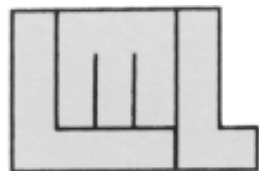


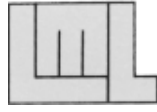
**ANNUAL REPORT
2011-2012**



**Lokesh
Machines Limited**



Lokesh
Machines Limited



**Lokesh
Machines Limited**

BOARD OF DIRECTORS

Mr. M Lokeswara Rao	_____	Managing Director
Mr. B Kishore Babu	_____	Executive Director
Mr. K Krishna Swamy	_____	Whole Time Director (Technical)
Mr. M Srikrishna	_____	Whole Time Director (CNC Machine Division)
Mr. M Srinivas	_____	Director
Mr. B R Mahesh	_____	Director
Mr. R Mohan Reddy	_____	Director
Mr. M Hariprasada Rao	_____	Director
Smt. Bhavana Rao	_____	Director

STATUTORY COMMITTEES

Audit Committee

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

Remuneration Committee

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

Shareholders'/Investors' Grievance Committee

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

Company Secretary

Mr. K. Durgadas Maiya

BANKERS

State Bank of Hyderabad
Punjab National Bank
State Bank of Indore
Barclays Bank PLC
IndusInd Bank Limited

AUDITORS

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

INTERNAL AUDITORS

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

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited.
Plot No 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Ph : +91-40 44655000
Fax : +91 40 23420814

REGISTERED OFFICE

B-29, EEIE, Stage II
Balanagar
Hyderabad – 500 037 (A.P.) India

WORKS

Temple Road, Bonthapally, Medak District, A. P.	B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, A. P.	Ravalkol village, Medchal Mandal. Rangareddy Distt, A. P.	Plot No 41, IDA Balanagar, Hyderabad A. P.	B – 15 & 17, EEIE, Stage II, Balanagar, Hyderabad, A. P.	Plot No D260/1 Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra
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NOTICE OF THE 28TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Lokesh Machines Limited will be held on Saturday on September 29th, 2012 at 4:00 PM at Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad - 500 033 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To declare dividend on equity shares of the company.
3. To appoint a Director in place of Mr. B R Mahesh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R Mohan Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Brahmayya & Co, Chartered Accountants, Hyderabad as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS:

6. **Recommendation for revision of remuneration payable to Mr. K Krishna Swamy whole time director**

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

"RESOLVED THAT in partial modification of Resolution No. 6 passed at the Annual General Meeting of the Company held on September 28, 2010 for the appointment and terms of remuneration of Shri K. Krishna Swamy as a Whole time Director of the Company and in accordance with the provisions of Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the maximum amount of Consolidated Salary payable to Shri K. Krishna Swamy (including the salary to be paid in the event of loss or inadequacy of profits in any financial year), during the tenure of his appointment as Rs. 55,000/- per month w.e.f. 01-04-2012 for the residual period of his term i.e. up to 29-06-2015.

FURTHER RESOLVED THAT the Board be and is hereby authorized to alter and /or vary the terms and conditions of the appointment including remuneration payable to him from time to time, provided however that the remuneration payable shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time.

FURTHER RESOLVED THAT except for the revision in the consolidated salary, all other terms and conditions of his appointment as a Whole time Director of the Company as decided by the Resolution passed in the Annual General Meeting of the Company held on September 28th, 2010 shall remain unchanged."

By Order of the Board
For LOKESH MACHINES LIMITED

Place: Hyderabad
Date : August 14, 2012

K. Durgadas Maliya
Company Secretary



NOTES:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and such proxy need not be a member of the Company. Proxies should be deposited at the Registered Office of the Company not less than Forty-Eight hours before the scheduled commencement of the meeting.
2. An Explanatory Statement pursuant to Sec.173 (2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **September 25, 2012 to September 29, 2012**, both days inclusive, on account of the Annual General Meeting and payment of dividend.
4. 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.
5. 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.
6. Members are requested to bring the duly filled attendance slip along with their copy of the annual report to the meeting.
7. Relevant documents and registers will be available for inspection by the members at the registered office of the company.
8. 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.

9. The information on the particulars of the Directors seeking appointment / re-appointment as required under clause - 49 of the Listing Agreement entered into by the company with the stock exchanges has been given below:

Additional information on Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting

Name	Mr B R Mahesh	Mr. R Mohan Reddy
Date of birth	16-06-1953	20-07-1939
Designation	Independent Non Executive Director	Independent Non Executive Director
Date of appointment	28/06/1991	27/09/2006
Educational Qualifications	Chartered Accountant (FCA)	B.E. (Mechanical) and M.B.A. From Osmania University
Areas of Experience	30 years of experience in the fields of finance, accounts and taxation.	Has a wide experience as a business executive, and have served for several public sector undertakings like BHEL, APIDC in senior managerial position. He was Managing Director of Allwyn Watches Ltd.

Chairmanship of the Committees held in the company	1. Member of Audit Committee 2. Member of Remuneration Committee	1. Member of the Shareholders' /Investors' Grievance Committee 2. Member of Audit Committee 3. Member of Remuneration Committee
Companies in which he / she holds Directorship	Smintage Communications Pvt Ltd. PL Realtors Pvt Ltd.	Nelcast Limited
Membership / Chairmanship of the Committees held in other companies	Nil	Chairman of Shareholders' Grievance Committee, and Member of Audit Committee and Member of Remuneration Committee of Nelcast Limited
No of Shares held in the company	Nil	Nil

Explanatory Statement under Section 173(2) of the Companies Act, 1956

ITEM NO. 6

The Board of Directors pursuant to the resolution passed in the Annual General Meeting of the Company held on September 28, 2010 appointed Shri K. Krishna Swamy as a Whole time Director of the company w.e.f. 29th June, 2010 for a period of 5 (Five) years, by passing a resolution in the Board Meeting held on August 14, 2010.

Subsequently as the company has gone for many expansion plans and due to which there was an increase in duties and responsibilities of Shri K. Krishna Swamy. The Remuneration committee at its meeting held on 14.08.2012 has approved the increase of remuneration to Shri. K. Krishna Swamy from Rs. 45,000/- to Rs. 55,000/- per month w.e.f. 01-04-2012 for the residual period of his term i.e. up to 29-06-2015

In the interest of the company the Board recommends the Resolution as set out in Item No. 6 of the Notice for the approval of the members. None of the directors except Mr. K. Krishna Swamy, is interested in the proposed resolution

This may be treated as an abstract/ memorandum u/s 302 of the Companies Act, 1956.

By Order of the Board
For LOKESH MACHINES LIMITED

Place: Hyderabad
Date : August 14, 2012

K. Durgadas Malya
Company Secretary



28TH REPORT OF THE BOARD OF DIRECTORS

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2012.

FINANCIAL RESULTS

Rs in Lakhs

Particulars	(2011-12)	(2010-11)
Net Sales	16,296.57	14639.63
Other Income	185.92	400.94
Capitive consumption	438.66	583.10
Total Income	16921.15	15623.67
Profit before Depreciation, Interest and Taxes	3605.38	3074.25
Depreciation	845.73	741.36
Profit before Interest and Taxes	2759.65	2332.89
Interest and Finance Charges	1512.23	1223.21
Profit before Taxes	1247.42	1109.68
Provision for Taxes	487.59	401.16
Profits after Taxes	759.83	708.52

PERFORMANCE REVIEW:

Your Directors are pleased to report that the Company could maintain an all round growth in the operations. The turnover increased by 11.3 %, and the Profit before Interest and Taxes increased by 18.3% compared to the previous year. The Earnings per Share increased from Rs. 6.2 in the previous year to Rs 6.45 in the year under report.

FUTURE OUTLOOK

With the turnaround providing the momentum to the overall growth in the general economic activity, your Directors are hopeful for a better performance in the current year.

DIVIDEND

Your Directors are pleased to recommend for approval of the Members a dividend of 5% on equity shares of the company for the financial year 2011-12, amounting to Re. 0.50/- per equity share.

The dividend on the equity shares, if declared as above, would involve an outflow of Rs.58,88,700/- towards dividend and Rs. 9,55,295 /- towards dividend tax, resulting in a total outflow of Rs. 68,43,995./-.

TRANSFER TO GENERAL RESERVE

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

DIRECTORS

Mr. B R Mahesh and Mr. R Mohan Reddy, Directors of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

As required by clause 49 of the Listing Agreement with the Stock Exchanges, the information on the particulars of the Directors seeking re-appointment was given in the notice to the AGM.

PUBLIC DEPOSITS:

During the year, the company has not accepted any deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non-Banking Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposit) Rules, 1975.

LISTING:

The equity shares of the Company are listed with Bombay Stock Exchange Limited (BSE), and National Stock Exchange of India Limited (NSE). There are no arrears on account of payment of listing fees to the said Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- I. That all applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures
- II. That the directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2012 and of the profit of the Company for the year ended on that date.
- III. That directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. That the Directors prepared the annual accounts on a going concern basis.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is annexed as **Annexure 'A'** to this Report.

PARTICULARS OF EMPLOYEES

Particulars of employees whose information is to be annexed to this report pursuant to sec-217(2A) of the Companies Act, 1956 are not applicable since the company has not employed any such employees.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause-49 of the Listing Agreement entered with the Stock Exchanges is annexed as **Annexure 'B'** to this Report.

CORPORATE GOVERNANCE

As per Clause-49 of the Listing Agreement entered with the Stock Exchanges, a detailed report on



Corporate Governance together with the declaration by the Managing Director and Certificate issued by the Statutory Auditors' of the company confirming the compliance of conditions of corporate governance are annexed as **Annexure 'C'**

SUBSIDIARY COMPANY:

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

AUDITORS' & AUDITORS' REPORT:

M/s. Brahmayya & Co, Chartered Accountants, the statutory auditors of the Company retire at the conclusion of this ensuing Annual General Meeting and have expressed their willingness to act as statutory auditors of the Company, if appointed and have confirmed that the said appointment would be in conformity with the provisions of Sec-224(1B) of the Companies Act, 1956.

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore does not require any further comments.

NEW MANUFACTURING UNITS AND EXPANSION:

The construction work is in progress at the 50.00 acres of land located at Automotive Park, Toopran Mandal, Medak District, Andhra Pradesh to setup an auto component and machine tool manufacturing unit. The Commercial production is expected to be initiated shortly.

After implementing of Cylinder Blocks and Cylinder Heads plant at Ranjangoan, the company now has planned to expand further and enter into the manufacturing field of Connecting Rod as there is an interest evinced by our clients. For this new Connecting Rod projects, the company will be setting up a new unit and the machines are been sourced from and equipped by German technology.

ACKNOWLEDGEMENTS

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

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

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

B Kishore Babu **M Lokeswara Rao**
(Executive Director) (Managing Director)

Place: Hyderabad.
Date: August 14, 2012