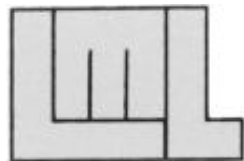


ANNUAL REPORT

2013 - 2014



Lokesh
Machines Limited

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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

Nomination & Remuneration Committee (w.e.f. 30th May 2014)

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

Stakeholders Relationship Committee (w.e.f. 30th May 2014)

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

Company Secretary

Mr. D. Raghavendra Rao

BANKERS

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

AUDITORS

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

INTERNAL AUDITORS

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

REGISTRARS & TRANSFER AGENTS

Karvy Computershare 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 (TG) India

CIN: L29219TG1983PLC004319

ISIN: :INE397H01017

Stock Code :

532740 (BSE)
LOKESHMACH (NSE)

WORKS

Temple Road, Bonthapally, Medak District, TG	B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, TG	Ravalkol village, Medchal Mandal. Rangareddy Distt, TG	Plot No 41, IDA Balanagar, Hyderabad TG	B – 15 & 17, EEIE, Stage II, Balanagar, Hyderabad, TG	Plot No D260/I Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra
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NOTICE OF THE 30TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirtieth Annual General Meeting of Lokesh Machines Limited will be held on Tuesday on September 30th, 2014 at 4.00 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 Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and cash flow Statement for the year ended on that date and the Report of the Board of Directors' and the Auditors' thereon.
2. To declare dividend on equity shares of the company.
3. To appoint a Director in place of Mr M Srinivas (DIN:00917565), who retires by rotation and being eligible offers himself for re-appointment
4. To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time M/s.Brahmayya & Co., Chartered Accountants, Hyderabad (ICAI Registration No. 000513S) who retire at the conclusion of this Annual General Meeting (AGM), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to till the conclusion of the third consecutive Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors."

SPECIAL BUSINESS:

5. To consider and if though it, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr. B.R Mahesh (DIN 00810019), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 30th September, 2014 to 29th September, 2019."

6. To consider and if though it, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr.R.Mohan Reddy (DIN 00841038), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 30th September, 2014 to 29th September, 2019"



7. To consider and if though it, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr.M.Hariprasada Rao (DIN 02797630), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 30th September, 2014 to 29th September, 2019

8. To consider and if though it, to pass with or without modification(s), the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Section 196,197,198, 203 and other applicable provisions, if any of the Companies act, 2013 read with schedule V and rules made thereunder as amended from time to time, consent of the Members be and is hereby accorded for re-appointment of Mr. K.Krishna Swamy (DIN 00840887) as the Wholetime Director of the Company for a further period of 3 years with effect from 1st October, 2014 to 30th September, 2017 on the following terms and conditions:

1. Salary 55,000/- per month.

“FURTHER RESOLVED THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. K.Krishna Swamy be paid the above remuneration as minimum remuneration 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.”

“FURTHER RESOLVED THAT so long as Mr. K.Krishna Swamy 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 any Committee thereof.”

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

9. To consider and if though it, to pass with or without modification(s), the following resolution as a Special Resolution.

“RESOLVED THAT Pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or amendments thereof) and Rules made there under, consent of the Shareholders be and is hereby accorded to the Board of Directors and its Committee(s), to mortgage or create charge on all or any of the immovable and movable properties (including pledge of securities held in subsidiaries/ associates) of the Company, its subsidiaries and associates where so ever situated, present and future, and /or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank(s) or Financial Institution(s) situated within or outside India (hereinafter referred to as “the Lenders”) to secure repayment of loans/borrowings not exceeding Rs. 100 crores (Rupees One Hundred Crores) lend, advanced or agreed to lend and advanced by the lender(s) to the Company either jointly or severally or in any other combination thereof, as the case may be, in terms of the loan agreement(s), entered into/ to be entered into by the Company with each of the lenders for the purpose of implementation of the project(s) of the Company.

10. To consider and if though it, to pass with or without modification(s), the following resolution as a Special Resolution.

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the 27th Annual General Meeting held on 30th September, 2011 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modifications or amendments thereof), consent of the shareholders be and is hereby accorded to the Board of Directors and its Committee(s) to borrow any sum or sums of money, from time to time, not exceeding at any time, a sum of Rs. 100 Crores (Rupees Hundred Crores Only) for the purpose of business of the Company notwithstanding, that such borrowing(s), together with the monies already borrowed by the Company (apart from temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose

11. 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 all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the appointment of M/s. DZR & Co., as Cost Auditors made by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, and also to ratify the remuneration of Rs 50,000/- as audit fee plus the service tax and out of pocket expenses shall be paid on actuals as fixed by the Board of Directors of the Company.”

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

By Order of the Board
For LOKESH MACHINES LIMITED

Place: Hyderabad
Date: August 14, 2014

D.Raghavendra Rao
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 /Herself 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. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed hereto in respect of business set out under item's no's 5 -11.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **September 25, 2014 to September 30, 2014**, both days inclusive, on account of the Annual General Meeting and payment of dividend.
5. Under Section 205A of the erstwhile Companies Act, 1956, read with Rule 3 of the Investor Education and Protection fund (Uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012 the amount of unpaid or unclaimed amounts 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. The Company had, accordingly, transferred Rs. 1,89,000/- unclaimed share application money pertaining to the IPO made in April, 2006 and Rs. 27,415/- unclaimed and unpaid interim dividend for the year 2006-07 respectively to the Investor Education and Protection Fund of the Central Government.
6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars viz. M/s. Karvy Computershare Private Limited, Plot No. 17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.
7. 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 2014-15.
8. 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.
9. 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.
10. Members are requested to bring the duly filled attendance slip along with their copy of the annual report to the meeting.
11. Relevant documents and registers will be available for inspection by the members at the registered office of the company.
12. 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.

13. 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.

14. The annual report for 2013-14 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 2013-14 are being sent by the permitted mode.

15. In terms of Section 108 of Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and as per the requirement of listing agreement with the stock exchanges, the Company is providing the facility to its members holding shares in physical or Dematerialized form as on the cut – off date, i.e August 22nd 2014 (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 24nd September, 2014 to 5 P.M. on 26th September, 2014.

16. E-voting shall not be allowed beyond 5 p.m on 26th September 2014. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 26th September,2014 may cast their vote electronically.
17. The Company has appointed Mr. S.Chidambaram, (Practicing Company Secretary), Hyderabad as Scrutinizers for conducting the e-voting process for the Annual General Meeting in a fair and transparent man.

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

- i) Open your web browser during the voting period and navigate to ‘<https://evoting.karvy.com>’
- ii) Enter the login credentials (i.e., user-id & password) mentioned on the enclosed Form. Your folio/ DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDI :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary IDFor Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Note/ via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii) Members can cast their vote online from 24th September @ 9.00 AM to 26th September 2014 @ 5.00 PM



- iv) After entering these details appropriately, click on "LOGIN".
- v) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) You need to login again with the new credentials.
- vii) On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- viii) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix) On the voting page, you will see Resolution Description and against the same the option 'FOR/ AGAINST/ABSTAIN' for voting .Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
- x) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed .If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL "and accordingly modify your vote.
- xi) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
Corporate/Institutional Members (corporate /FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to schid285@gmail.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate."

By Order of the Board
For LOKESH MACHINES LIMITED

Place: Hyderabad
Date: August 14, 2014

D.Raghavendra Rao
Company Secretary

Explanatory Statement

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

Item Nos. 5 to 7: Appointment of Independent Directors.

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement entered with the Stock Exchange, appointed Mr. B. R Mahesh, and Mr R. Mohan Reddy and M. Hariprasada Rao as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Companies Act, 2013 which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Mr. B. R Mahesh, and Mr R. Mohan Reddy and M. Hariprasada Rao nonexecutive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

A brief profile of the Independent Directors to be appointed is given below:

Mr. B. R Mahesh

B. R Mahesh is Practising Chartered Accountant (FCA) and 32 years of experience in the fields of finance, accounts, and taxation.

Names of Companies in which he is a Director.

1. SMINTAGE COMMUNICATIONS PRIVATE LIMITED
2. PL REALTORS PRIVATE LIMITED

Mr. R. Mohan Reddy

Mr R. Mohan Reddy is B.E. (Mechanical) and M.B.A. From Osmania University and 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.

Names of Companies in which he is a Director.

1. NELCAST LIMITED
2. M.L.R. MOTORS LIMITED
3. NC ENERGY LIMITED

M. Hariprasada Rao

Mr M. Hariprasada Rao MS (Power systems Engineering) From Illinois of Technology U.S.A and He Has held several Advisory Positions with international Atomic Agency and Gujarat State Electricity Board, Ministry of Power, Tamilnadu Government in Energy Problems and Board Member of Nuclear Power Board And he retires a Director of Nuclear Power Board,

He was a Founding Member of MHP Associates in Chennai and was the chairperson of Hindustan Magnetic Limited and no other directorships or committee memberships in any other company