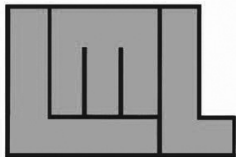


ANNUAL REPORT 2017-2018



**Lokesh
Machines Limited**

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BOARD OF DIRECTORS

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

STATUTORY COMMITTEES

Audit Committee

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

Nomination & Remuneration Committee

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

Stakeholders Relationship Committee

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

Chief Financial Officer(CFO)

V.Sudhakara reddy

Company Secretary

Mr. Matru Prasad Mishra

*With effect from 14.12.2017

BANKERS

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

AUDITORS

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

INTERNAL AUDITORS

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

REGISTRARS & TRANSFER AGENTS

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

REGISTERED OFFICE

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

CIN: L29219TG1983PLC004319

WORKS

Temple Road, Bonthapally, Medak District, T.G	B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, T.G	Ravalkol village, Medchal Mandal. Rangareddy Distt, T.G	Plot No 4 I, IDA Balanagar, Hyderabad T.G	Plot No D260/I Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra
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NOTICE

NOTICE is hereby given that the Thirty Four Annual General Meeting of the Members of Lokesh Machines Limited will be held on Saturday September 29th, 2018 at 03.00 P.M at Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad - 500 033 Telangana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial Year ended March 31, 2018 together with the report of the Board of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr K Krishna Swamy (DIN: 00840887), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

3. Re-appointment of Mr. M. Lokeswara Rao as Managing Director:

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 of the Companies Act, 2013 read with Schedule V thereof and the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the recommendations of Nomination & Remuneration Committee and as approved by the Board of Directors, consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. M. Lokeswara Rao (DIN: 00989447) as Managing Director of the Company for a period of 3 years with effect from 01st October, 2018 to 30th September, 2021 on the following terms and conditions."

Period: 3 Years from 1st October, 2018 to 30th September, 2021

Salary of Rs. 5,00,000/- (Rupees Five Lakh only) per month.

He shall be entitled to receive the following:

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

RESOLVED FURTHER THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. M. Lokeswara Rao be paid the above remuneration as minimum remuneration subject to the requisite approval, if any, not exceeding the maximum limits laid down in Section II (A) of Part II of Schedule V of the Companies act, 2013.

RESOLVED FURTHER THAT pursuant to Section 196(3) read with Schedule V of the Companies act, 2013 approval of the members of the Company be and is hereby granted for continuation of holding office of Managing Director by Mr. M.Lokeswara Rao (DIN: 00989447) who has attained the age of 70 years , as per the above mentioned terms and conditions.

RESOLVED FURTHER THAT so long as Mr. M. Lokeswarar Rao functions as the Managing Director of the Company he will not be paid any fees for attending the meetings of the Board of Directors or Committee therefor.

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

4. Re-appointment of Mr. B Kishore Babu as a Whole time Director :

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 of the Companies Act, 2013 read with Schedule V thereof and the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the recommendations of Nomination & Remuneration Committee and as approved by the Board of Directors, consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. B. Kishore Babu (DIN: 00840630) as Whole-time Director of the Company for a period of 3 years with effect from 01st October, 2018 to 30th September, 2021 on the following terms and conditions.”

Period: 3 Years from 1st October, 2018 to 30th September, 2021

Salary of Rs. 3,25,000/- (Rupees Three Lakh and Twenty Five Thousand only) per month.

He shall be entitled to receive the following:

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

RESOLVED FURTHER THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. B. Kishore Babu be paid the above remuneration as minimum remuneration subject to the requisite approval, if any, not exceeding the maximum limits laid down in Section II (A) of Part II of Schedule V of the Companies act, 2013.

RESOLVED FURTHER THAT so long as Mr. B. Kishore Babu functions as the Wholetime Director of the Company he will be not paid any fees for attending the meetings of the Board of Directors or Committee thereof.

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

5. Re-appointment of Mr. M. Srinivas as a Whole time Director :

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 of the Companies Act, 2013 read with Schedule V thereof and the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the recommendations of Nomination & Remuneration Committee and as approved by the Board of Directors, consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr. M. Srinivas (DIN: 00917565) as Whole-time Director of the Company for a period of 3 years with effect from 01st October, 2018 to 30th September, 2021 on the following terms and conditions.”

Period: 3 Years from 1st October, 2018 to 30th September, 2021

Salary of Rs. 3,25,000/- (Rupees Three Lakh and Twenty five thousand only) per month.

II. He shall be entitled to receive the following:

- i) All expenses relating to telephone, mobile bills, and travelling, boarding, lodging and other expenses incurred for the purpose of business of the Company.

- ii) Any other allowances, benefits and perquisites, as the Board may from time to time decide in accordance with the Companies Act, 2013 & the Rules made thereunder, Income Tax Act, 1961/Rules made thereunder, FEMA Guidelines and as per RBI Regulations.

RESOLVED FURTHER THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. M. Srinivas be paid the above remuneration as minimum remuneration subject to the requisite approval, if any, in terms of Section II (A) of Part II of Schedule V of the Companies act, 2013 as may be applicable to the Company from time to time,”

RESOLVED FURTHER THAT so long as Mr. M. Srinivas functions as the Wholetime Director of the Company he will not be paid any fees for attending the meetings of the Board of Directors or Committee thereof.

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

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

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

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 of the Companies Act, 2013 read with Schedule V thereof and the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the recommendations of Nomination & Remuneration Committee and as approved by the Board of Directors, consent of the Members of the Company be and is hereby accorded to the re-appointment of Mr M. Srikrishna (DIN: 00841388) as Whole-time Director of the Company for a period of 3 years with effect from 01st October, 2018 to 30th September, 2021 on the following terms and conditions.”

Period: 3 Years from 1st October, 2018 to 30th September, 2021

Salary of Rs. 3,25,000/- (Rupees Three Lakh and Twenty five thousand only) per month.

He shall be entitled to receive the following:

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

RESOLVED FURTHER THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. M. Srikrishna be paid the above remuneration as minimum remuneration subject to the requisite approval, if any, in terms of Section II (A) of Part II of Schedule V of the Companies act, 2013 as may be applicable to the Company from time to time,”

RESOLVED FURTHER THAT so long as Mr. M. Srikrishna functions as the Wholetime Director of the Company he will not be paid any fees for attending the meetings of the Board of Directors or Committee thereof.

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

7. Approval for Continuation of Current term of Mr. R. Mohan Reddy as Non- Executive Independent 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 the Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Amendment Regulations, 2018, the continuation of current term of Mr. R. Mohan Reddy (DIN: 00841038) as Non-Executive Independent Director of the Company for a period of five years (w.e.f. from 30.09.2014 to 29.09.2019 as approved by the members of the Company on the 30th Annual general meeting of the Company held on 30th September, 2014) be and is hereby approved by way of Special Resolution.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to file necessary forms with the concerned authorities and to all acts, deeds, things required to give effect to this resolution.”

8. Approval for Continuation of Mr. K. Krishna Swamy as Non- Executive Director of the Company
To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

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

9. Ratification of Remuneration of Cost-Auditors:

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the members be and is hereby given for payment of remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, to M/s DZR & Co, Cost Accountants to audit the cost records maintained by the Company for the financial year ending March 31, 2018.”

By Order of the Board
For LOKESH MACHINES LIMITED

Place: Hyderabad
Date: August 31, 2018

Matru Prasad Mishra
Company Secretary

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

NOTES:

- 1) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 Special Business i.e. item 3 to 9, is annexed hereto. The relevant details (including profile and expertise in specific functional areas), pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations & Disclosures Requirement) and as per Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, in respect of directors seeking re-appointment at this AGM is also annexed. The Directors have furnished the requisite consent/declarations for their appointment /re-appointment as required under Companies Act, 2013 and the Rules thereunder.

- 2) The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual –General Meeting is done away with vide notification dated 7th May, 2018 issued by Ministry of Corporate Affairs. Accordingly no resolution is proposed for ratification of appointment of Auditors, who were appointed in the Annual General Meeting, held on 28th September, 2017.

- 3) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

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

A Proxy Form is annexed to this Report. Proxies submitted on behalf of the companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable. Revenue stamp should be affixed on the proxy forms. Forms which are not stamped are liable to be considered invalid.

- 4) Members/Proxies should bring duly filled in Attendance Slips along with their copy of the Annual Report to the AGM.
- 5) The Annual Report of the company and other documents proposed to be sent through e- mail would also be made available on the Company's website.
- 6) Register of Directors and key managerial personnel and their shareholding maintained under section 170 of the companies Act, 2013 will be available for inspection by the members at the meeting.
- 7) Register of contracts or arrangements in which directors and Key managerial personnel are interested Maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the registered office of the Company
- 8) Pursuant to the provisions of Section 91 of the Companies Act, 2013, The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2018 to 29th September, 2018 (both days inclusive).
- 9) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in prescribed Form (which will be made available on request) to the Registrar and Share Transfer Agents.
- 10) 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.
- 11) 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
- 12) Members are requested to address all their correspondence including change of address, mandates etc. to the registrars viz. M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No.31-

32, Gachibowli, Financial District, Nanakramguda Serilingampally, Hyderabad - 500 008, Phone : +91 40 67161524.

- 13) The Company's Equity shares are listed at Bombay Stock Exchange Ltd and National Stock Exchange Mumbai and the company has paid the Listing Fees to the said Stock Exchange for the financial year 2017-18.
- 14) Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address and/or bank account details to ensure correct and prompt receipt of the Dividend Warrants.
- 15) Corporate Members are requested to submit a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
- 16) Members are requested to bring the duly filled attendance slip along with their copy of the annual report to the meeting.
- 17) Relevant documents and registers will be available for inspection by the members at the registered office of the company.
- 18) In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions
- 19) As per the green initiatives issued by the Ministry of Corporate Affairs, all companies are allowed to send official documents to their shareholders electronically. Henceforth, we propose to send documents like notice convening the general meetings, financial statements etc. to the email address registered with the company.

We request you to register / update your email address with your depository participant / RTA to ensure that all documents reach you on your preferred email.

- 20) The annual report for 2017-18 is being sent by electronic mode only to the Members Whose Email addresses are registered with the Company Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members Who have not registered their Email addresses physical copies of Annual report 2017-18 are being sent by the permitted mode.
- 21) The Route Map showing directions to reach the venue of the AGM is enclosed.

22) Voting through electronic means:

In terms of Section 108 of Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and as per the requirement of Regulation 44 of the SEBI (Listing Obligations & Disclosures Requirements), 2015, the Company is providing the facility to its members holding shares in physical or Dematerialized form as on the cut – off date, i.e September 22nd 2018 (i.e Record date) to exercise their right to vote by electronic means on any or all of the agenda items specified in the accompanying Notice of Annual General meeting Details of the process and manner of E-Voting along with the user id and password are being sent separately to all the members along with the notice and e-voting services provided by Karvy Computershare Private Limited ("Karvy").

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

Commencement of e-voting : From 9 A.M. on 26th September, 2018 to 5 P.M. on 28th September, 2018.

- i. E-voting shall not be allowed beyond 5 p.m on 28th September 2018. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 22nd September, 2018 may cast their vote electronically.
- ii. The Company has appointed Mr. L.D. Reddy (Practicing Company Secretary), Hyderabad as Scrutinizers for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

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

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

The Company has appointed Mr. L.D. Reddy, Practising Company Secretary as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders / beneficial owners shall be reckoned on the equity shares held by them as on 22nd September 2018, being the Cut-off date for the purpose. The Shareholders of the Company holding shares either in dematerialised or in physical form, as on the Cut-off date, may cast their vote electronically. A person who is not a shareholder on the Cut-off date should treat this Notice for information purposes only.

The Process and manner for Remote e-voting are as under :

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