00 A.M. through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") 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, 2022 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.
3. To consider the appointment of M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No. No.000513S), as the Statutory Auditors of the Company and, if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

**"RESOLVED THAT** pursuant to 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. Brahmayya & Co., Hyderabad (ICAI Firm Regn. No.000513S) be and are hereby appointed as Statutory Auditors of the Company in place of M/s. K.S. Rao & Co., Chartered Accountants, Hyderabad, (ICAI Firm Regn. No.003109S) whose tenure expires at this Annual General Meeting to hold office from the conclusion of the 38<sup>th</sup> Annual General Meeting till the conclusion of the 43<sup>rd</sup> Annual General Meeting of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee thereof or any other person(s) authorised by the Board or its Committee in this regard) be and is hereby authorised to fix and/or alter the remuneration including out of pocket expenses, of the Statutory Auditors of the Company and to do all such acts, deeds, matters and things as it may deem fit at its absolute discretion and to take all such steps and decisions as may be required in this connection for and on behalf of the Company including to seek all necessary approvals to give effect to this Resolution, to sign and execute all deeds, applications, documents, papers, forms and writings that may be required, to settle all such

issues, questions, difficulties or doubts whatsoever that may arise, as it may consider appropriate to give effect to this Resolution and for the matters connected therewith or incidental thereto."

#### SPECIAL BUSINESS:

##### 4. Adoption of Memorandum of Association as per the provisions of the Companies Act, 2013

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

**"RESOLVED THAT** pursuant to Section 13, 15 and other applicable provisions, if any, of the Companies Act, 2013("the Act") read with Rules made thereunder and as amended from time to time, SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and subject to necessary statutory approvals and modifications if any, consent of the members be and is hereby accorded to adopt the new set of Memorandum of Association as per Table A of Schedule I of the Companies Act, 2013 read with rules made thereunder and in place of the existing Memorandum of Association;

**RESOLVED FURTHER THAT** the existing Clause III B containing the "Objects Incidental or Ancillary to the attainment of Main Objects" sub-clause no. 1 to 28 be and is hereby stands deleted and replaced by New Clause III (B) containing the sub-clause No. 1 to 28 named as "Matters which are necessary for furtherance of the Objects specified in Clause III (A);

**RESOLVED FURTHER THAT** the existing Clause III (C) containing the "Other Objects" sub clause No. 1 to 7 be and is hereby also stands deleted in full;

**RESOLVED FURTHER THAT** consent of shareholders of the Company be and is hereby accorded to approve and adopt the aforesaid changes in the Memorandum of Association of the Company and that Board of Directors of the company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee thereof or any other person(s) authorised by the Board or its Committee in this regard) be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with concerned ROC, Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto;

##### 5. Adoption of Articles of Association as per the provisions of the Companies Act, 2013

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 Section 14, 15 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with Rules made thereunder and as amended from time to time, consent of the members be and is hereby accorded to adopt the new set of Articles of Association containing, inter-alia, Article No. 1 to Article No. 175 in place of existing Articles of Association containing Article No. 1 to Article No. 175 as available for inspection during the meeting and at the registered office of the company during working hours;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with concerned ROC, Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

##### 6. To Appoint of Mr. S. S. Raman (DIN: 00214782) as a Non-executive Independent Director

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 ("the Act") read with Schedule IV and the Companies (Appointment and Qualifications of Directors) Rules, 2014 and other applicable provisions of the Act and Regulation 17(1C) and other the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), the Articles of Association of the Company, and the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, Mr. S. S. Raman (DIN: 00214782) who was appointed as an Additional Director (Non-Executive and Independent

of the Company with effect from August 11, 2022 under Section 161 of the Act and who holds office up to the date of this 38<sup>th</sup> Annual General Meeting ("AGM") of the Company, who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, being so eligible, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a first term of five consecutive years commencing from September 29, 2022 upto September 28, 2027;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with concerned ROC, Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."

##### 7. Approval for Continuation of Mr. K. Krishna Swamy (DIN: 00840887) 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, consent of the members of the Company be and is hereby accorded 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;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with concerned ROC, Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto."





#### 8. 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 of the Companies Act, 2013 (“the Act”) and other applicable provisions, if any, of the Act read with Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the consent of the members be and is hereby given for payment of remuneration of Rs. 1,00,000/- (Rupees One Lakh Only) plus out of Pocket expenses upto Rs. 10,000/- (Rupees Ten Thousand Only) excluding GST and other applicable taxes., to M/S Naval & Associates, Cost Accountants (Firm Reg. No. 002319) to audit the cost records maintained by the Company for the financial year ending March 31, 2023.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its committee thereof) of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with concerned ROC, Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

By Order of the Board

Place: Hyderabad

For **LOKESH MACHINES LIMITED**

Date: August 11, 2022

Sd/-

Registered Office:

**Gurprit Singh**

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

Company Secretary

## NOTES:

- 1) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 Ordinary & Special Business i.e. item 3 to 8, is annexed hereto. The relevant details (including profile and expertise in specific functional areas), pursuant to Regulation 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 appointment/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) In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular No. 2/2022 dated May 05, 2022, (read with previous circulars) in this regard and Securities and Exchange Board of India (“SEBI”) vide circular dated June 03, 2022, May 13, 2022, (read with previous circulars) in this regard permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM, without the physical presence of the members at a common venue. The deemed venue for the 38<sup>th</sup> AGM shall be the Registered Office of the Company. The Company has engaged National Securities Depository Limited (NSDL) for facilitating voting through electronic means i.e., remote e-voting and voting at the AGM.
- 3) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the aforesaid Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- 4) Corporate members intending to send their authorized representatives to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting are requested to send to the Company a certified copy of the board resolution authorizing their representative to the registered email address of the Company.
- 5) The Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- 6) The Members can join the AGM through the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to the 1000 members on “First come First served” basis. This will not include large Shareholders (Shareholders holding 2% or more of the total number of shares of the Company as on the cut-off date as defined), Promoters, Directors, Key Managerial Personnel, Institutional Investors, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders’ Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of “first come first served” basis.

- 7) In compliance with the aforementioned MCA & SEBI Circulars, the Notice of the 38<sup>th</sup> AGM along with the Annual Report for the year 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report for the year 2021-22 and other documents will also be available on the Company’s website [www.lokeshmachines.com](http://www.lokeshmachines.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com). Other than the above, no physical/hard copies of the Notice & Annual Report will be sent to shareholders.
- 8) 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.
- 9) 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.
- 10) Pursuant to the provisions of Section 124, 125 of the Companies Act, 2013 read with rules made thereunder (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. Further 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. The Company is providing/ hosting the required details of unclaimed amount/ shares referred to under Section 124 of the Act on its website [www.lokeshmachines.com](http://www.lokeshmachines.com). The concerned members/investors are advised to visit the web link: <http://iepf.gov.in/iepf/refund.html> or contact our RTA M/s KFin Technologies Limited for lodging claims for refund of shares and /or dividend from the IEPF Authority.
- 11) 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 September 22, 2022 to September 28, 2022 (both days inclusive).
- 12) As per the provisions of Section 72 of the Act, facility for making nominations is now available to Individuals holding shares in the Company, Members holding shares in physical form may obtain the Nomination Form from the RTA of the Company. Members holding

shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.

- 13) 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.
- 14) 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.
- 15) Members are requested to update their preferred e-mail ids with the Depository Participants / Company’s Registrar and Transfer Agents, which will be used for the purpose of sending the official documents through e-mail in future. The RTA address is given below:

**M/s. KFin Technologies Limited,**

Karvy Selenium Tower B, Plot No.31-32,  
Gachibowli , Financial District,  
Nanakramguda Serilingampally,  
Hyderabad - 500 032,  
Phone: +91 40 67161524.

- 16) Shareholders are requested to immediately notify the Registrars and Share Transfer Agents or the Depository participants (in case of shares which have been dematerialized) of any change in their address and/ or bank account details to ensure correct and prompt receipt of the Dividend Warrants in case of declaration of dividend.
- 17) Pursuant to SEBI notification dated 8<sup>th</sup> 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](mailto:cosecy@lokeshmachines.com) or RTA for any assistance in the process of physical to demat shares.
- 18) Members holding shares in physical form, in their own interest, are requested to dematerialize the shares to avail the benefits of electronic holding/trading. SEBI vide its Circular Nos. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2021/655 dated November 03, 2021 and SEBI/HO/ MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated December 14, 2021 read with SEBI/HO/MIRSD/MIRSD\_RTAMB/P/ CIR/2022/8 dated January 25, 2022, has mandated all shareholders holding shares in physical form (“physical shareholders”) to furnish their PAN, Nomination and KYC details (PAN, Contact Details, Bank Account Details & Specimen Signature) with companies. Further linking of PAN and Aadhaar is also mandated by the Central Board of Direct Taxes (CBDT). Brief procedure for updation of PAN, Bank Account, KYC and nomination details is given hereunder:



Type of holder	Process to be followed	
Physical Shareholders	For availing the following investor services, send a written request in the prescribed forms to RTA by post (self-attested & dated) to KFin Technologies Limited, Unit: Lokesh Machines Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 & also scanned copy of the same at E-mail: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>	
	Form to register PAN, e-mail address, bank details and other KYC details or changes/updation thereof for securities held in physical mode	Form ISR-1
	Updation of signature of securities holder	Form ISR-2
	For nomination as provided in the Rule 19(1) of the Companies (Share Capital and debenture) Rules, 2014	Form SH-13
	Declaration to opt out nomination	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3)/ Change of Nominee	Form SH-14
	Form for requesting issue of Duplicate Certificate and other service requests for securities held in physical mode	Form ISR-4
Demat	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP	

The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination pursuant to the aforementioned SEBI Circular in Form ISR-1. The Form ISR-1 is also available on the website of the Company at <https://www.lokeshmachines.com/images/6e1ffe62d39d2f881e0f92af17164a1f.pdf> Members holding shares of the Company in physical form are requested to go through and submit the said Form ISR-1 at the earliest no later than March 31, 2023.

Non-updation of KYC, Bank account details, linking of PAN and Aadhar and Nomination details on or before March 31, 2023 will result in freezing of the folio of the physical shareholders by the RTA and the same shall be reverted to normal status only upon receipt of all the KYC and Nomination details/ dematerialization of such holdings.

The Physical Shareholders of the frozen folios shall be:

- eligible to lodge any grievance or avail service request from the RTA of the Company only after furnishing the complete documents / details as aforesaid;
- eligible for any payment including dividend, interest or redemption payment only through electronic mode upon complying with the stated requirements;
- referred by the RTA / Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and or Prevention of Money Laundering Act, 2002, if they continue to remain frozen as on December 31, 2025

19) The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository

Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.

- 20) The Company's Equity shares are listed at BSE Limited and National Stock Exchange of India Limited and the company has paid the Listing Fees to the said Stock Exchanges.
- 21) Electronic copy of the Annual Report and the Notice of the AGM inter-alia indicating the process and manner of e-Voting are being sent to all the Members whose e-mail IDs are registered with the Company / DPs for communication purposes.
- 22) Relevant documents and registers will be available for inspection by the members at the registered office of the company. Members seeking any information with regard to the accounts or any other matter to be placed at the AGM are requested to write to the Company on or before Tuesday, September 21, 2022 through email on [cossecy@lokeshmachines.com](mailto:cossecy@lokeshmachines.com). The same will be replied by the Company suitably.
- 23) 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.
- 24) Since the AGM will be held through VC / OAVM, the route map is not annexed in this notice.

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.

#### THE INSTRUCTIONS FOR REMOTE E-VOTING AND VOTING AT THE MEETING ARE AS UNDER:

1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and SEBI LODR, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting at the meeting will be provided by NSDL.
2. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

#### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

##### Step 1: Access to NSDL e-Voting system

##### A) Login method for e-Voting joining virtual meeting for Individual shareholders holding securities in demat mode.

In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:


Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdcasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdcasDirectReg.jsp</a></li> </ol>

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

In terms of aforesaid SEBI Circular on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

3. The remote e-voting period begins on Saturday, September 25, 2022 at 9:00 A.M. (IST) and ends on September 27, 2022 at 5:00 P.M. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. September 21, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 21, 2022. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently



Type of shareholders	Login Method
	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nSDL.com/">https://www.evoting.nSDL.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> 
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e.NSDL where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nSDL.co.in">evoting@nSDL.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nSDL.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nSDL.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
  - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nSDL.com](http://www.evoting.nSDL.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nSDL.co.in](mailto:evoting@nSDL.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.





**Step 2: Cast your vote electronically on NSDL e-Voting system.**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period Now you are ready for e-Voting as the Voting page opens.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [ldreddy2016@gmail.com](mailto:ldreddy2016@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Swapneel Puppala at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[SwapneelP@nsdl.co.in](mailto:SwapneelP@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories/ company for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 09, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**REGISTRATION OF E-MAIL ADDRESS BY SHAREHOLDERS WITH THE RTA & DETAILS FOR OBTAINING/ DOWNLOADING ELECTRONIC COPY OF ANNUAL REPORT AND AGM NOTICE;**

On account of the continuing threat posed by COVID -19 pandemic and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of AGM and e-Voting instructions only in electronic form to the registered e-mail addresses of the Shareholders. Therefore, those Shareholders who have not yet registered their e-mail address are requested to get their e-mail address registered by following the procedure given below:

1. Those Shareholders who have registered/not registered their e-mail address and mobile number including address and bank details may please contact and validate/update their details with their Depository Participant in case of shares held in electronic form and with the Company's Registrar and Transfer Agent, M/s. Kfin Technologies Ltd. in case the shares are held in physical form.

2. Shareholders who have not registered their E-mail address and in consequence thereof, the Annual Report, Notice of AGM and e-voting instructions could not be served, may temporarily provide their e-mail address and mobile number to the Company's Registrar and Transfer Agent, M/s. Kfin Technologies Ltd. by writing to the e-mail id [anandan.k@kfintech.com](mailto:anandan.k@kfintech.com) for sending the soft copy of the Annual Report, Notice of AGM and e-voting instructions along with the User ID and password. In case of any queries, Shareholders may write to [anandan.k@kfintech.com](mailto:anandan.k@kfintech.com) or [cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com).
3. Shareholders may also visit the website of the Company [www.lokeshmachines.com](http://www.lokeshmachines.com) for downloading the Annual Report and Notice of the AGM.
4. Alternatively, Shareholders may send an e-mail request at the e-mail id [anandan.k@kfintech.com](mailto:anandan.k@kfintech.com)/[cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com) along with scanned copy of the signed request letter providing the e-mail address, mobile number, self-attested PAN copy and Client Master copy, in case of electronic folio and copy of share certificates, in case of physical folio for sending electronically the Annual Report, Notice of AGM and the e-voting instructions.
5. Alternatively, member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and Password by proving the details mentioned above.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

**INSTRUCTIONS TO THE MEMBERS FOR ATTENDING THE AGM THROUGHVC/OAVM ARE AS UNDER:**

1. Replace with below mentioned para- Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are

requested to click on VC/OAVM link placed under **Join General Meeting** menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
5. Members who would like to express their views/ask questions during the meeting may register themselves as a speaker and send their request mentioning their name, demat account number/ folio number, email id, mobile number at [cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com) at least 5 days in advance before the start of the meeting i.e., by September 23, 2022 by 3.30 P.M. (IST). The same will be replied by the Company suitably.
6. Those members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
7. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address at [cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com) at least 5 days in advance before the start of the meeting. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.

**General Guidelines for shareholders:**

1. The Company has appointed Mr. L.D. Reddy, Practicing Company Secretary, Hyderabad (M. No.13104, CP No. 3752) as the Scrutinizer for conducting the E-voting process in a fair and transparent manner.
2. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPGFormat)of the relevant Board Resolution/Authority letter etc.with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail [ldreddy2016@gmail.com](mailto:ldreddy2016@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).



3. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
4. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.
5. In case of any queries, Members may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or Members facing any technical issue in login can contact NSDL helpdesk by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no.: 1800 1020 990 and 1800 22 44 30
6. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorized in this regard, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
7. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [www.lokeshmachines.com](http://www.lokeshmachines.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the declaration of results by the Chairman or a person authorized by him.

The results shall also be immediately forwarded to BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.

8. Pursuant to the Circulars issued by MCA and SEBI, owing to the difficulties involved in dispatching of physical copies of the Notice of the AGM and the Annual Report for the year 2021-22, the said documents are being sent only by email to the Members.

Therefore, those Members, whose email address is not registered with the Company or with their respective Depository Participant/s, and who wish to receive the Notice of the AGM and the Annual Report for the year 2021-22 and all other communication sent by the Company, from time to time, can get their email address registered by following the steps as given below: -

- a) For Members holding shares in physical form, please send scan copy of a signed request letter mentioning your folio number, complete address, email address to be registered along with scanned self-attested copy of the PAN and any document (such as Driving Licence, Passport, Bank Statement, AADHAAR) supporting the registered address of the Member, by email to the Company's email address [cosecy@lokeshmachines.com](mailto:cosecy@lokeshmachines.com).
- b) For Members holding shares in demat form, please update your email address through your respective Depository Participant/s.

**Place:** Hyderabad  
**Date:** August 11, 2022

**Registered Office:**  
B-29, EEIE, Stage- II, Balanagar,  
Hyderabad-500037, Telangana

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

Sd/-  
**Gurprit Singh**  
Company Secretary

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

#### Item # 3

As per the provisions of Section 139 of the Companies Act, 2013 ("Act") read with rules made thereunder, every company has to appoint a Statutory Auditors for conducting the Statutory Audit. Further, the Board on the recommendation of the Audit Committee at their meeting held on August 11, 2022 has recommended the appointment of M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No. No.000513S) as the Statutory Auditors of the Company.

Further to this, they have consented to the said appointment and confirmed that they are eligible for appointment as Statutory Auditors of the Company under Section 139 of the Act and meet the criteria for appointment specified in Section 141 of the Act. Further, they have also confirmed that they are not disqualified from being appointed as auditors under the applicable provisions of the Act and the rules or regulations made thereunder and proposed appointment will be as per the terms provided under the provisions of the Act.

In view of the above, M/s. Brahmayya & Co., Chartered Accountants (Firm Registration No. No.000513S), being eligible for appointment and based on the recommendation of the Audit Committee, the Board of Directors has proposed the appointment of M/s. Brahmayya & Co., Chartered Accountants as the statutory auditors of the Company at a remuneration of Rs.5,00,000/- (Rupees Five Lakh Only) plus applicable out of pocket expenses and applicable taxes for a period of five years and to hold the office of Statutory Auditor from the conclusion of this AGM till the conclusion of the Forty-third AGM of the Company.

Disclosure pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015

Proposed fees payable to the statutory auditor(s)	Rs. 5,00,000/- (Rupees Five Lakh Only) excluding taxes and out of pocket expenses
Terms of appointment	For a term of 5 years i.e. from the conclusion of this AGM to the conclusion of 43 <sup>rd</sup> AGM of the Company.
Material change in the fee payable to such auditor from that paid to the outgoing auditor	There is no change in the Audit fees payable to the proposed Auditor from that paid to the outgoing Auditor
Rationale for such change	The board and Audit Committee is of the view that such change will help in improving the Audit process and quality of reporting because of vast experience of the proposed Statutory Auditors.
Basis of recommendation for appointment Credentials of the statutory auditor(s) proposed to be appointed	The M/s. Brahmayya & Co., Chartered Accountants have over 8 decade of experience in the field of Audit & Assurance, Taxation Consultancy, Corporate Advisory, Risk Mitigation and Business Intelligence. The firm has a valid peer review Certificate. The firm serve large clients like Listed Companies, Banks, Large Unlisted Companies etc.

None of the Directors or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

The Board recommends the resolution as set out in Item no. 3 for approval of the Members to be passed as an Ordinary Resolution

#### Item # 4

The Companies Act, 2013 ("the Act"), has prescribed a new format of Memorandum of Association ("MOA") for companies limited by shares. Accordingly, with a view to align the existing MOA of the Company with Table A of the Schedule I of the Act and in accordance with Section 4 and 13 of the Act, it is proposed to alter the MOA of the Company by merging and retaining the Objects under Clause III (C) – "The Other Objects are" with Clause III (B) – "The Objects Incidental or Ancillary to the attainment of the Main Objects are" to the extent possible and also to rename and renumber the Clause III (A) and III (B) of the Object Clause.

The Board at its meeting held on August 11, 2022 has approved adoption of the MOA of the Company and recommends the Special Resolution set forth in Item No. 4 of the Notice for approval of the Members.

Further, a copy of the proposed MOA of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m. and on the website of the Company at [www.lokeshmachines.com](http://www.lokeshmachines.com) till the date of AGM.

None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the resolution except to the extent of their shareholding, if any, in the Company.

Your Board recommends passing of this resolution for adoption of Memorandum of Association of the Company by way of Special Resolution.

#### Item # 5

In view of the notification of Companies Act, 2013 and rules there under and repeal of Companies Act, 1956, various articles in the existing Articles of Association necessitate amendment and/or alteration in order to reflect inter-se, various provisions of the Companies Act, 2013 and rules made thereunder it is proposed to adopt new set of Articles of Association of the company.



As per the provisions of Section 14 of the Companies Act, 2013, alteration in Articles of Association of the Company requires approval of shareholders of the Company by way of Special Resolution and hence placed for seeking approval of shareholders.

Copy of new set of Articles of Association of the Company will be available for inspection by members at the registered office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m. and on the website of the Company at www.lokeshmachines.com till the date of AGM

None of the Directors, Manager, Key Managerial Personnel(s) and their relatives are concerned or interested in the above resolutions.

Your Board recommends passing of this resolution for adoption of new set Articles of Association of the Company by way of Special Resolution.

#### Item # 6

Pursuant to the provisions of Sections 149,150,152 of the Companies Act, 2013 and the rules made thereunder read with Articles of Association of the Company, the board of directors at their meeting held on August 11, 2022 and upon recommendation of Nomination & Remuneration Committee appointed Mr. S.S. Raman (DIN: 00214782), as Additional cum Non-Executive Independent Director of the Company for a term of five years, commencing from September 29, 2022 to September 28, 2027 subject to approval of the shareholders.

Mr. S.S. Raman (DIN:00214782), has given his respective declarations to the Board that he meets the criteria of independence as provided under Section 149 of the Companies Act, 2013 and the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Mr. Raman fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations for his appointment as Independent Directors of the Company and he is independent of the management.

Mr. Raman is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and he has given his consent to act as Director. The Company has also received notices from Members under Section 160 of the Companies Act, 2013, signifying their intention to propose the candidatures of Mr. Raman for the office of Non-Executive Independent Director of the Company.

A brief profile of Independent Directors to be appointed, including nature of their expertise and other disclosure as required under Regulation 36(3) of the Listing Regulations, is provided here under.

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

Name of Director	Mr. S.S. Raman
Date of Birth	22.04.1952
Designation	Additional Cum Non-Executive Director
Date of Appointment	August 11, 2022
Educational Qualifications	He is a B.Tech Engineer with PGD in Production Engineering
Areas of Experience	Mr. S.S. Raman is an Engineer with PGD in Production Engineering. He is a Certified "Executive CEO Coach" from CFI India, 1 <sup>st</sup> batch. Mr. Raman is also certified "Corporate Director" from Institute of Directors. He is also a Certified EQI 2.0 practitioner, CBT practitioner, NLP Basic practitioner and ADD practitioner. He has 37 years of Experience in organizations such as TATA Motors, Birla Yamaha Limited, Whirlpool of India Limited, TVS Electronics Limited. He retired as Managing Director of TVS Electronics Limited and was Executive Director in Whirlpool of India Limited. His has exposure of various areas including Sales, Marketing and Service beside core of manufacturing, Technology and SCM, exposed to International business and alliance in global procurement.
Directorship held in other Companies	NIL
Membership or Chairmanship of the Committees held in the Company	NIL
No. of Shares held in the Company	NIL
Relationships between Directors inter-se	NIL

Terms & conditions of appointment of the aforesaid directors as Independent Directors are open for inspection without any fee by any member at the registered office of the company.

Except Mr. Raman, being appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at Item # 6.

The Board recommends the resolution at Item # 6 in relation to the appointment of Mr. S. S. Raman as Non-Executive Independent Directors for the approval by the shareholders of the Company by way of Special Resolutions.

#### Item # 7

Mr. K. Krishna Swamy age about 80 years was appointed as Non-executive director of the Company. As per the amended SEBI (LODR) Regulations, 2015 which requires special resolution for appointment/continuation of any non-executive director who has attained the age of 75 years 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.7 of the Notice for continuation of his appointment.

#### Item # 8

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. Naval & Associates., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2023 at a remuneration of Rs. 1,00,000/- (Rupees One Lakh Only) plus out of Pocket expenses upto Rs. 10,000/- (Rupees Ten Thousand Only) excluding GST and other applicable taxes.

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. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2023.

None of the Directors/ Key Managerial Personnel's of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out in item No.8 of the Notice.

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

**Place:** Hyderabad  
**Date:** August 11, 2022

**Registered Office:**  
B-29, EEIE, Stage- II, Balanagar, Hyderabad-500037, Telangana

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

Sd/-  
**Gurprit Singh**  
Company Secretary



# Corporate Information

## 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. B. R. Mahesh	: Independent Director
Mr. S. S. Raman	: Independent Director
Mr. D. Balaji	: Independent Director
Ms. M. Likhitha	: Non-Executive Director
Mr. K. Krishna Swamy	: Non-Executive Director

## STATUTORY COMMITTEES

### Audit Committee

Mr. B. R. Mahesh	: Chairperson
Mr. S.S. Raman	: Member
Mr. M. Srinivas	: Member

### Nomination & Remuneration Committee

Mr. S.S. Raman	: Chairperson
Mr. B. R. Mahesh	: Member
Mr. M. Likhitha	: Member

### Stakeholders Relationship Committee

Mr. S.S. Raman	: Chairperson
Mr. B. Kishore Babu	: Member
Mr. M.Srikrishna	: Member

### Chief Financial Officer(CFO)

Mr. V. Sudhakara Reddy

### Company Secretary(CS)

Mr. Gurprit Singh

### BANKERS

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

## STATUTORY 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

## SECRETARIALAUDITORS

### M/s L.D. Reddy & Co.

Company Secretaries  
Flat No. 504, Afzal Commercial Complex,  
Besides MMTS, Rly. Station,  
Hyderabad-500 004

## REGISTRARS & TRANSFER AGENTS

### KFin Technologies Ltd.

Karvy Selenium Tower B,  
Plot No.31-32, Gachibowli  
Financial District, Nanakramaguda, Serilingampally,  
Hyderabad - 500 008  
Phone :1800 3094 001  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

## REGISTERED OFFICE

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

## WORKS

Temple Road, Bonthapally, Medak District, Telangana.	B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad-500 037, Telangana	Plot No 41, IDA,Balanagar, Hyderabad -500037, Telangana	Ravalkol village, Medchal Mandal, RangareddyDist, Telangana	Sy.No.148, Kallakal Village, Manoharabad Mandal, Medak District, Telangana	Plot No. D-260/1, Ranjangaon Industrial Area, MIDC, Shirur, Pune,Maharashtra
--	---	---	--	---	--

**Corporate Office**  
Lokesh Machines Limited  
B-29, EEIE Stage-II Balanagar  
Hyderabad - 500 037  
Telangana, India.