



September 02, 2023

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

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

Scrip Code: 532740

Company Code: LOKESHMACH

Dear Sir/Madam,

Sub: Annual Report for the financial year 2022-23 pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Pursuant to regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015; we are enclosing herewith Annual Report for the financial year 2022-23.

The Annual Report for the financial year 2022-23 is being sent to all shareholders whose email IDs are registered with the Company/RTA/Depositories Participant and is also being made available on the Company's website at <https://www.lokeshmachines.com/>.

This is for your information and record.

Thanking You,

For Lokesh Machines Limited



Gurprit Singh
Company Secretary & Compliance Officer

Encl: a/a



CONSOLIDATING THE CORE.
ADVANCING THE NEW.

READ INSIDE

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For more investor-related information, please visit

<https://www.lokeshmachines.com/investment-center.php?key=annual-reports06-15-56>

Or, simply scan to view this report online





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INVESTOR INFORMATION

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|---|---|
| Market Capitalisation as on March 31 2023 | ₹ 19,686 Lakhs |
| CIN | L29219TG1983PLC004319 |
| BSE Code | 532740 |
| NSE Symbol | LOKESHMACH |
| Bloomberg Code | LOKM:IN |
| AGM Date | September 28, 2023 |
| AGM Mode | Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') |

Disclaimer

This document contains statements about expected future events and financials of Lokesh Machines Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this annual report.

CONSOLIDATING THE CORE. ADVANCING THE NEW.

A journey of four decades, starting with a humble beginning, traversing boundaries, transforming lives and evolving as one of the business leaders within the Indian manufacturing landscape. Surpassing acclaimed milestones, at Lokesh Machines Limited, we have charted a path of unparalleled success, emboldened by our vision and acumen, offering premium quality machine tools solutions including CNC machines, special purpose machines, and critical auto components.

Throughout our journey, we have embraced diversification and kept our Company attuned to the changing times, ensuring that we remain agile and adaptable. Excellence, innovation, and customer-centricity have been our guiding stars, while we stayed invested in consolidating the core by building upon our robust fundamentals. Serving a diverse range of sectors, including automotive, aerospace, and defence, among others, we have harnessed the power of innovation, scaling new heights with our focussed endeavours.

Moving ahead, we are cementing our position as the pioneer in the field, leveraging strategic collaborations to manufacture advanced tech-led products at an affordable cost for our customers. Our recent foray into the defence sector exemplifies our dedication to advancing the new opportunities and creating a flourishing future for all our stakeholders. Through every endeavour, we uphold the Government of India's emphasis on self-reliance, charting a trajectory that thrives with indigenous brilliance.

Celebrating the momentous occasion of our 40-year journey, we are filled with immense optimism for the future. We continue to focus on our core strengths and leverage them for future growth, aiming to make sustainable contributions to our customers' success. As we unfurl immense opportunities, we stay committed to our journey - drawing inspiration by consolidating the core and advancing the new thus, blending the wisdom of our foundation with the spirit of innovation.



OUR NUMBERS IN 2022-23

FINANCIALS

₹ **240.30** Cr.
Revenue [^]19.05%

₹ **32.73** Cr.
EBITDA [^]7.03%

₹ **9.67** Cr.
PAT [^]52.28%

₹ **158.97** Cr.
Net Worth [^]6.51%

3.95%
PAT Margin [^] 82 bps

NON-FINANCIALS

85%
Total Capacity Utilisation

₹ **38.20** Lakhs
Total Community Contribution

[^] y-o-y growth in 2022-23 over 2021-22

[↓] y-o-y degrowth in 2022-23 over 2021-22

STRENGTHENING BASE. SEIZING OPPORTUNITIES.

Amongst the leading manufacturers of high-precision critical machine tools, empowering industries with advanced machine technology

Incorporated in the year 1983, Lokesh Machines Limited (referred to as 'Lokesh Machines' or 'Our Company' or 'We' hereafter) is one of the trusted, innovation-led brands, offering advanced machine tools in domestic and global markets. Lokesh Machines operates from six state-of-the-art manufacturing facilities located in Hyderabad and Pune, delivering excellence with our sophisticated infrastructure, and cutting-edge technology.

Our Company's manufacturing portfolio includes a wide range of machine tools, including CNC lathes, vertical machining centres, horizontal machining centres, vertical turning centres, special purpose milling machines, line boring machines, and gun drilling machines, among others. Additionally, we are actively engaged in producing precision components for both automotive and non-automotive sectors, along with jigs and fixtures.

At Lokesh Machines, we are an ITAF 16949, ISO 14001, AS 9100 certified company accredited by M/s TUV Nord and M/s TUV SUD America. Our CNC machines have garnered significant recognition in the global market, finding their way to export markets such as Japan, Germany, Netherlands, Italy, Turkey, Russia, China, and Middle Eastern countries. In all our endeavours, we attach immense value to our dedicated and highly experienced workforce who shares our vision of delivering top-quality products to our customers. As we continue on the path of success, we stay focussed on strengthening our fundamentals, seizing every opportunity that comes our way, while contributing to India's growth story.





OUR ETHOS



MISSION

To champion high-quality and reliable products through manufacturing and machining services
By providing innovative and cost-effective solutions satisfying all stakeholders in a unique manner

ACCEPT CHALLENGE



We always attempt 'Dare to Do'. Our team is motivated to deliver challenges. We accept, create, and deliver to satisfaction of our customers.

CUSTOMER CENTRICITY



Our Customer relationship is built on transparency. We respond to demanding needs of our customers even against all odds creating value for both.



OUR CORE VALUES

CREATE UNIQUENESS



Our customers will experience our products and services as unique in the market place leading to long-term relationship.

ENTREPRENEURIAL MIND-SET



Our people are entrusted with freedom to experiment, drive initiatives, take decisions and innovate based on competency. We will continuously invest in building talent.

KEYFACTS

38+ Years

Industry Experience

6

Manufacturing Units

5,000+

Happy Clients

Pan-India

Presence

6+

Countries Where We Export

100+

Different Products

₹ 216.82 Cr.

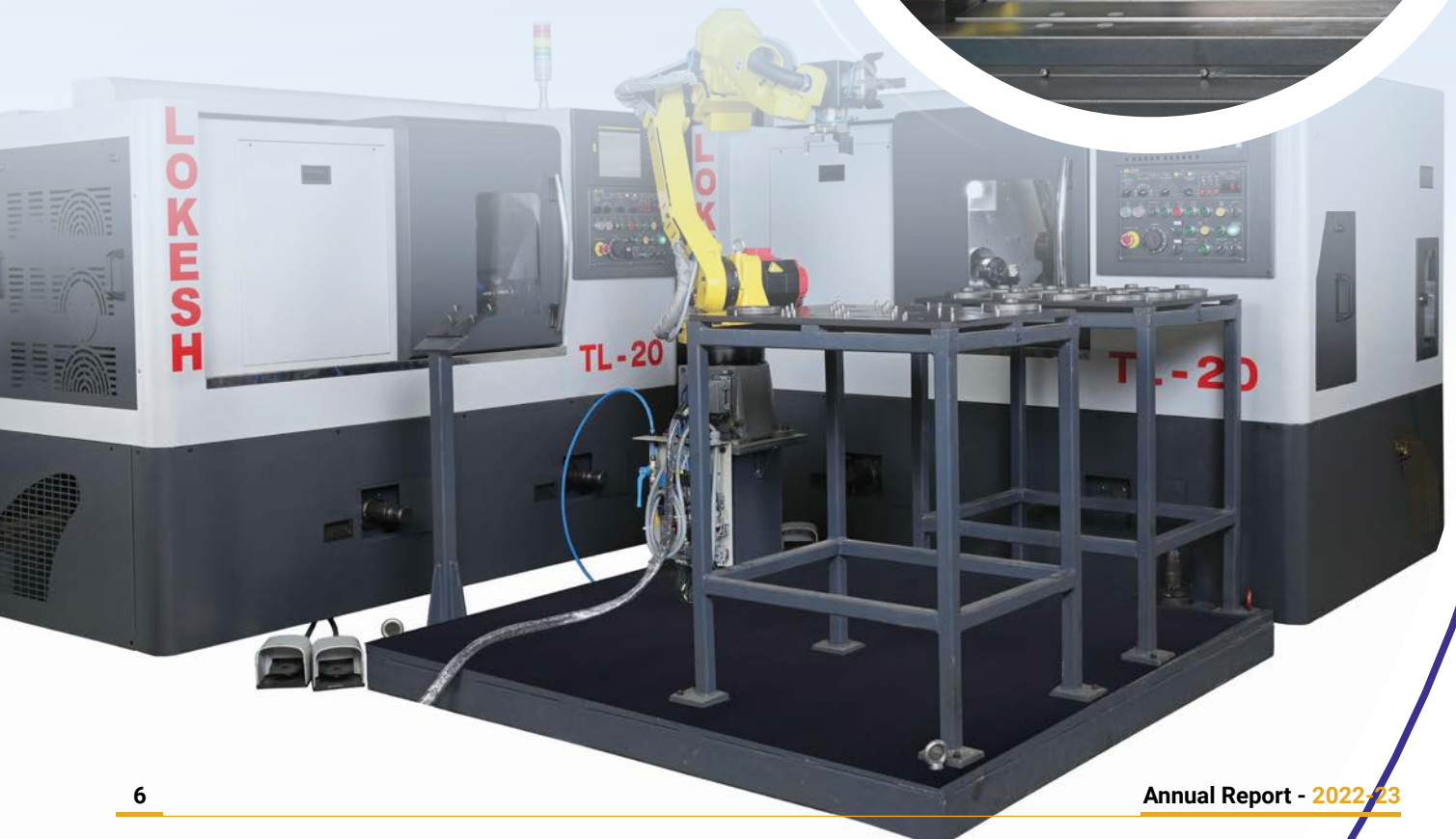
Order Book Position as on
March 31, 2023



PRODUCT PORTFOLIO

ADVANCING INNOVATION. CREATING EXCELLENCE.

At Lokesh Machines, our quest for innovation is unending, permeating through every facet of our operations. From exploring new product ideas to devising inventive strategies, our Company continually seeks opportunities to challenge convention and carve a niche for itself in the industry. We believe in treading the path of consistent growth, where no single product or division overshadows the rest, and the risks of over-reliance are minimised. With this philosophy at the helm, we present our dynamic product portfolio, a unique amalgamation of products par excellence.





MACHINE TOOL DIVISION

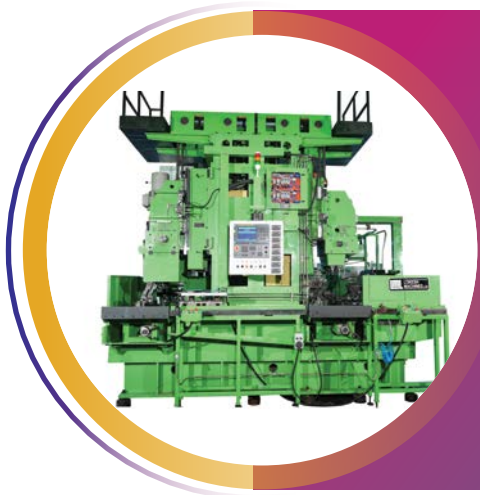
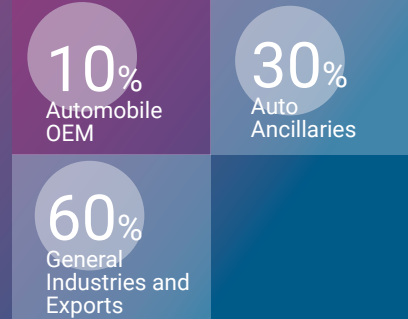


General Purpose Machines

PRODUCTS

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

APPLICATION INDUSTRIES

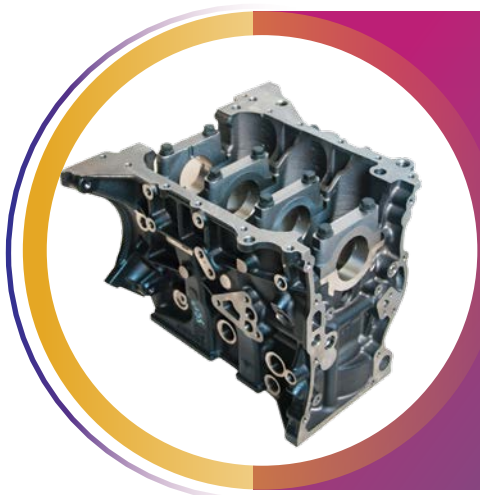


Special Purpose Machines

PRODUCTS

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

APPLICATION INDUSTRIES

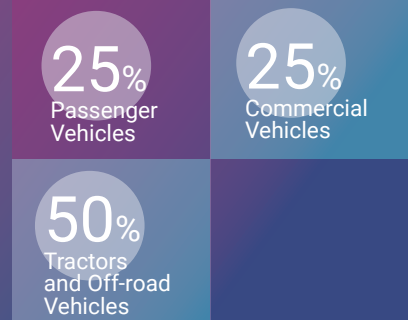


Auto Components Division

PRODUCTS

- Cylinder Blocks
- Cylinder Heads
- Connecting Rods

APPLICATION INDUSTRIES



Expertise behind Our Success

At Lokesh Machines, our dedication towards excellence is manifested through strategic associations with leading global players, allowing us to offer the best technology and cost-effective solutions for all their machining needs. We leverage our expertise that comes in the bouquet of following aspects:



Design and Development



Quality Assurance

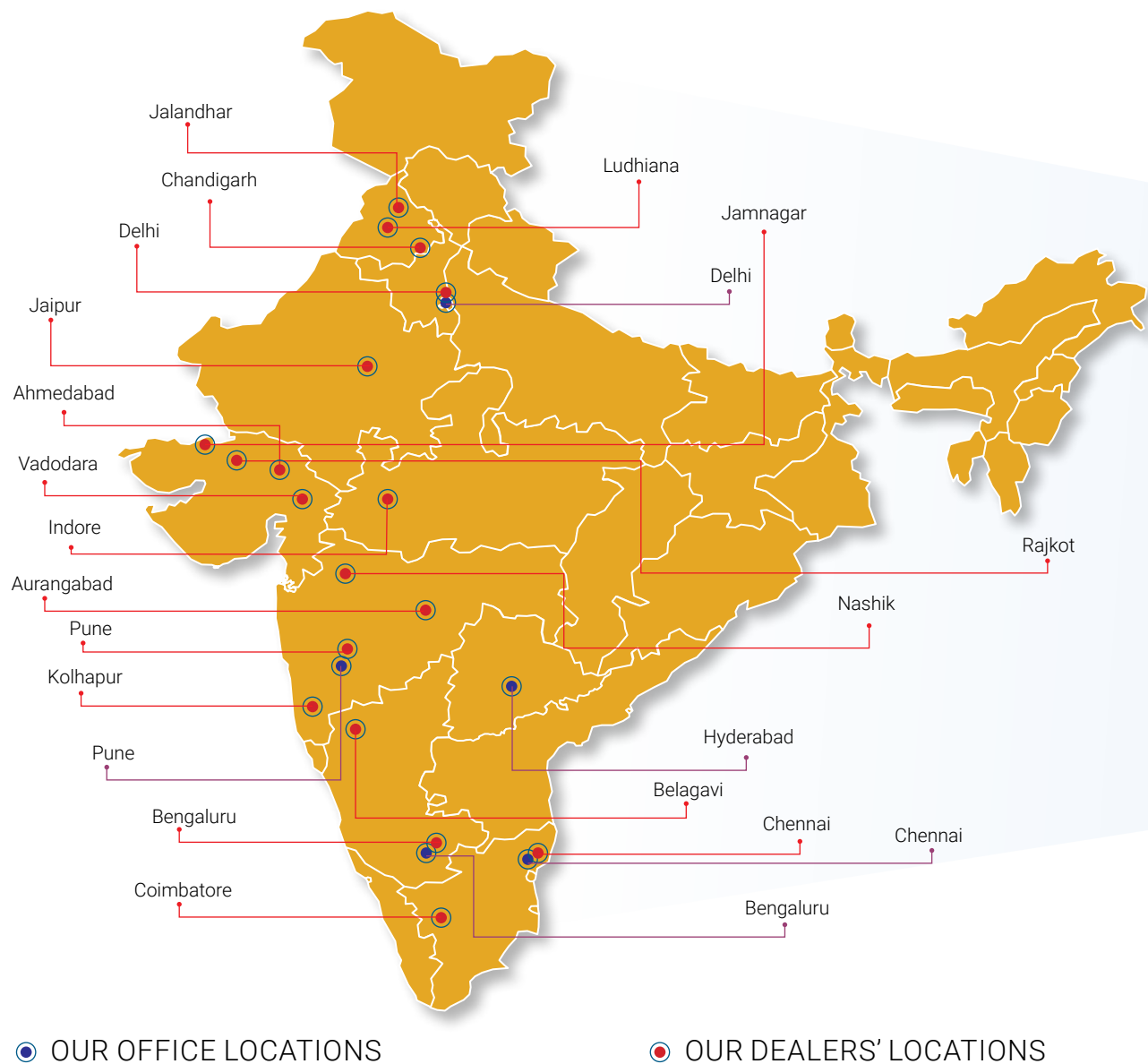


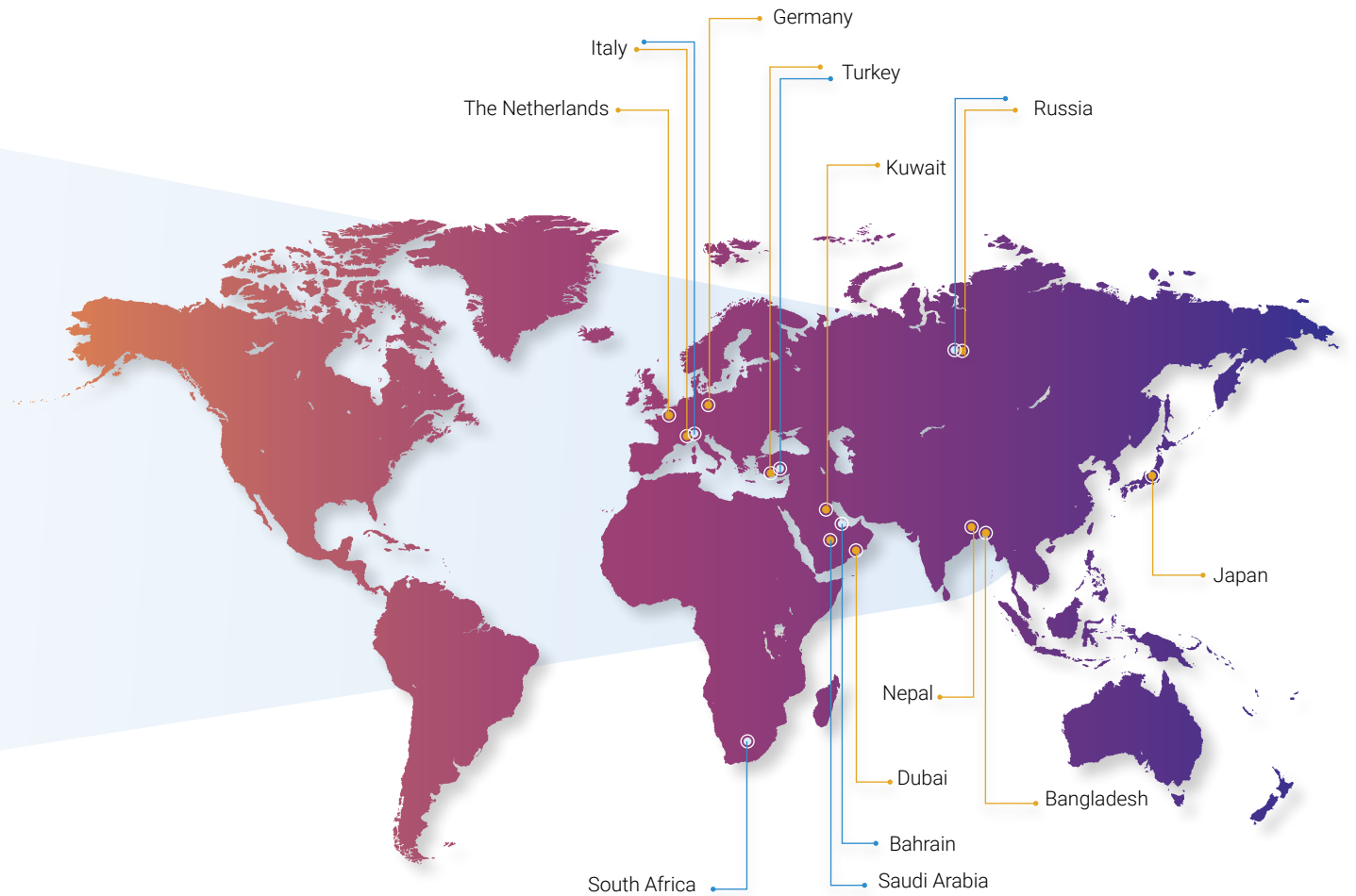
Manufacturing

OUR PRESENCE

LEVERAGING PRESENCE. BOOSTING PROSPECT.

At Lokesh Machines, we have established a strong foothold in both the Indian and global markets, with a formidable presence spanning various industries and geographies. Powered by our extensive network of distributors and strategic partnerships, we stay focussed to continuously boost our prospects through enhanced reach, adept innovation and customer-centric solutions.





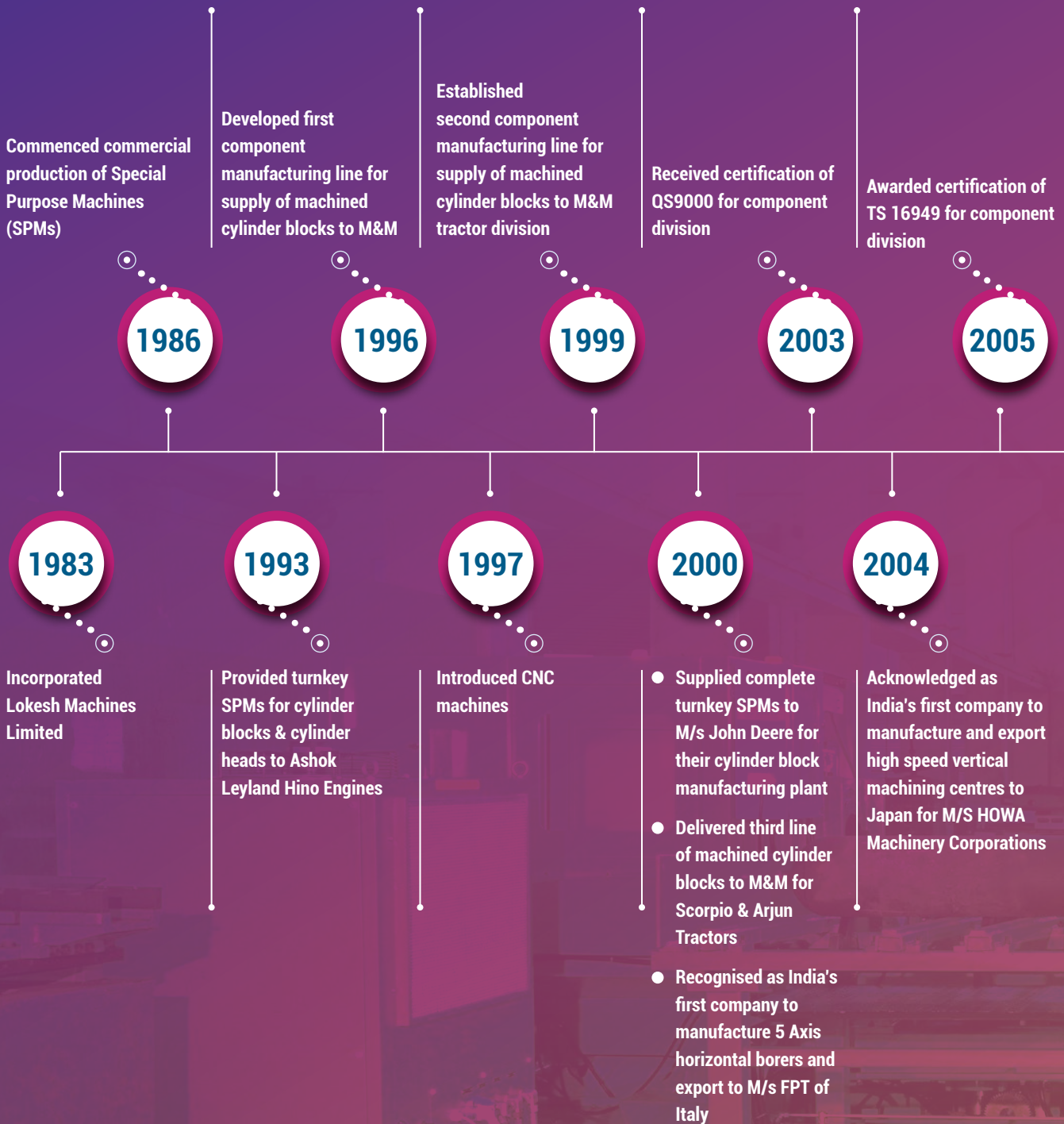
● OUR EXPORT LOCATIONS

○ OUR OVERSEAS DEALERS' OFFICE LOCATIONS

Disclaimer. This map is a generalised illustration only for the ease of the reader to understand the locations and is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its Directors, Officers or Employees cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.

MILESTONES

TRAVERSING 40 YEARS. EMBRACING SUCCESS.





CORE STRENGTH AND GROWTH STRATEGIES CONSOLIDATING OUR STRENGTHS. ADVANCING OUR STRATEGIES.

STRENGTHS



TECHNICAL COLLABORATION

At Lokesh Machines, we take pride in partnering with top-tier international players to deliver cutting-edge technology and affordable solutions that meet the evolving demands of our valued clients. We have a proven track record of working with industry giants such as M/s GROB, M/s HOWA Machinery Corporation, M/s Heller, M/s FPT, M/s Tong Tai and M/s EMCO to name a few.

These technical partnerships are a testament to our commitment to excellence and providing our customers with the very best in machining solutions.



STATE-OF-THE-ART MANUFACTURING FACILITIES

At Lokesh Machines, we deliver excellence through our six ultra-modern manufacturing units, strategically located in Hyderabad and Pune. These state-of-the-art facilities boast of the latest cutting-edge equipment, expertly curated by our team of seasoned professionals, who ensure that we consistently produce products that are a class apart.

Our facilities stand as an embodiment of innovation, precision, and quality. With our unfaltering attention to detail, we leverage the latest advancements in technology to deliver manufacturing solutions that set new benchmark in the industry.



ROBUST PRODUCT LINE

At Lokesh Machines, we are passionate at our core about engineering cutting-edge solutions that propel our clients to new heights of success. Our extensive range of high-quality products includes CNC lathes, vertical machining centres, horizontal machining centres, vertical turning centres, special purpose milling machines, line boring machines, and gun drilling machines, among others. Further, we manufacture precision components for both auto and non-auto sectors.

We capitalise on our ability to offer customised solutions to our esteemed clients, bolstering our position as their reliable partner. From jigs and fixtures to cutting-edge machine tools, our Company has the expertise to turn client's vision into a reality, offering unparalleled products and services.



EXPORT PRESENCE

At Lokesh Machines, our commitment to provide top-notch and efficient products has earned us a distinguished reputation among global clientele, particularly in the realm of CNC machines. Our machines have made their way to Japan, Germany, the Netherlands, Italy, Turkey, Russia, China, and numerous other Middle-Eastern nations, firmly establishing our strong presence in the international export market.



STRATEGIES

SOLID INVESTMENT IN QUALITY AND EXCELLENCE



We acknowledge that in order to continuously propel our progress and attain our goal, we need to significantly invest in our internal capabilities. In line with this, we have committed significant capex towards this year towards infrastructure up-gradation to maintain our standards of quality and track record of manufacturing world-class products.

FOCUS ON STRENGTHENING EXISTING AND EMERGING MARKETS



Our dealer network spans far and wide, covering major metropolitan areas across the length and breadth of India. Going forward, we look to deepen our roots in these locations and provide unmatched support to our valued dealers. To achieve this, we have established parallel marketing offices, boosting our efficiency and strengthening our ability to better serve those who serve us. Concurrently, we keep sharp focus on emerging opportunities to expand into new territories, propelling our growth on a stronger trajectory.

TRAIN WORKFORCE TO ATTAIN SUCCESS



We remain steadfast in our commitment to equip our workforce with the necessary expertise and proficiencies to meet the ever-changing needs of our clientele, both domestically and globally. To achieve this objective and align the workforce with our vision of success, we regularly organise training and development initiatives for all our staff, aimed at honing their skills and knowledge.

INNOVATE FOR A BETTER FUTURE



We uphold innovation and continuous upgradation of our product portfolio as a critical component of our business strategy. Our recent endeavours have yielded new products such as multi-axis lathes and turn mills, which are now being offered to both domestic and overseas customers, as well as refreshed VTLs and VMCs. In the current financial year, we plan to launch a renewed range of HMCs and High-Speed VMCs. With our commitment to innovation, we continue to lead the industry and deliver cutting-edge solutions that redefine machining performance.

MANAGING DIRECTOR'S COMMUNIQUE

ACCELERATING GROWTH. ADVANCING THE NEW.



As we continue to forge ahead, we are diligently strategising to enhance our capabilities and fortify our resolve to confidently confront future uncertainties and eventualities.



Dear Shareholders,

It is with great pleasure that we present to you our annual report for the financial year 2022-23, reflecting our performance and progress during the year and outlining our vision for future. Additionally, it fills us with immense joy to announce that we have reached a significant milestone, completing 40 years of dedicated service in our industry. On this momentous occasion, we thank all our valued customers, dealers, partners, Board of Directors and other stakeholders for bestowing their trust, and support upon us.

Economic Perspective

The year gone by unfolded against the backdrop of the global economy, navigating various obstacles, including multiple challenges and uncertainties stemming from the impact of a receding pandemic, Russia-Ukraine war, decade-high inflation, energy shortages, supply chain disruptions and tightening monetary policies in major parts of the world. Despite this global turmoil, India's economy exhibited remarkable strength, leveraging robust growth in retail consumption, and increased private sector spending. The Government's strategic focus on infrastructure development and the successful revival of the service sector further fortified the economy. Sustaining the momentum, India has continued to maintain its position as fastest-growing nation with a revised GDP growth of 7.2%. In the coming years, India is poised for a significant period of growth with comprehensive development across all sectors.

Industry Context

The machine tools market is expected to experience substantial growth due to several factors, including the rising demand for industrial automation, increased mass production requirements, and advancements in CNC machines and robotics. Notably, CNC machine tools hold the largest share in the automotive segment, primarily driven by the enhanced demand for passenger vehicles from OEMs. Moreover, the market's expansion is further fuelled by a growing emphasis on enhancing productivity and minimising downtime. The advent of Industry 4.0 is playing a pivotal role in driving digital transformation across the automotive industry, encompassing automotive OEMs, dealers, suppliers, and other stakeholders. This trend is positively impacting the demand for CNC machine tools, underscoring a promising future for the industry.

Standing Tall

At Lokesh Machines, we have consolidated our position as a leading player in the industry, adeptly addressing market needs in the ever-evolving business environment. Throughout our four decades of a successful journey, we have weathered more than five downturns, including the challenges posed by a devastating pandemic. As we continue to forge ahead, we are diligently strategising to enhance our capabilities and fortify our resolve to confidently confront future uncertainties and eventualities.

Major Highlights of 2022-23

Enhanced Market Presence: We strengthened our market presence in several geographies by inducting our in-house personnel who readily support the local dealers. The success of this approach has instilled confidence in us to expand this model to a wider base.

Increased Capacity: Key manufacturing and supply chain bottlenecks were identified, and significant progress was made in resolving some of them. Over the next few quarters, the remaining issues are expected to be addressed and resolved.

Next Generation Machines: We established partnerships with international technology companies to ensure our readiness for the next generation of product offerings, catering to both local and export markets.

Emerging Technologies: We also commenced work on cutting-edge technologies such as Metal 3D Printing, among others.

Diversification Strategy: We observed promising progress in our diversification plans. Notably, we even achieved significant breakthroughs in the defence segment, and in the upcoming years, we plan to bolstering our production to meet growing demand.

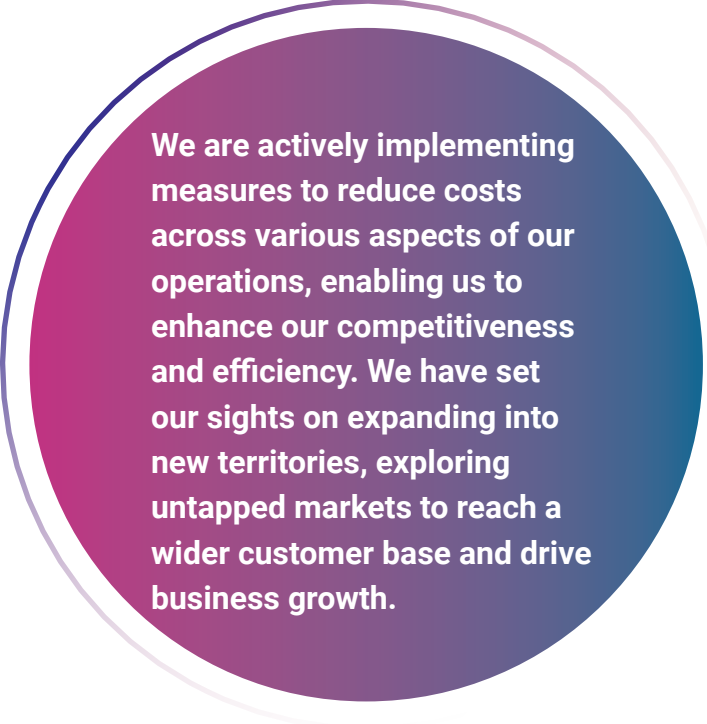
During the year under review, we expanded our operations by establishing a dedicated division for manufacturing defence and aerospace components. Additionally, we have been actively pursuing emerging opportunities in various sectors, including automotive, defence, aerospace, and agriculture. The export of engineering goods has experienced substantial growth, encompassing not only traditional automotive components but a diverse range of products sourced from India. As a result, there is a growing demand for engineering goods, and our engineering team is well-prepared with optimal manufacturing solutions to satisfy the demand.

In terms of product and geographical expansion, in India, we are strategically realigning our focus on specific industrial clusters, namely Coimbatore and Pune, where we previously lacked a strong presence. As a result of this refocussing, we are experiencing promising traction that aligns with our growth plan. We aim to replicate the successes achieved in these clusters in other major regions throughout the year. Concurrently, we are actively working to expand our footprint in a couple of overseas markets this year, strengthening our global presence.

On the product front, we undertook several updates to enhance our existing product offerings, which received positive feedback from our clients. Additionally, we made strategic decisions to discontinue a couple of products or streamlining their specifications to align with adjacent models. This move provides clients with greater flexibility and enables us to optimise our product range. The machining sector's stability within the MSME sector is evident as there is a consistent demand for high-value Special Purpose Machines (SPMs) from Tier-I companies. Our goal is to build on this foundation and take it a step further by providing next-level General Purpose Machines (GPMs) to meet the evolving needs of our clients.

Robust Performance

The year 2022-23 witnessed a robust performance in our financial profile. Revenue for the 2022-23 stood at ₹ 244.51 Cr. as compared to ₹ 202.66 Cr. in 2021-22 registering a surge of 20.65%. EBITDA for 2022-23 stood at ₹ 32.73 Cr. as compared to ₹ 30.58 Cr. in 2021-22 witnessing an uptick of 7.03%. Profit After Tax for 2022-23 stood at ₹ 9.67 Cr. as compared to ₹ 6.35 Cr. in 2021-22, a surge of 52.28%. The orderbook as on March 31, 2023 stands at ₹ 216.82 Cr. Going forward, the years are filled with exciting prospects and numerous opportunities, and this time, we are more prepared than ever to capitalise on them. With unmatched



We are actively implementing measures to reduce costs across various aspects of our operations, enabling us to enhance our competitiveness and efficiency. We have set our sights on expanding into new territories, exploring untapped markets to reach a wider customer base and drive business growth.

enthusiasm, Lokesh Machines is poised to ride the next wave of growth, playing a significant role in India's journey towards becoming a global manufacturing hub.

Integrating Technology Across Value Chain

It is worth mentioning that starting from last year, the majority of our mother machines have been upgraded with the latest generation machines. This modernisation process will persist until the middle of next year. This significant upgrade ensures that our needs are well taken care of for the next decade and beyond. In addition to this, we have ambitious plans to implement IoT (Internet of Things) and automation for all these new generation machines. To facilitate data automation, we have already implemented SAP S4 HANA, and we are actively working to further scale up its implementation.

Sustainability Focus

At the heart of our business values lies a strong commitment to sustainability, and we have established ambitious goals and targets for the future. Our sustainability roadmap is already underway, accompanied by a well-defined action plan to achieve water and carbon neutrality. Aligned with our sustainability objectives, we have been actively implementing operational excellence initiatives to reduce raw material consumption, optimise energy and



water usage, and minimise waste generation.

Strategic Priorities

We have five strategic priorities going forward for 2023-24. We are actively implementing measures to reduce costs across various aspects of our operations, enabling us to enhance our competitiveness and efficiency. We have set our sights on expanding into new territories, exploring untapped markets to reach a wider customer base and drive business growth. We are pursuing diversification strategies to venture into different industries or product lines, diversifying our business portfolio for long-term sustainability. We are dedicated to developing and enriching our product portfolios, introducing new and innovative offerings that meet the evolving needs of our customers. We recognise the importance of a competent and cohesive leadership team; therefore, we are investing in building a team of skilled professionals who will steer our Company towards continued success and growth.

Way Forward

As an engineering-intensive manufacturing company, our growth is closely tied to industrial growth cycles and capital expenditures (Capex). Instead of rapid expansions, we

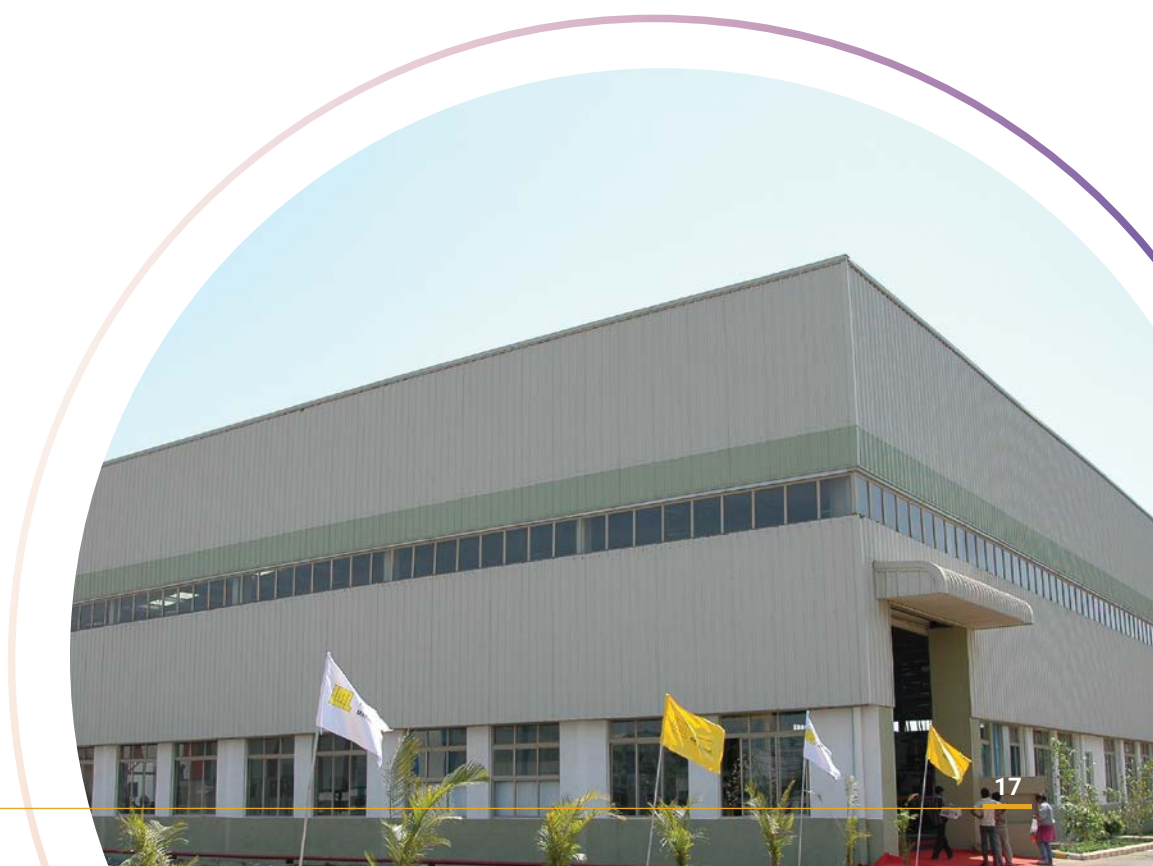
anticipate steady and measured growth in our machinery business. We have already made substantial investments to support this consistent growth trajectory. Furthermore, our diversification efforts are set to significantly accelerate growth in our other divisions, propelling our overall success in diverse markets. Moving forward, our topmost priority will be to maintain our focus on continuous innovation and seamless execution, as we envision a future that consolidates our core, while advancing new opportunities.

In Gratitude

In conclusion, I extend my sincere gratitude to all our stakeholders for their firm dedication, hard work, guidance, and unwavering trust in our endeavours. I eagerly look forward to our collective growth and success, collaborating hand-in-hand with each of you, as we strive to realise our shared vision of becoming a prominent global player in the machine tools industry. Together, we aim to leave a positive impact on the world, making it a better place for generations to come.

Sincerely,

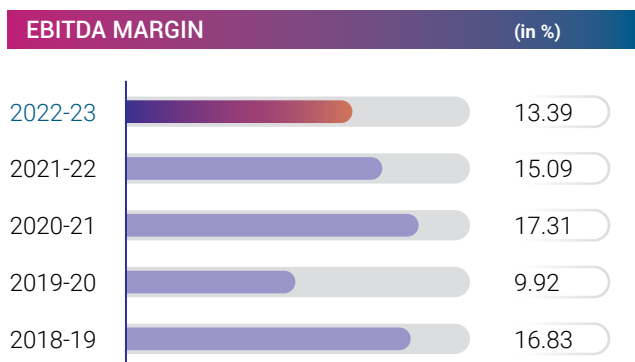
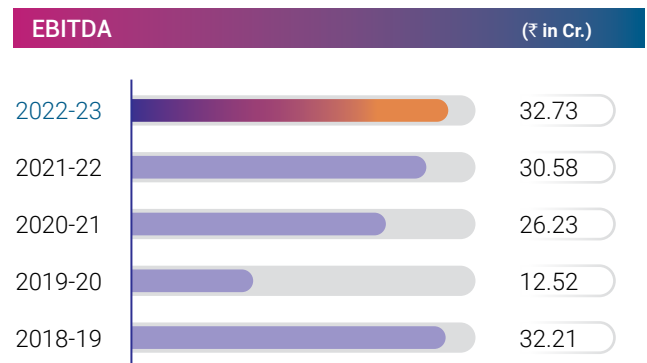
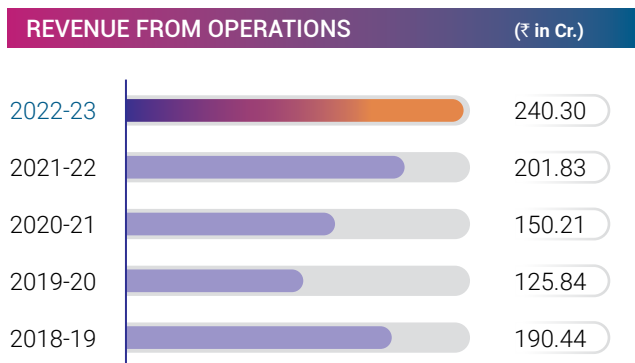
Mullapudi Lokeswara Rao
Managing Director



KEY PERFORMANCE INDICATORS

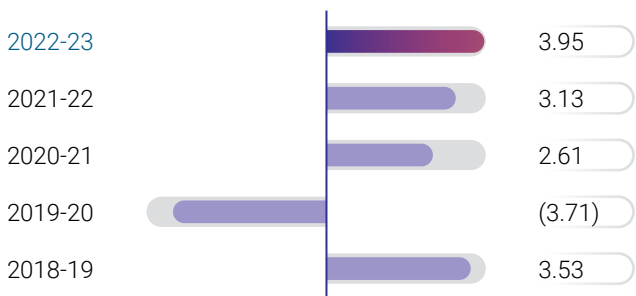
STRIKING PERFORMANCE. FLOURISHING POSSIBILITIES.

FINANCIAL



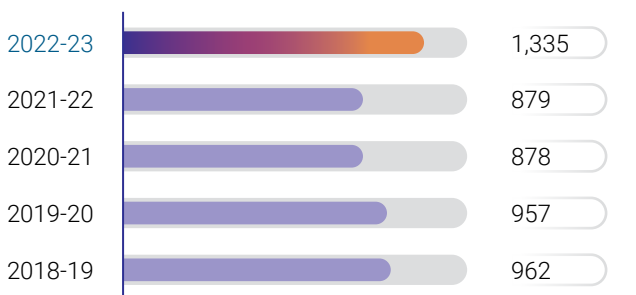


PROFIT AFTER TAX (PAT) MARGIN (In %)

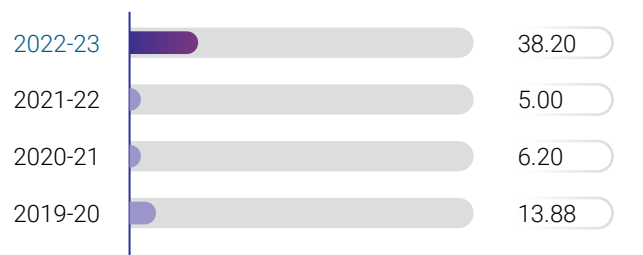


NON-FINANCIAL

EMPLOYEES (in No.s)



CSR SPEND (₹ in Lakhs)



ESG APPROACH

IMBIBING SUSTAINABILITY. EMPOWERING GROWTH.

At Lokesh Machines, at the core of our business philosophy lies the belief that true success is not measured solely by financial metrics. Rather, the transformative impact we create for all our stakeholders is the yard stick for us to measure success. To achieve this, we prioritise the integration of responsible business practices that enable us to drive positive change across all fronts. With a firm commitment to ESG principles, we strive to make a meaningful difference in the world and create a better tomorrow for all.



Environmental Responsibility

Our commitment to environmental sustainability is reflected in our continuous efforts to adopt greener practices and reduce our carbon footprint. Through a multitude of initiatives, we prioritise the conservation of precious resources such as water and power, concurrently striving to minimise landfill waste. These sustainability practices are closely monitored. Driven by our unyielding dedication, we have achieved significant strides towards a healthier planet, paving the way for a brighter and more sustainable future.





Key Initiatives during the Year

Our auto component division obtained certification for Environment, Health, and Safety, and we aim to extend this certification to our other divisions in the coming years

Our Pune unit hosted a sewage treatment plant (STP) that efficiently treats water, allowing for extensive recycling

We implemented significant controls in the usage of compressors, which tend to consume a lot of power

We actively engaged in tree plantation during the monsoons, to promote environmental conservation, and gradually increase our Green Cover

We are committed to doing our best to transform into net zero waste plants eventually

Key Initiatives during the Year



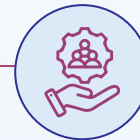
Focus on education and skill development



Contributions in the form of either monetary or supply of equipment

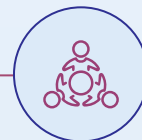
Social Responsibility

At Lokesh Machines, we understand that our influence on society reaches far beyond mere financial metrics. As a responsible corporate entity, we have made a commitment to prioritise social responsibility as a fundamental pillar of our business operations. We believe that by focussing on the well-being of our employees, clients, and the communities we operate in, we can create a more equitable and inclusive world. Through a variety of initiatives, we strive to make a positive social impact, champion diversity and inclusivity, and actively contribute to the betterment of society as a whole.



PEOPLE

At Lokesh Machines, our dedicated employees are the driving force behind our continued success. Demonstrating our deep attachment to our team, we stay resolute in our commitment to foster a safe, inclusive, and welcoming work environment for all. In the past year, we have placed a particular emphasis on prioritising the health and well-being of our employees, while ensuring uninterrupted business operations. Furthermore, we understand that investing in our employees' professional development is crucial to building a future-ready leadership pipeline. To this end, we have invested in various learning and development programmes designed to equip our employees with the skills and abilities necessary to excel in their roles and drive our business forward. Moving ahead, we continue to champion a culture of respect, diversity, and inclusivity across our organisation.



COMMUNITY

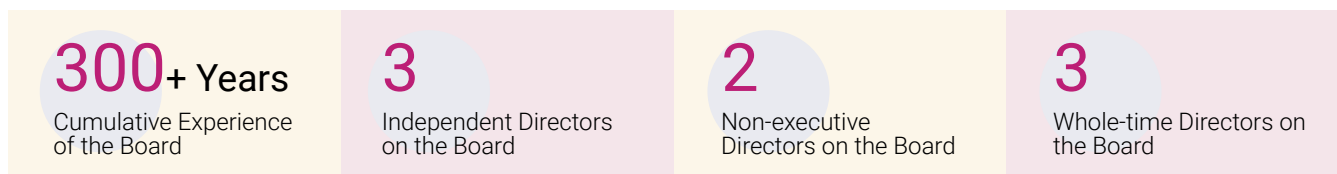
At Lokesh Machines, we uphold the importance of corporate responsibility and community upliftment. We prioritise neighbourhood development around our manufacturing facilities and collaborate with NGOs to provide financial assistance for critical initiatives, such as education and rural development with the aim of improving standard of living.



MEET THE BOARD

GUIDING ADVANCEMENTS. NAVIGATING TRANSFORMATION.

At Lokesh Machines Limited, we understand that strong governance is the cornerstone of sustainable business practices. We believe that robust governance frameworks are essential to ensuring transparency, accountability, and ethical conduct across our operations. In sync with this, we have implemented a comprehensive governance framework that adheres to the highest ethical standards, while securing the interests of all our stakeholders. Our governance structure is designed to foster a culture of compliance and responsible conduct. In our endeavour to ensure all round growth, we remain fully committed to upholding the principles of good governance across all facets of our organisation. As we continue to grow and evolve, we increasingly emphasise on the effectiveness of our governance practices as a critical aspect to guarantee our long-term success. Going forward, we remain dedicated to constantly improving and refining our approach.



Board of Directors



Mr. Mullapudi Lokeswara Rao

Managing Director

Mr. M. Lokeswara Rao, aged about 78 years, founded Lokesh Machines Limited, is a technocrat with more than 50 years of vast experience in the machine tools industry. He started his career with KCP Limited in 1965 and after a brief period joined Hindustan Machine Tools Limited (HMT) in 1966. While working at HMT for almost a decade, Mr. Rao obtained a methodical understanding and insight of the machine tools industry. The insights into the machine tools industry, supplemented with the entrepreneurial abilities, prompted Mr. Rao to start LML. Mr. Rao, with his sheer hard work coupled with managerial abilities, built a strong team and created unmatched facilities. Furthermore, Mr. Lokeswara Rao has been an active member of Indian Machine Tools Manufacturers' Association (IMTMA) for over a decade and served as a member of the Executive Committee for six years. He has also served as Chairman of the Regional Council (South) of IMTMA and was the President of the association. He was also the Vice President of the Auto Component Association in Hyderabad.

Audit Committee

- – Chairperson
- – Member

Stakeholders' Relationship Committee

- – Chairperson
- – Member

Nomination and Remuneration Committee

- – Chairperson
- – Member



Mr. B. Kishore Babu

Whole-time Director

Mr. B Kishore Babu is an engineer with more than 43 years of experience in the field of the machine tool industry. He has started his career with Hindustan Machine Tools (HMT) as trainee engineer and later joined Lokesh Machines Limited as a promoter. He has acquired all-round exposure and experience with various aspects of operations of our Company right from shop floor, designs, planning, production, assembly, purchase, and application engineering for the past 21 years. As an Executive Director of our Company, he is the operational head of SPM division.



Mr. M. Srinivas

Whole-time Director

Mr. M. Srinivas has more than 28 years' experience in the field of manufacturing. He holds a BE Degree in mechanical engineering from Bharathiar University and has a MS Degree in manufacturing engineering from USA. He has been with the Company since completion of his MS Degree and has been a Whole-time Director at Lokesh Machines Ltd. for the past 17 years. While his initial training was in the SPM Division of the Company, he is now overseeing the operations of the Auto Component Division and is also responsible for the new diversifications besides other administrative responsibilities.



Mr. M. Srikrishna

Whole-time Director

Mr. M. Srikrishna has more than 28 years of experience in the field of manufacturing. He holds a BE Degree in mechanical engineering from Osmania University, Hyderabad. He has been with the Company since completion of his BE Degree and has been a Whole-time Director at Lokesh Machines for the past 17 years. While his initial training was in the designs and manufacture of GPM Divisions of the Company, he is now overseeing the operations of the Computerised Numerical Control (CNC) machines division of Lokesh Machines Limited.



Mr. B. R. Mahesh

Independent Director

Mr. B. R. Mahesh has considerable experience in practice, with a three-decades-long standing in the profession. He has worked as a Partner & Associate of M/s Sastri & Shah, Chartered Accountants, Chennai and Hyderabad for a period of 12 years from 1976 to 1988. Currently he is working as a Senior Partner of M/s. Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad since 1988. He is involved in handling internal and statutory audits of various public & private sector organisations, management consultancy and systems designing for clients, company law matters & public issues, in addition to acting as voluntary liquidators. Apart from above, he has also handled various levels of tax representation matters and tax audits, project finance and funds structuring for clients, arbitration proceedings and general professional advisory matters, legal drafting of documents, including foreign collaboration agreements and a number of foreign assignments.



Mr. S. S. Raman

Independent Director

Mr. S. S. Raman is an engineer with PGD in production engineering. He is a Certified 'Executive CEO Coach' from CFI India, 1st batch. Mr. Raman is also a 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 over 37 years of experience in organisations such as TATA Motors, Birla Yamaha Limited, Whirlpool of India Limited, and TVS Electronics Limited. He retired as Managing Director of TVS Electronics Limited and was Executive Director at Whirlpool of India Limited. He has exposure of various areas including sales, marketing and service, beside core of manufacturing, technology and SCM, international business and alliance in global procurement.



Mr. D. Balaji

Independent Director

Mr. D. Balaji has over 34 years of experience in the field of manufacturing. He holds a B.E. degree in Mechanical Engineering from Anna University, Tamil Nadu. He has also attended the Executive MBA programme at XLRI, Jamshedpur, and the Global Senior Management Programme at INSEAD. He began his career with EXIDE Industries Limited as a Management Trainee and currently serves as the Vice President of Supply Chain (Asia Pacific) at Tupperware Brands Corporation.



Ms. M. Likhitha

Non-executive Director

Ms. M. Likhitha has completed her BE in Integrated 3+1 programme in mechanical engineering from PSG institute of Advanced Studies, Coimbatore, India and University of Hartford, Connecticut, USA. She has done her ME in mechanical engineering with manufacturing and management specialisation from University of Hartford, Connecticut, USA. She has relevant experiences in the field of mechanical engineering, manufacturing, and operational aspects of the industry.



Mr. K. Krishna Swamy

Non-executive Director

Mr. K. Krishna Swamy has more than 46 years of vast experience in design. He started his career with HMT during 1964 and after a long stint in all its divisions, became the Chief Engineer in-charge of its design department during 1978 to 1983 period. Mr. Krishna Swamy, during his stay at HMT received training under experts in the design field including Cross Company Inc., USA, and was then the collaborator of HMT. He has designed a number of machines notable among them being rotary indexing machines, linear transfer machines, and line boring machines, among others, based on his deep knowledge in designing custom-made machines.



CORPORATE INFORMATION

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

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

Ms. M. Likhitha

Member

Stakeholders' Relationship Committee

Mr. S. S. Raman

Chairperson

Mr. B. Kishore Babu

Member

Mr. M. Srikrishna

Member

Chief Financial Officer

Mr. V. Sudhakara Reddy

Company Secretary

Mr. Gurprit Singh

BANKERS

State Bank of India

Punjab National Bank

Indusind Bank Limited

STATUTORY AUDITORS

Brahamayya & Co.,

Chartered Accountants

403 & 404, Golden Green Apartments,

Irrum Manzil Colony, Hyderabad - 500 082

INTERNAL AUDITORS

M. V. Narayana Reddy & Co.

Chartered Accountants

Ameerpet, Hyderabad

Telangana, India

SECRETARIAL AUDITORS

L.D. Reddy & Co.

Company Secretaries

Flat No. 504, Afzal Commercial Complex,

Besides MMTS. Rly. Station

Hyderabad - 500 004, Telangana, India

REGISTRARS & TRANSFER AGENTS

KFin Technologies Limited

Selenium Building, Tower B.

Plot No. 31-32, Financial District, Nanakramaguda,

Serilingampally, Hyderabad - 500 008

Telangana, India

Phone:1800 3094 001

Email: einward.ris@kfinotech.com

REGISTERED OFFICE

B-29, EEIE, Stage II, Balanagar

Hyderabad - 500 037

Telangana, India

CIN: L29219TG1983PLC004319

WORKS

Temple Road, Bonthapally,

Medak District, Telangana, India

B-25 & 36, EEIE, Stage II, Balanagar

Hyderabad - 500 037, Telangana, India

Plot No 41, IDA, Balanagar

Hyderabad - 500037, Telangana, India

Ravalkol Village, Medchal Mandal

Rangareddy Dist, Telangana, India

Sy.No.148, Kallakal Village

Manoharabad Mandal, Medak District

Telangana India

Plot No. D-260/1, Ranjangaon Industrial Area

MIDC, Shirur, Pune, Maharashtra



BOARD'S REPORT

Dear Shareholders,

Your directors are pleased to present the 39th Annual Report of the Company along with the Audited financial Statements for the financial year ended March 31, 2023.

1. FINANCIAL RESULTS

| Particulars | (₹ in Lakhs) | |
|--|------------------|------------------|
| | 2022-23 | 2021-22 |
| Revenue from Operations | 24,030.24 | 20,183.76 |
| Other Income | 420.82 | 82.20 |
| Total Income | 24,451.06 | 20,265.95 |
| Total Expenses | 23,159.55 | 19,330.72 |
| Profit before Exceptional items & Taxes | 1,291.51 | 935.24 |
| Exceptional Item | 159.14 | - |
| Tax Expenses | | |
| Less: | | |
| (i) Current Tax | 287.89 | 156.11 |
| (ii) Provision for earlier tax | - | 25.30 |
| (iii) Deferred Tax | 195.41 | 119.23 |
| Profits/ (Loss) after Taxes | 967.35 | 634.60 |
| Other Comprehensive Income | 5.54 | (23.99) |
| Total Comprehensive Income | 972.89 | 610.61 |
| Earnings Per Equity Share: | | |
| Basic | 5.41 | 3.55 |
| Diluted | 5.41 | 3.55 |

2. PERFORMANCE REVIEW:

During the year, the total income increased approximately by 20.65 %.

During the financial year 2022-23, the Company recorded Revenue from Operations through Net Sales of ₹ 24,030.24/- Lakhs, compared to ₹ 20,183.76/- Lakhs in 2021-22, reflecting an increase of about 19.05%.

The overall increase in turnover and profit by the Company can be attributed to the focused approach of the Company's management in improving and achieving its targets of productivity, capacity utilisation and growth. The Company is consistently striving towards meeting its sales and profit targets, and your directors are confident that these objectives will be realised as planned.

3. DIVIDEND

Currently, your Company is prioritising its expansion plans, and all the profit is being reinvested back into the business with the focus on creating shareholders value. Therefore, your directors did not recommend any dividends for the financial year ended March 31, 2023.

4. TRANSFER TO GENERAL RESERVE

The Company does not propose to transfer any amount to General Reserve for the financial year 2022-23.

5. SHARE CAPITAL

The paid-up Equity Share Capital as on March 31, 2023, was ₹ 1,789.68 Lakhs.

6. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any Subsidiary, Associates or Joint Venture 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

During the year, Ms. Mullapudi Likhitha, a Non-Executive Director of the Company, is due to retire by rotation at the ensuing Annual General Meeting and is eligible to offer herself for re-appointment.

In accordance with the requirements of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the appointment of Mr. K Krishna Swamy, a Non-Executive Director, will be placed before the shareholders at the upcoming Annual General Meeting for continuation on the Board of the Company.

BOARD'S REPORT (Contd.)

As mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailed information and profiles of the director's seeking appointment and re-appointment are provided in the notice and explanatory statement of the 39th Annual General Meeting.

Mr. S.S. Raman was appointed as an Additional cum Independent Director at the board meeting held on August 11, 2022, and his appointment was subsequently confirmed by the shareholders at the 38th Annual General Meeting.

In the opinion of Board, Mr. Raman is a person of integrity and has more than 37 years of Experience in organisations 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.

Due to the untimely demise of Mr. R. Mohan Reddy on May 20, 2022, he ceased to serve as an Independent Director on the Board of the Company.

Mr. M. Lokeswara Rao, Managing Director; Mr. V. Sudhakara Reddy, Chief Financial Officer; and 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.

Independent Directors

The Independent Directors have fulfilled the criteria of Independence as defined under Section 149(6) of the Companies Act, 2013, 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, 2023, in accordance with Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This meeting was convened without the attendance of Non-Independent Directors.

The meeting was attended by Mr. B.R. Mahesh and Mr. S.S. Raman. Additionally, all directors of the Company have disclosed their interests to

the Company pursuant to Section 184(1) of the Companies Act, 2013.

9. BOARD MEETINGS

In the course of the year, a total of 6 meetings of the Board of Directors were convened. Comprehensive information regarding these meetings is provided in the Corporate Governance Report, which is enclosed with this report.

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

The Company adheres to the provisions outlined in Section 178(1) of the Companies Act, 2013, concerning the establishment of a Nomination and Remuneration Committee. As such, the Company has formulated a comprehensive policy that encompasses various aspects, including the appointment of Directors, remuneration for managerial roles, Director qualifications, their positive attributes, the assessment of Director independence, and other pertinent subjects as stipulated by Section 178(3) of the Companies Act, 2013. This policy has been made accessible on the Company's website for reference <https://www.lokeshmachines.com/investment-center.php?key=policy>.

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) were appointed as Statutory Auditors of the Company at the 38th Annual General Meeting for a term of five years i.e., from conclusion of 38th Annual General Meeting till the conclusion of 43rd 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.



BOARD'S REPORT (Contd.)

The Statutory Auditors have not made any reservations, or unfavorable observations concerning disclosures in their report. Furthermore, no instances of fraudulent activities have been reported by the Auditors to the Company's Audit Committee during the reviewed year.

b) Cost Auditors:

The Board, during its meeting on May 26, 2023, has appointed M/s Naval & Associates, Cost Accountants (Firm Registration: 002319), to perform the audit of cost records for various segments of the Company for the fiscal year 2023-24, based on the recommendation of the Audit Committee.

In accordance with the provisions outlined in Section 148 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, a resolution has been prepared for presentation at the forthcoming Annual General Meeting (AGM) to seek ratification of the remuneration proposed for the aforementioned Cost Auditors.

c) Secretarial Auditors:

The Board, during its meeting held on May 26, 2022, appointed M/s. L.D. Reddy & Co., Practicing Company Secretaries, to conduct the Secretarial Audit of the Company for both the financial years 2022-23 and 2023-24. This appointment is in line with the requirements set out in Section 204 of the Companies Act, 2013, and Rule 9 thereof. The Secretarial Audit Report for the year 2022-23 has been included in this Report as **Annexure A**.

Furthermore, in accordance with regulation 24(A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, along with relevant circulars and guidelines issued under these regulations (referred to as "SEBI Listing Regulations"), the Company has undertaken an audit to ensure compliance with all applicable provisions of the SEBI Listing Regulations for the financial year 2022-23.

The Annual Secretarial Compliance Report, issued by Mr. L. Dhanamjay Reddy, Practising Company Secretary based in Hyderabad, has been duly submitted to the Stock Exchanges within the stipulated timeframe. A copy of this report has been attached as **Annexure A2** to this document.

12. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board, in its meeting on May 26, 2023, has appointed M/s M. V. Narayana Reddy & Co., Chartered

Accountants located in Ameerpet, Hyderabad, as the Internal Auditors for the Company. Their responsibility includes conducting the Internal Audit for the year ending on March 31, 2024.

The role of the Internal Auditors encompasses assessing the efficiency and effectiveness of the Company's systems and procedures. The Audit Committee plays a vital role in this process by approving and reviewing the internal audit report issued by the Internal Auditors.

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 & SUSTAINABILITY 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 & Sustainability Report is not applicable to your Company.

17. ANNUAL RETURN

The Annual Return of the Company filed by the Company is available on the Company's website and can be accessed at <https://www.lokeshmachines.com/investment-center.php?key=annual-returns06-16-01> and the Annual Return as on March 31, 2023 shall be uploaded on the website of the Company as & when filed with the Registrar of Companies, Hyderabad.

BOARD'S REPORT (Contd.)

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 D**.

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. During the year under review, the Company has not received any complaint from any women employees.

22. ANNUAL PERFORMANCE 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, 2023.

- 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, 2023, 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

A report on Corporate Governance including Auditor's Certificate on compliance with the requirements of Corporate Governance has been attached as **Annexure D**. The certificate on compliance of conditions of Corporate Governance is attached **Annexure D2**.



BOARD'S REPORT (Contd.)

26. CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Mr. L. Dhanamjaya Reddy, Practicing 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.

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, 2023, 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 B** 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 discussed as a part of Management Discussion and Analysis Report.

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.

BOARD'S REPORT (Contd.)

38. RELATED PARTY TRANSACTIONS:

Related party transactions entered during the financial year under review are disclosed in Note No.39 of the Financial Statements of the Company for the financial year ended March 31, 2023. 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.

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

Place: Hyderabad
Date: August 29, 2023

Sd/-
M. Srinivas
(Whole-time Director)

Sd/-
M. Lokeswara Rao
(Managing Director)



ANNEXURE A

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Period from April 01, 2022 to March 31, 2023

[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 Limited
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 Limited** (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 authorised representatives during the conduct of secretarial audit, we hereby report that in my opinion, the Company has, during the audit period from April 01, 2022 to March 31, 2023 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 01, 2022 to March 31, 2023 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. Payment of Gratuity Act,1972
 - xi. Employee's Compensation Act,1923
 - xii. The Payment of Bonus Act, 1965
 - xiii. Contract Labour (Regulation & Abolition) Act 1970
 - xiv. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
 - xv. Income Tax Act, 1961
 - xvi. GST Act and Rules made thereunder
 - xvii. The Insurance Act, 1938 [as amended by insurance (amendment) act, 2002]

ANNEXURE A (Contd.)

- xviii. The Factories Act, 1948 and rules made thereunder.
- xix. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- xx. 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 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 integrated return under The Factories Act, 1948 and other Labour Laws for the financial year ending March 31, 2022

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.



ANNEXURE A (Contd.)

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
UDIN: A013104E000875394

Date: August 28, 2023
Place: Hyderabad

Note: our report should be read along with the annexure

ANNEXURE A (CONTD.)

ANNEXURE

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

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
UDIN: A013104E000875394

Date: August 28, 2023
Place: Hyderabad



ANNEXURE A1

SECRETARIAL COMPLIANCE REPORT OF

M/s. LOKESH MACHINES LIMITED for the year ended March 31, 2023

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

- all the documents and records made available to us and explanation provided by M/s. LOKESH MACHINES LIMITED("the listed entity"),
- the filings/ submissions made by the listed entity to the Stock Exchanges,
- website of the listed entity; and
- all other document/filing and submissions etc.,

for the year ended March 31, 2023 ("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 audit period)**
 - Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (a) 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) | Regulation/ Circular No. | Deviations | Action Taken by | Type of Action | Details of Violation | Fine Amount | Observations/ Remarks of the Practicing Company Secretary | Management Response | Remarks |
|---------|---|--------------------------|------------|-----------------|----------------|----------------------|-------------|---|---------------------|---------|
| Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

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

| Sr. No. | Compliance Requirement (Regulations/ circulars/ guidelines including specific clause) | Regulation/ Circular No. | Deviations | Action Taken by | Type of Action | Details of Violation | Fine Amount | Observations/ Remarks of the Practicing Company Secretary | Management Response | Remarks |
|---------|---|--------------------------|------------|-----------------|----------------|----------------------|-------------|---|---------------------|---------|
| Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during audit period)**
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during audit period)**
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during 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 audit period)**
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- other applicable regulations and circulars/ guidelines issued thereunder;
- The reporting of clause 6(A) and 6(B) of the circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 issued by the Securities and Exchange Board of India on "Resignation of statutory auditors from listed entities and their material subsidiaries" is not applicable during the Review Period.
- According to NSE Circular No.NSE/CML/2023/21, BSE Circular No.20230316-14 dated March 16, 2023, and NSE Circular No.NSE/CML/2023/30, BSE Circular No.20230410-41 dated April 10, 2023 the additional affirmations are given in Annexure-1.

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

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

L. Dhanamjaya Reddy
(Proprietor)
CP. No.: 3752
M. No.:13104
UDIN: A013104E000307948

Place: Hyderabad
Date: May 15, 2023

ANNEXURE -1

ADDITIONAL AFFIRMATION

The Company has provided the following Additional Affirmations according to **NSE Circular No. NSE/CML/2023/21, BSE Circular No. 20230316-14 dated March 16, 2023, and NSE Circular No. NSE/CML/2023/30, BSE Circular No. 20230410-41 dated April 10, 2023:**

| Sr. No. | Particulars | Compliance status (Yes/No/NA) | Observations / Remarks by PCS* |
|---------|--|-------------------------------|--------------------------------|
| 1 | Secretarial Standards The compliances of the listed entity is in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI) | Yes | NA |
| 2 | Adoption and timely updation of the Policies: <ul style="list-style-type: none"> • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities • All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/ circulars/ guidelines issued by SEBI | Yes Yes | NA NA |
| 3 | Maintenance and disclosures on Website: <ul style="list-style-type: none"> • The Listed entity is maintaining a functional website • Timely dissemination of the documents/ information under a separate section on the website • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website | Yes Yes Yes | NA NA NA |
| 4 | Disqualification of Director: None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013 | Yes | NA |
| 5 | To examine details related to Subsidiaries of listed entities: <ul style="list-style-type: none"> (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries | NA NA | NA NA |
| 6 | Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015 | Yes | NA |
| 7 | Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations | Yes | NA |
| 8 | Related Party Transactions <ul style="list-style-type: none"> (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee | Yes NA | NA NA |
| 9 | Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder | Yes | NA |
| 10 | Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015 | Yes | NA |



ANNEXURE -1 (Contd.)

| Sr. No. | Particulars | Compliance status (Yes/No/NA) | Observations / Remarks by PCS* |
|---------|--|-------------------------------|--------------------------------|
| 11 | Actions taken by SEBI or Stock Exchange(s), if any: No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under | Yes | NA |
| 12 | Additional Non-compliances, if any: No any additional non-compliance observed for all SEBI regulation/ circular/ guidance note etc. | NA | NA |

*Observations/Remarks by PCS are mandatory if the Compliance status is provided as 'No' or 'NA'

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

L. Dhanamjaya Reddy
(Proprietor)

CP. No.: 3752

M. No.:13104

UDIN: A013104E000307948

Place: Hyderabad
Date: May 15, 2023

ANNEXURE B MANAGEMENT DISCUSSIONS AND ANALYSIS

ECONOMY OVERVIEW

Indian

The Indian economy has battled the four C's – Covid-19 pandemic, Conflict (geopolitical), Climate change, and Central bank actions. Notwithstanding these headwinds, the economy has demonstrated a fair degree of resilience. It is poised to register a growth rate of 7% in Gross Domestic Product (GDP) in 2023. However, despite several macroeconomic indicators directing towards sustained growth for the country, the economy is still vulnerable to global developments. Factors like geopolitical unrest in Ukraine, growing tensions between China and the West, supply chain disruptions, and rising commodity prices may dampen the outlook. The impact of these factors on the economy is evident from the increasing level of inflation. India's inflation rate moderated to 5.7% in December 2022, after reaching its peak of 7.8% in April 2022. India is anticipated to maintain its trajectory of economic expansion and become a USD 5 trillion economy by 2027. Structural improvements in the financial system, the ongoing pace of reforms, and policies that support a revival of the private sector pave the way for an improved medium-term growth outlook.

(Source: <https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2022/09/global-economic-outlook.pdf>)

Global

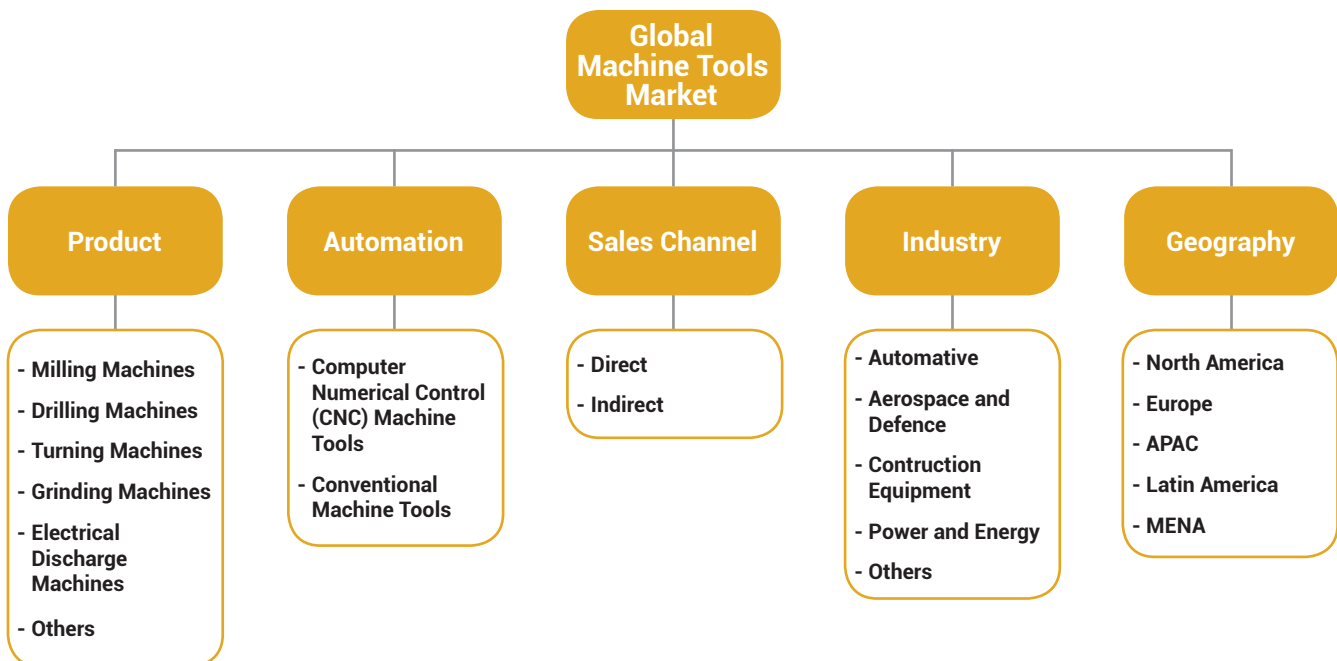
The global economy is expected to experience a slight downturn in 2023, resulting in a 2.9% downfall, according to the latest report of the International Monetary Fund (IMF). However, the outlook for 2024 is more positive, with a projected rise of 3.1%. This is an increase of 0.2 percentage points compared to the prediction, forecasted in the October 2022 World Economic Outlook (WEO). IMF projects the global growth to remain in the range of 2.6%-3.3% year-on-year for the next 5 years. Furthermore, energy and food prices have significantly dropped from their previous peaks. However, inflationary pressures are impacting households and businesses, alike. By tightening monetary policy more aggressively, central banks are increasing the likelihood of a recession in many economies. The earlier impacts on the labor supply and healthcare services are expected to persist, leading to a more constrained labor market. This is expected to impose further strain on public finances in the medium-term.

(Source: IMF World Economic Outlook Update January 2023)

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Market

The types of global machine tools market are segmented in-





Annexure B Management Discussions and Analysis (Contd.)

- 1) **Product:** Milling Machines, Drilling Machines, Turning Machines, Grinding Machines, Electrical Discharge Machines, and Other Product Types
- 2) **Automation:** Computer Numerical Control (CNC) Machine Tools, Conventional Machine Tools
- 3) **Sales Channel:** Direct, Indirect
- 4) **Industry:** Automotive, Aerospace and Defense, Construction Equipment, Power and Energy, Industrial, and Other Industries
- 5) **Geography:** North America, Europe, Asia- Pacific, Latin America, Middle East, and Africa.

The machine tools industry plays a vital role in producing fundamental machineries for a wide range of sectors such as automobiles, heavy electrical equipment, and defense. Its performance determines the competitiveness of these industries. However, the machine tools industry, along with other industries, is being disrupted by several factors. These include recent technological advancements including the integration of 3D-printing technology, the automation boom, coupled with innovations in machine tools, hardware and software, among others.

Advanced countries are currently transitioning from digitalisation and automation to collaborative and smart manufacturing in the machine tools industry. According to a report by Fact.MR (Source), the global market value for machine tools was USD 66.15 Bn in 2022. Going forward, it is projected to reach USD 107.75 Bn by 2032, registering a Compound Annual Growth Rate (CAGR) of 5% between 2022 and 2032.

(Source: <https://www.factmr.com/report/4348/machine-tools-market>)

Outlook

The future of the machine tools industry looks bright as there is a growing demand for high-quality products that depend on precise machining. This demand for precision is fuelling the growth of the machine tools industry and is expected to continue in the coming years. Besides, the need for enhanced mass production capabilities in end-user sectors, such as automobiles has prompted the automation of machines. The expansion of the manufacturing industry is also expected to drive the growth of the machine tools market in the future. A key trend, gaining traction in this market, is the emergence of new product innovations. To remain competitive in the machine tools industry, major companies have made it a top priority to invest in the development of cutting-edge products. (Source: <https://www.thebusinessresearchcompany.com/report/machine-tools-global-market-report>)

Indian Market

The Indian machine tools industry is one of the vital pillars of the industrial sector of Indian engineering. Machine tools are used to perform multiple operations like cutting, forming, drilling, grinding, and abrading. They are designed to reduce the manual efforts and increase the uniformity of the finished products. In India, there is a diverse range of machine tools available. This ranges from small workbench-mounted instruments to large devices, used across a wide range of industries, including automotive, aerospace, and electronics. Machine tools are extensively used in die moulding, part production, aerospace, shipbuilding, electricals and electronics, healthcare, and consumer durables. As per a report by the International Market Analysis Research and Consulting Group (IMARC Group), the size of Indian machine tools market has reached USD 1.4 Bn in 2022. It is expected to reach USD 2.5 Bn by 2028, exhibiting a CAGR of 9.4% during 2023-28.

The demand for machine tools in India is largely driven by the automobile and consumer durable industries. These industries are progressively embracing Computer Numerical Control (CNC) machines to improve their manufacturing processes. Given the importance of machine tools, the Indian Government has implemented several measures to foster its growth. These include upgrading technology and facilitating technological collaborations to manufacture high-end machine tools, among others. The 'Make in India' initiative introduced by the Government has identified automobile, auto component, biotechnology, defense, railways, and textile sectors for development. The machine tools industry is set to emerge as a key enabler in this journey as automobiles, auto-components, defence, and railways have been the primary users of machine tools. (Source: <https://www.imarcgroup.com/india-machine-tools-market>)

Outlook

The Indian machine tools industry is rapidly advancing and embracing innovative solutions. The surge in technology adoption in this industry is being driven by the user industries' demand for automation and enhanced productivity. The demand for machine tools is increasingly focused on designs that are more flexible and adaptable in order to seamlessly accommodate new products. Additionally, there is a call for advanced CNC controllers that can operate with precision and sophistication. To accommodate this upliftment, companies need to encourage R&D activities to cultivate and process the ideas of machine tools manufacturing. (Source: <https://www.theindustryoutlook.com/manufacturing/industry-experts/automation-in-machine-tool-manufacturing-nwid-711.html>)

Annexure B
Management Discussions and Analysis (Contd.)

OPPORTUNITIES

Growth Drivers

The Indian machine tools market is experiencing a boost from the growing emphasis on industrial automation, which is resulting in increased overall productivity and improved ergonomics. Additionally, the growth is being bolstered by an increase in the number of small and medium-sized enterprises (SMEs), along with stringent evaluation criteria for product quality. Machine tools' manufacturers have a significant opportunity to increase their sales in emerging markets, which are expected to experience faster growth than developed markets and offer substantial untapped potential.

Government Initiatives

The Indian Government has launched various initiatives such as 'Make in India' and 'Skill India' to encourage domestic manufacturing and enhance the skill set of the workforce. In addition, the industry has benefitted from Government's incentives, subsidies, and investments in R&D.

Automotive and Aerospace Industry

India's automotive and aerospace industries are experiencing rapid growth, leading to a surge in demand for machine tools. Opportunities have soared particularly in the field of high-precision and high-speed machining processes. India's emergence as a hub for low-cost manufacturing has further stimulated the demand for machine tools.

Increasing Exports

The Indian machine tools industry has been successful in capturing a significant share of the global market. Its export turnover accounts for a major part of the industry's revenue. Its expertise in producing cost-effective machine tools has made it a sought-after supplier to several countries worldwide.

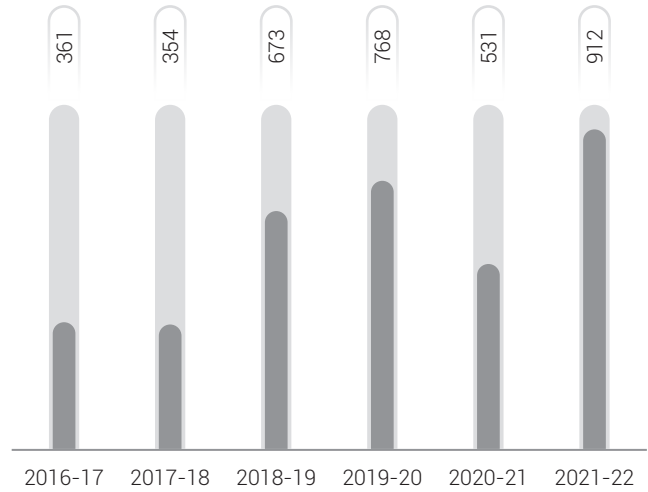
Rising Domestic Demand

The growth of India's manufacturing sector has led to an increase in the domestic demand for machine tools. The demand is being driven by sectors such as defence, railways, and power generation, which require high-quality and advanced machine tools.

Technological Advancements

The industry has been adopting new technologies such as automation, IoT, and Industry 4.0 to enhance the efficiency and productivity of its processes. The adoption of these technologies has helped the industry to offer a wider range of products and services to customers.

EXPORT STATISTICS OF INDIAN MACHINE TOOLS INDUSTRY (₹ IN CR.)



(Source: https://heavyindustries.gov.in/writereaddata/UploadFile/Heavy-Annual-Reports_Eng-Hindi-Web.pdf)

THREATS

Despite achieving strong growth in recent years, India's machine tools industry faces multiple challenges. The industry is experiencing a ripple effect from changing market dynamics and technological advancements. This is necessitating the manufacturers to adapt to the new environment.

Competition from Foreign Manufacturers

The Indian machine tools industry faces stiff competition from foreign manufacturers, particularly from China, Japan, and Germany. These countries have a long history of machine tools manufacturing and a strong technological edge over India.

Limited Access to Financing

The machine tools industry demands significant investments in R&D, manufacturing, and marketing. However, one of the major challenges faced by the Indian manufacturers in the machine tools industry is limited access to financing, which can hinder their ability to innovate and expand.

Lack of Skilled Labor

The machine tools industry requires skilled labor for design, development, and production. However, a significant challenge for the industry in India has emerged in the form of shortage of skilled labor, which is impeding the growth of the industry.



Annexure B Management Discussions and Analysis (Contd.)

Dependence on Imported Components

The Indian machine tools industry relies heavily on imported components, particularly precision tools, and cutting-edge technologies. This dependence exposes the industry to supply chain disruptions and price volatility.

Regulatory Challenges

The Indian machine tools industry faces regulatory challenges, particularly in terms of import regulations and taxes. These stringent regulations make it difficult for Indian manufacturers to compete with foreign manufacturers.

COMPANY OVERVIEW

Incorporated in 1983, Lokesh Machines Limited ('LML') started its commercial operations in 1985 in Hyderabad. The Company's forte lies in manufacturing machine tools and auto components. It specialises in the production of Finish Cam & Crank Boring, Finish Barrel Boring, and Finish Joint Faces Milling machines. Additionally, it offers niche products for the non-automotive sectors including the Agriculture and Farm Sector, Gas Turbine, Aerospace Sector, and Railways.

Lokesh Machines is a leading exporter of CNC machines from India and has established a strong presence in the global market. Its machines are exported to a number of countries including Russia, the Middle East, Italy, and Turkey. It has a well-established dealer network in South Africa, Russia, Italy, Turkey, and Bahrain to have close contact with its esteemed customers.

The Company has entered into a Memorandum of Understanding (MoU) with Advanced Manufacturing Technology Development Centre, IIT Madras. The objective is to develop new technologies and products that are currently being imported, thereby offering the latest technological features to customers, at an affordable cost.

During the financial year 2022-23, the Company has set up a new division for the manufacturing of Defence and Aerospace components in response to the Government of India's call for an 'Aatma Nirbhar Bharat.' The Company is owning more than 200 machines at their single or multiple locations, both in the automotive and non-automotive sectors.

Segment-wise Performance

Machine Tools Division

The Company has effectively managed the impact of rising commodity prices and supply chain disruptions. It has

subdued the impact on imported items, through a focused supply chain management approach and strict cost controls. Additionally, it has successfully expanded the promotion of its machines in the non-automotive sector. The Company expects this trend to be sustained in the future. Lokesh Machines is making consistent efforts to enhance its technological competencies, increase cost competitiveness, and expand its market reach.

Component Division

The Company possesses extensive experience in the automobile sector. It specialises in the production of auto components such as cylinder blocks, cylinder heads, and connecting rods. Despite experiencing a significant surge in demand, the Company effectively controlled costs and minimised investments by implementing well-established continuous improvement practices such as Kaizens.

Outlook

Machine Tools Division

Following a prolonged period of sluggish growth, the automotive industry is currently experiencing a substantial upswing. This is likely to be driven by an overall economic resurgence, the improvement of rural cash flows, and a growing demand for personal mobility. The introduction of schemes such as 'Production-Linked Incentives' and 'Vehicle Scrappage Policy' is expected to enhance the global competitiveness of the Indian automotive industry. To cater to the potential demand, the Company is expanding its manufacturing and marketing capabilities significantly. Also, the Company aims to tap into new opportunities, emerging from non-automotive industries. To fulfil this, the Company is upgrading its technology to global standards through strategic partnerships with leading European and South Asian firms.

Component Division

Lokesh Machines is rapidly increasing its production capacities to meet the rising demand. Additionally, the Company is leveraging its strong engineering capabilities, infrastructure, and well-established processes. It is also venturing into non-automotive sectors, as it is optimistic about making significant progress in the years to come.

**Annexure B
Management Discussions and Analysis (Contd.)**
FINANCIAL PERFORMANCE

In 2022-23, the Company achieved a significant increase in revenue from operations through sales, generating ₹ 24, 030.24 Lakhs compared to ₹ 20,183.76 Lakhs in 2021-22, resulting in a growth of approximately 19.05%. During 2022-23, the net profit after tax was ₹ 967.35 Lakhs as compared to a profit of ₹ 634.60 Lakhs in 2021-22.

Key Financial Ratios

| Particulars | Numerator | Denominator | 2022-23 | 2021-22 | % Variance | Reason for variance |
|--------------------------------------|--------------------|--------------------------|---------|---------|------------|-------------------------|
| (a) Current Ratio | Current Assets | Current Liabilities | 1.31 | 1.44 | 9% | Not significant |
| (b) Debt-Equity Ratio | Debt | Equity | 0.55 | 0.58 | 5% | Not significant |
| (c) Debt Service Coverage Ratio | EBITDA | Interest + Principal | 2.75 | 1.44 | 91% | Increase in EBITDA |
| (d) Return on Equity Ratio | PAT | Average equity | 1.56% | 1.08% | 45% | Increase in PAT & Sales |
| (e) Inventory turnover ratio | Cost of goods sold | Average Inventory | 1.30 | 1.10 | 18% | Increase in sales |
| (f) Trade Receivables turnover ratio | Net sales | Average trade receivable | 5.68 | 4.81 | 18% | Increase in sales |
| (g) Trade payables turnover ratio | Net Purchases | Average trade payable | 5.25 | 3.96 | 33% | Increase in purchases |
| (h) Net capital turnover ratio | Net sales | Working capital | 5.86 | 4.18 | 40% | Increase in sales |
| (i) Net profit ratio | PAT | Net sales | 4.03% | 3.14% | 28% | Increase in PAT & Sales |
| (j) Return on Capital employed | EBIT | Average capital employed | 9.86% | 8.87% | 11% | Increase in EBIT |
| (k) Return on investment | PAT | Average equity | NA | NA | | |

RISKS AND CONCERNS

The machine tools industry is highly susceptible to fluctuations in global economic conditions. There is a direct correlation between machine tools sales and expenditures in the manufacturing industry. Hence, a downturn in the global economy is expected to result in a decrease in revenue for the machine tools industry. The industry is highly competitive, with numerous players vying for market share. The entry of new players, especially those from low-cost manufacturing regions, are set to intensify competition, putting pressure on prices and margins.

Furthermore, the machine tools sector is heavily influenced by trends in the automotive industry, as this sector is a major user and adopter of machinery. The cyclical nature of the automobile sector also influences the demand for machine tools, in turn, impacting the Company's order book. In addition, the machine tools industry relies on skilled labor for designing, manufacturing, and maintenance. A shortage of skilled labor can impact productivity and increase labor costs.

Lokesh Machines is focusing on export orders and non-automotive business to mitigate risks. This approach of the

Company has yielded positive results so far. Furthermore, it has implemented effective risk management strategies by identifying and prioritising risks. The Company has streamlined measures to lighten risk, along with regularly monitoring and reviewing their effectiveness. Careful monitoring and judicious caution, along with cutting-edge innovation, is to help maintain its margins.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Lokesh Machines 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. This also includes statutory compliances - based on an annual audit plan - chalked out in consultation with the Audit Committee. They report their observations and recommendations to the Audit Committee of the Board of Directors, which includes two non-executive Independent Directors. The Audit Committee reviews the audit observations and follows up on the implementation of the suggestions and remedial measures. It also recommends increased scope of coverage, wherever necessary.



Annexure B Management Discussions and Analysis (Contd.)

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Lokesh Machines places great importance on its employees and regards them as its most valuable resource. The Company strives to establish a positive work environment to foster innovation and professional growth. Additionally, the Company invests heavily in training its employees, equipping them with the latest technology to ensure they are proficient in their roles. Lokesh Machines has achieved efficient and cost-effective production by incorporating technological

advancements into its production process, which is a key ingredient in its long-term success. The Company boasts a robust workforce of 526 as on March 31, 2023.

CAUTIONARY STATEMENT

Statements in the Management's Discussions and Analysis report describing the Company's objectives, projections, or predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied.

ANNEXURE C

CORPORATE SOCIAL RESPONSIBILITY REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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 organisation which maximises 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 Education, Rural development, reducing inequalities faced by backward classes 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, 2023)

| Sl. 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. | B.R. Mahesh | Non-Executive Independent Director/ Chairperson | 1 | 1 |
| 2. | S.S. Raman | Non-Executive Independent Director/Member | 1 | 0 |
| 3. | M. Lokeswara Rao | Managing Director/Member | 1 | 1 |
| 4. | M. Srinivas | Whole-time Director/Member | 1 | 1 |
| 5. | M. Srikrishna | Whole-time Director / Member | 1 | 1 |
| 6. | M. Likhitha | Non-Executive Director/Member | 1 | 1 |

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 CSR Policy and CSR projects | https://www.lokeshmachines.com/investment-center.php?key=csr |
|---|---|

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. | (a) Average Net Profit of the Company as per Section 135(5) of Companies Act, 2013 | 2,21,51,667.00 |
| | (b) 2% of Average Net Profit of the last three financial years | 4,43,033.00 |
| | (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years | 0.00 |
| | (d) Amount required to be set off for the financial year, if any | 0.00 |
| | (e) Total CSR obligation for the financial year (7a+7b-7c.) | 4,43,033.00 |
| 6. | (a) CSR amount spent or unspent for the financial year (both Ongoing Project and other than Ongoing Project): | 38,20,886 |
| | (b) Amount spent in administrative overheads: NIL | |
| | (c) Amount spent on Impact Assessment, if applicable: NIL | |



ANNEXURE C
CORPORATE SOCIAL RESPONSIBILITY REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023 (Contd.)

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. **38,20,886**

(e) 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. |
| 38,20,886 | - | - | - | - | - |

(f) Excess amount for set-off, if any:

| S . No. | Particular | Amount (in ₹) |
|---------|---|---------------|
| (1) | (2) | (3) |
| (i) | Two percent of average net profit of the Company as per sub-section (5) of section 135 | 4,43,033.00 |
| (ii) | Total amount spent for the Financial Year | 38,20,886.00 |
| (iii) | Excess amount spent for the Financial Year [(ii)-(i)] | 33,73,853.00 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any | 0.00 |
| (v) | Amount available for set off in succeeding Financial Years [(iii)-(iv)] | 32,50,000 |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| 1 | 2 | 3 | 4 | 5 | 6 | | 7 | 8 |
|---------|-----------------------------|---|---|---|--|------------------|---|--------------------|
| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any | | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
| | | | | | Amount (in ₹) | Date of Transfer | | |
| 1 | FY-1 | - | - | - | - | - | - | - |
| 2 | FY-2 | - | - | - | - | - | - | - |
| 3 | FY-3 | - | - | - | - | - | - | - |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.

Not Applicable

Place: Hyderabad
Date: August 29, 2023

Sd/-
M. Lokeswara Rao
(Managing Director)

Sd/-
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 interests of all stakeholders by inculcating transparent business operations and fostering accountability from management to fulfill consistently high standards of corporate governance in all facets of the Company's operations.

The Company contemplates adopting and adhering to corporate governance practices while continuously focusing on raising the standards of corporate governance and upgrading its practices.

Your Company confirms its compliance with corporate governance, the details of which are given below:

II. Board of Directors

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.

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, Six Board Meetings were held on May 26, 2022, July 28, 2022, August 11, 2022, November 09, 2022, February 14, 2023, and March 20, 2023.

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, 2023, are as follows:

| Name of the Director | Designation & Category | Attendance Particulars | | | No of other Directorships and Committee memberships / Chairmanships held (Only in Listed and Unlisted Public Companies) | | |
|-----------------------------------|---|--|----------|----------|---|--|--|
| | | Board Meetings during his Directorship | | Last AGM | Other Directorships | Committee memberships including this Company (Audit & Stakeholder Committee) | Committee Chairmanships including this Company (Audit & Stakeholder Committee) |
| | | Held | Attended | | | | |
| M. Lokeswara Rao DIN :00989447 | Managing Director and Promoter Executive Director | 6 | 6 | Yes | 1 | - | - |
| B. Kishore Babu DIN: 00840630 | Promoter-Executive Director | 6 | 3 | Yes | 1 | 2 | - |
| M. Srinivas DIN: 00917565 | Promoter-Executive Director | 6 | 5 | Yes | 1 | 1 | - |
| M. Srikrishna DIN: 00841388 | Promoter-Executive Director | 6 | 4 | Yes | - | 1 | - |
| K. Krishna Swamy DIN: 00840887 | Promoter, Non-Executive Director | 6 | 1 | Yes | - | - | - |
| B. R. Mahesh DIN :00810019 | Independent Non-Executive Director | 6 | 6 | Yes | - | 1 | 1 |
| S.S. Raman DIN: 00214782 | Independent Non- Executive Director | 3 | 3 | Yes | - | 2 | 1 |
| D. Balaji DIN: 01872392 | Independent Non-Executive Director | 6 | 4 | Yes | - | - | - |
| M. Likhitha DIN: 08765043 | Promoter, Non-Executive Director | 6 | 6 | Yes | 1 | - | - |

Note:

- Mr. R. Mohan Reddy ceased to be an Independent Director on the Board of the Company due to his untimely demise on May 20, 2022, and had not attended any meeting during the financial year ended on March 31, 2023.
- Chairman of a Committee is also counted as a member of the committee.



ANNEXURE D REPORT ON CORPORATE GOVERNANCE (Contd.)

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 the chairman of more than five committees across all companies in which they are directors.

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 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:

| Areas/Fields | 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 Domestic and International automotive businesses. |
| 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.

Familiarisation programme:

The Company follows structural orientation and familiarisation 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 Familiarisation Programmes are available on the website of the Company at the following link: <https://www.lokeshmachines.com/investment-center.php?key=policy>

ANNEXURE D
REPORT ON CORPORATE GOVERNANCE (Contd.)

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 Swamy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 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. Chief Financial Officer, Internal and Statutory Auditors are invitees to this Committee.

As on March 31, 2023, the Committee comprises of:

| Sl. No. | Name of the Member | Designation |
|---------|--------------------|---|
| 1. | Mr. B. R. Mahesh | Chairman (Independent and Non-Executive Director) |
| 2. | Mr. S. S. Raman | Member (Independent and Non-Executive Director) |
| 3. | Mr. M. Srinivas | Member (Executive Director) |

Notes:

- Mr. Mr. R. Mohan Reddy ceased to be a member of the Committee w.e.f. May 20, 2022.
- Mr. D. Balaji was appointed as member of the Committee w.e.f. May 26, 2022 and further ceases to be a member of the Committee w.e.f. August 11, 2022.
- Mr. S.S. Raman was appointed as a member of the Committee w.e.f. August 11, 2022.

c) Meetings and attendance during the year

During the period under review four Audit Committee Meetings were held as follows: on May 26, 2022, August 11, 2022, November 09, 2022, and February 14, 2023. The gap between two Audit meetings was not more than 120 days.

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 | 4 | 4 |
| 2. | Mr. D. Balaji | 2 | 2 |
| 3. | Mr. S. S. Raman | 2 | 2 |
| 4. | Mr. M. Srinivas | 4 | 3 |

Note: Mr. D. Balaji was appointed as member of the Committee w.e.f. May 26, 2022 and further ceases to be a member of the Committee w.e.f. August 11, 2022.

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



ANNEXURE D REPORT ON CORPORATE GOVERNANCE (Contd.)

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 two Independent Directors and one Non-Exeutive Director as follows:

As on March 31, 2023, the Committee comprises of:

| Sl. No. | Name of the Member | Designation |
|---------|--------------------|---|
| 1. | Mr. S.S. Raman | Chairman (Independent and Non-Executive Director) |
| 2. | Ms. M. Likhitha | Member (Independent and Non-Executive Director) |
| 3. | Mr. B. R. Mahesh | Member (Independent and Non-Executive Director) |

Notes:

- Mr. D. Balaji was appointed as member of the Committee w.e.f. May 26, 2022 and further ceases to be a member of the Committee w.e.f. August 11, 2022.
- Mr. S.S. Raman was appointed as a member and Chairman of the Committee w.e.f. August 11, 2022.
- Ms. M. Likhitha was appointed as a member of the Committee w.e.f. May 26, 2022.
- Mr. R. Mohan Reddy ceased to be a Chairman of the Committee w.e.f. May 20, 2022 due to his untimely demise.

c) Meetings and attendance during the year

During the period under review, only one meeting of Nomination and remuneration committee was held on August 11, 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. D. Balaji | 1 | 1 |
| 2. | Mr. B. R. Mahesh | 1 | 1 |
| 3. | Mr. S.S. Raman | 0 | 0 |
| 4. | Ms. M. Likhitha | 1 | 1 |

Note: Mr. D. Balaji was appointed as member of the Committee w.e.f. May 26, 2022 and further ceases to be a member of the Committee w.e.f. August 11, 2022.

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:

| Name of the Director | Salary | Other Allowance | Commission | Total |
|---|--------|-----------------|------------|-------|
| Mr. M. Lokeswara Rao (Managing Director) | 12.00 | 0 | 0 | 12.00 |
| Mr. B. Kishore Babu Whole-time Director | 54.00 | 0 | 0 | 54.00 |
| Mr. M. Srinivas Whole-time Director | 78.00 | 0 | 0 | 78.00 |
| Mr. M. Srikrishna Whole-Time Director | 78.00 | 0 | 0 | 78.00 |

(In Lakhs)

**ANNEXURE D
REPORT ON CORPORATE GOVERNANCE (Contd.)**

f) Remuneration paid to Non-Executive Directors

At present, the Non-Executive Directors do not receive any remuneration. Furthermore, Non-Executive Independent Directors receive sitting fees for attending the meetings of the Board and Audit Committee thereof.

The details of sitting fees paid to all the Non-Executive Independent Directors for the year 2022-23 is given below:

| Name of Director | Sitting Fees paid (In Lakhs) |
|-------------------------|-------------------------------------|
| Mr. B. R. Mahesh | 0.60 |
| Mr. D. Balaji | 0.40 |
| Mr. S.S. Raman | 0.90 |

g) Shareholdings of Non-Executive Directors as on March 31, 2023:

Mr. B. R. Mahesh, Mr. S.S. Raman 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 well-qualified and have wide experience in the field of governance, business, industry, technology, 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 one Independent Directors and two Executive Directors:

As on March 31, 2023, the Committee comprises of:

| Sl. No. | Name of the Member | Designation |
|----------------|---------------------------|---|
| 1. | Mr. S.S. Raman | Chairman (Independent and Non-executive Director) |
| 2. | Mr. B Kishore Babu | Member (Executive Director) |
| 3. | Mr. M Srikrishna | Member (Executive Director) |

Notes:

1. Mr. Mr. R. Mohan Reddy ceased to be a Chairman of the Committee w.e.f. May 20, 2022.
2. Mr. D. Balaji was appointed as member of the Committee w.e.f. May 26, 2022 and further ceases to be a member of the Committee w.e.f. August 11, 2022.
3. Mr. S.S. Raman was appointed as a member and Chairman of the Committee w.e.f. August 11, 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 two Shareholders Grievance Committee Meetings was held on November 09, 2022, and February 14, 2023. 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. S. S. Raman | 2 | 2 |
| 2. | Mr. B. Kishore Babu | 2 | 2 |
| 3. | Mr. M. Srikrishna | 2 | 2 |

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.



ANNEXURE D REPORT ON CORPORATE GOVERNANCE (Contd.)

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, 2023 | 3 |
| 2. | Number of complaints not resolved to the satisfaction of shareholders | 0 |
| 3. | Number of pending complaints at the end of the year | 1 |

Note: During the financial year ended on March 31, 2023, the Company received three Stakeholders complaints. The Company has submitted necessary replies to the concerned persons and resolved two out of three complaints. The Company submitted its reply for the third complaint on May 08, 2023 and the matter is still pending before the concerned authority.

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.

As on March 31, 2023, 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. | ³ Ms. M. Likhitha | Member (Executive Director) |
| 6. | ⁴ Mr. S. S. Raman | Member (Independent and Non-executive Director) |

Notes:

1. Mr. Mr. R. Mohan Reddy ceased to be a Chairman of the Committee w.e.f. May 20, 2022.
2. Mr. B. Kishore Babu ceased to be a member of the Committee w.e.f. August 11, 2022.
3. Ms. M. Likhitha was appointed as a member of the Committee w.e.f. August 11, 2022.
4. Mr. S.S. Raman was appointed as a member of the Committee w.e.f. August 11, 2022.

During the period under review one Corporate Social Responsibility Committee Meeting was held on March 28, 2023. 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. M. Lokeswara Rao | 1 | 1 |
| 3. | Mr. S. S. Raman | 1 | 0 |
| 4. | Mr. M. Srinivas | 1 | 1 |
| 5. | Mr. M. Srikrishna | 1 | 1 |
| 6. | Ms. M. Likhitha | 1 | 1 |

Note: Ms. M. Likhitha was appointed as a member of the Committee w.e.f. August 11, 2022.

VII. General Body Meetings:

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

| Year | Type | Venue | Date | Time |
|---------|----------------------|---|--------------------|------------|
| 2019-20 | 36 th AGM | Through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") | September 28, 2020 | 11.00 A.M. |
| 2020-21 | 37 th AGM | Through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") | September 28, 2021 | 11.00 A.M. |
| 2021-22 | 38 th AGM | Through Video Conferencing ("VC")/Other Audio-Visual Means ("OAVM") | September 28, 2022 | 11.00 A.M. |

ANNEXURE D REPORT ON CORPORATE GOVERNANCE (Contd.)

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 |
|--------------------|-----------------------------------|---|
| September 28, 2022 | 4 | <ol style="list-style-type: none"> Adoption of Memorandum of Association as per the provisions of the Companies Act, 2013 Adoption of Articles of Association as per the provisions of the Companies Act, 2013 To Appoint of Mr. S. S. Raman (DIN: 00214782) as a Non-executive Independent Director Approval for Continuation of Mr. K. Krishna Swamy (DIN: 00840887) as Non- Executive Director of the Company. |
| September 28, 2021 | 6 | <ol style="list-style-type: none"> Re-appointment of Mr. M. Lokeswara Rao (DIN: 00989447) as Managing Director of the Company Re-appointment of Mr. B. Kishore Babu (DIN: 00840630) as a Whole time Director of the Company Re-appointment of Mr. M. Srinivas (DIN: 00917565) as a Whole time Director of the Company Re-appointment of Mr. M. Srikrishna (DIN: 00841388) as a Whole time Director of the Company Approval for Continuation of Mr. K. Krishna Swamy (DIN: 00840887) as Non- Executive Director of the Company Alteration in Object Clause of the Memorandum of Association of the Company |
| September 28, 2020 | 2 | <ol style="list-style-type: none"> Regularisation of Appointment of Ms. Likhitha as a Non-Executive Director (Non-Independent) of the Company Approval for Continuation of Mr. K. Krishna Swamy as Non-Executive Director of the Company |

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.

Procedure for Postal Ballot:

The procedure for Postal Ballot shall be as per the provisions contained in this behalf in the Companies Act, 2013 and Rules made there under, viz., Companies (Management and Administration) Rules, 2014 and any amendments thereof from time to time. Electronic voting facility has been provided to all members, to enable them to cast their votes electronically. The members had the option to vote either by physical ballot or e-voting.

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 note No. 39 of notes to the financial statements in the Annual Report. Also Related Party Transactions are approved by Audit Committee and then ratified by the Board in their duly convened meeting.



ANNEXURE D REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2022-23 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. | 2020-21 | Non-appointment of Woman Director on the board of the Company | 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 find 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. |
| 2. | 2021-22 | - | - | - |
| 3. | 2022-23 | - | - | - |

During the financial year 2022-23, 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 regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied. The Company has 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 prescribed under the Companies Act, 2013 read with rules made thereunder 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 2022-23, 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" as 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 victimisation 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

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 at <https://www.lokeshmachines.com/investment-center.php?key=policy>.

**ANNEXURE D
REPORT ON CORPORATE GOVERNANCE (Contd.)**

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, 2023. The same is attached as **Annexure D3**.

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

During the financial year 2022-23, 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 2022-23.

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 the financial year ended on March 31, 2023, the Company paid ₹ 5,00,000/- (Rupees Five Lakh Only) to its statutory auditor, as indicated in the financial statements. The fees paid to the Statutory Auditor of the Company have been included in the financial statements and are also a part of this report.

The Company has engaged an Independent Statutory Auditor for the purpose of conducting its audit. It is important to note that the Company operates as a single entity without any subsidiaries or associates. Therefore, there are no entities within a network firm or network entity of which the Statutory Auditor 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 (Telegu) 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- 500 037, Phone: (040) 23079310 /311/312 /313 Email: cosecy@lokeshmachines.com |
| Venue of Annual General Meeting | The 39 th AGM shall be held through Video Conferencing / Other Audio-Visual Means on September 28, 2023, at 11:00 A.M. |
| Financial Year | April 01 to March 31 |
| b. Financial Calendar (Tentative) | <ul style="list-style-type: none"> a) Annual General Meeting: On September 28, 2023 b) Results for the quarter ending June 30, 2023: 2nd Week of August 2023 c) Results for the quarter ending September 30, 2023: on or before 2nd Week of November 2023 d) Results for the quarter ending December 31, 2023: on or before 2nd Week of February 2024 e) Results for the Year ending March 31, 2024: on or before May 30, 2024 |

ANNEXURE D
REPORT ON CORPORATE GOVERNANCE (Contd.)

| | |
|--|---|
| c. Date of Book Closure (Both days inclusive) | September 22, 2023, to September 28, 2023 (Both days inclusive) |
| d. Listing on Stock Exchanges | <p>BSE Limited P.J. Towers, Dalal Street, Mumbai – 400001</p> <p>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.</p> |
| 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. Dematerialisation of shares and liquidity | <p>The Company's equity shares are available for dematerialisation on both the Depositories i.e.</p> <ol style="list-style-type: none"> National Securities Depository Limited Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013 Central Depository Services (India) Limited Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel, Mumbai 400013 <p>International Securities Identification Number (ISIN) allotted to the Company's scrip is ISIN: INE397H01017.</p> <p>99.99% of equity shares are held in dematerialised form as on March 31, 2023.</p> |
| h. Credit Rating | <p>During the year under review your Company has obtained the Credit Rating from CARE Ratings Limited which is as follows:</p> <p>Long-Term Rating: CARE BBB-; Stable (Triple B Minus; Outlook: Stable) Assigned.</p> <p>Short-Term Rating: CARE A3 (A Three) Assigned.</p> <p>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.</p> |
| i. Registered Office Address (for correspondence) | B-29, EEIE, Stage II, Balanagar, Hyderabad – 500 037 |
| j. Registrar and Share Transfer Agent's Contact Address | <p>KFin Technologies Limited Selenium Building, Tower B, Plot No.31& 32, 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 WhatsApp Number: (91) 910 009 4099 KPRISM (Mobile Application): https://kprism.kfintech.com/ KFINTECH Corporate Website: https://www.kfintech.com RTA Website: https://ris.kfintech.com Investor Support Centre (DIY Link): https://ris.kfintech.com/clientservices/isc Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.</p> |

ANNEXURE D
REPORT ON CORPORATE GOVERNANCE (Contd.)

| | |
|---|--|
| <p>k Share transfer system</p> | <p>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 dematerialised 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 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.</p> |
| <p>l Details of Compliance Officer</p> | <p>Gurprit Singh Company Secretary and Compliance Officer Lokesh Machines Limited B-29, EEIE Stage-II Balanagar, Hyderabad-500 037, Telangana, India. Phone: (040) 23079310 /11/12 /13 CIN: L29219TG1983PLC004319 cosecy@lokeshmachines.com</p> |
| <p>m Plant locations</p> | <ul style="list-style-type: none"> • Temple Road, Bonthapally, Medak District, Telangana • B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, Telangana • Plot No 41, IDA Balanagar, Hyderabad, Telangana • Ravalkol village, MedchalMandal, 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 continuous 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 dates when unclaimed dividend is due for transfer to IEPF.

| Sl. No. | Dividend for the Year | Due date for transfer to IEPF |
|---------|-----------------------|-------------------------------|
| 1. | 2013-14 | November 30, 2021 |
| 2. | 2014-15 | November 30, 2022 |
| 3. | 2015-16 | November 30, 2023 |

Corporate Ethics:

The Company adheres to high standards of business ethics, compliance with various statutory and legal requirements and commitment to transparency in business dealings.

The Company has adopted a code of conduct for fair disclosure of unpublished price sensitive information (UPSI) in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended) for prevention of insider trading by its promoter, management, staffs and directors. The code is applicable to all Promoters/promoter group, directors, designated employees and their dependents.



ANNEXURE D REPORT ON CORPORATE GOVERNANCE (Contd.)

The code lays down guidelines and procedures to be followed and also disclosures to be made by the Promoters/promoter group, directors, designated employees and their dependents 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 from Auditors or Company Secretary:

The Company has obtained a certificate confirming the compliance with the Conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is attached to this report as **Annexure D2**.

Distribution of shareholding with various categories as on March 31, 2023

| S. No | Category (Amount) | Total Cases | Total Cases % | Total Shares | Total Amount | Total Amount % |
|--------------|-------------------|---------------|---------------|--------------------|---------------------|----------------|
| 1 | 1-5000 | 14,814 | 86.37 | 16,92,798 | 1,69,27,980 | 9.46 |
| 2 | 5001- 10000 | 1,147 | 6.69 | 9,40,828 | 94,08,280 | 5.26 |
| 3 | 10001- 20000 | 545 | 3.18 | 8,21,912 | 82,19,120 | 4.59 |
| 4 | 20001- 30000 | 202 | 1.18 | 5,19,845 | 51,98,450 | 2.90 |
| 5 | 30001- 40000 | 106 | 0.62 | 3,84,280 | 38,42,800 | 2.15 |
| 6 | 40001- 50000 | 84 | 0.49 | 3,99,309 | 39,93,090 | 2.23 |
| 7 | 50001- 100000 | 128 | 0.75 | 9,20,704 | 92,07,040 | 5.14 |
| 8 | 100001& Above | 125 | 0.73 | 1,22,17,094 | 1,22,17,0940 | 68.26 |
| Total | | 17,151 | 100.00 | 1,78,96,770 | 17,89,67,700 | 100.00 |

Shareholding pattern as on March 31, 2023

| S. No | Category (Amount) | Total Cases | Total Cases % | Total Amount % |
|--------------|-------------------------------------|---------------|--------------------|----------------|
| 1 | INDIAN PROMOTERS | 22 | 93,77,576 | 52.40 |
| 2 | RESIDENT INDIVIDUALS | 18,890 | 7,27,1186 | 40.63 |
| 3 | BODIES CORPORATES | 94 | 5,12,257 | 2.86 |
| 4 | NON-RESIDENT INDIANS | 125 | 2,78,555 | 1.56 |
| 5 | H U F | 425 | 2,55,596 | 1.43 |
| 6 | NON-RESIDENT INDIAN NON REPATRIABLE | 90 | 1,20,052 | 0.67 |
| 7. | FOREIGN PORTFOLIO - CORP | 3 | 46,280 | 0.26 |
| 8. | I E P F | 1 | 23,537 | 0.13 |
| 9. | CLEARING MEMBERS | 3 | 11,000 | 0.06 |
| Total | | 19,654 | 1,78,96,770 | 100.00 |

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 2022-23 were as follows:

Market Price and Index Data High, Low during each month in Last financial year

| Months | Lokesh Machines Limited (BSE) | | Lokesh Machines Limited (NSE) | |
|---------|-------------------------------|--------|-------------------------------|--------|
| | High | Low | High | Low |
| Apr 22 | 108.80 | 77.10 | 108.85 | 76.55 |
| May 22 | 91.45 | 67.10 | 91.70 | 71.80 |
| Jun 22 | 82.40 | 64.30 | 83.00 | 65.00 |
| July 22 | 97.95 | 71.45 | 97.95 | 71.45 |
| Aug 22 | 128.50 | 82.25 | 128.00 | 82.35 |
| Sep 22 | 145.15 | 100.50 | 145.45 | 100.05 |
| Oct 22 | 121.90 | 100.55 | 124.85 | 101.40 |
| Nov 22 | 116.95 | 98.25 | 116.75 | 99.00 |
| Dec 22 | 112.45 | 88.55 | 113.00 | 91.35 |
| Jan 23 | 125.85 | 105.00 | 124.90 | 105.50 |
| Feb 23 | 123.70 | 108.00 | 124.00 | 108.25 |
| Mar 23 | 137.95 | 105.00 | 138.50 | 104.00 |

ANNEXURE D1

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)

The Members,

Lokesh Machines Limited

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

SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

I, L. Dhanamjay Reddy, Practicing Company Secretary, proprietor of L.D. Reddy & Co., Company Secretaries, have examined the Company and Registrar of Companies records, books and papers of Lokesh Machines Limited (CIN L29219TG1983PLC004319) having its Registered office at B-9, EEIE, Stage II, Balanagar, Hyderabad Telangana- 500037 (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the financial year ended on March 31, 2023.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, we certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2023:

List of Director of the Company as on March 31, 2023:

| S. No | DIN | Full Name | Designation |
|-------|----------|-----------------------------|---------------------|
| 1 | 00214782 | RAMAN SEKHARIPURAM SESHADRI | Director |
| 2 | 00810019 | BADHE RATNAM MAHESH | Director |
| 3 | 00840630 | KISHORE BABU BOLLINENI | Whole-time Director |
| 4 | 00840887 | KRISHNA SWAMY KALLAHALLA | Director |
| 5 | 00841388 | SRIKRISHNA MULLAPUDI | Whole-time Director |
| 6 | 00917565 | SRINIVAS MULLAPUDI | Whole-time Director |
| 7. | 00989447 | LOKESWARA RAO MULLAPUDI | Managing Director |
| 8. | 01872392 | DORAIRAJAN BALAJI | Director |
| 9. | 08765043 | LIKHITHA MULLAPUDI | Director |

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

Sd/-

L. Dhanamjay Reddy

(Proprietor)

CP. No.3752

Place: Hyderabad

Date: August 28, 2023

UDIN: A013104E000875350



ANNEXURE D2

PRACTISING COMPANY SECRETARIS CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of the conditions of Corporate Governance by Lokesh Machines Limited (CIN L29219TG1983PLC004319) for the year ended on March 31, 2023 as stipulated under Regulations 17 to 27, Clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations).

The Compliance of the Conditions of Corporate Governance is the responsibility of the management our examination was limited to the review of procedure and implementation thereof, as adopted by the company for ensuring compliance with conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations, made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid -19 pandemic, we certify that the company has complied with the conditions of corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023.

We further state that such compliance 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

Sd/-

L. Dhanamjaya Reddy

(Proprietor)

M. No. 13104

CP. No.3752

PR:1262/2021

UDIN: A013104E000875383

Date: August 28, 2023

Place: Hyderabad

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, 2023.

For **Lokesh Machines Limited**

Place: Hyderabad
Date: March 31, 2023

Sd/-
M. Lokeswara Rao
Managing Director



ANNEXURE D4

CEO AND CFO CERTIFICATION

To
The Board of Directors
Lokesh Machines Ltd
Hyderabad

We, M. Lokeswara Rao, Managing Director/CEO 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, 2023, 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: May 26, 2023

Sd/-
V. Sudhakara Reddy
CFO

Sd/-
M. Lokeswara Rao
MD/CEO

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 | 3.92:1 |
| Mr. B Kishore Babu | 17.64:1 |
| Mr. M. Srinivas | 25.49:1 |
| Mr. M. Srikrishna | 25.49:1 |

- 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 | NIL |
| Mr. M Srikrishna | NIL |
| Mr. V Sudhakara Reddy | 25% |
| Mr. Gurprit Singh | 25% |

- iii. The percentage increase in the median remuneration of employees in the financial year: 10.50%
- iv. The number of permanent employees on the rolls of company as on March 31, 2023: 526
- v. Average percentiles 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 2022-23, there was no increase in remuneration paid to the Managing Director & Whole time Directors (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.

For & on behalf of the Board
For **Lokesh Machines Limited**

Place: Hyderabad
Date: August 29, 2023

Sd/-
M. Srinivas
(Whole-time Director)

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: NIL.
- iii) The capital investment on energy conversion equipment's: NIL

B. Technology Absorption

During the year under review, the Company has not done any technology absorptions.

C. Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company:

- a. Development of new VTL Machines.
- b. Development of 5-Axis Vertical Machining Center in collaboration with IIT-Madras, Chennai.
- c. Development of Laser Based Direct Energy Deposition Additive Manufacturing Machines.

2. Benefits derived as a result of the above R & D:

- Expanding the project range.
- Addition of a new product to our VTL Product Range.
- Addition of Additive Manufacturing Machines to our product catalog and the first commercial indigenous Laser Based Direct Energy Deposition Additive Manufacturing machine.

3. Future plan of action: Commercialization of the above products.

4. Expenditure incurred on R & D:

| | (In Lakhs) |
|--|---------------|
| a) Capital | 83.16 |
| b) Recurring | 104.08 |
| Total | 187.24 |
| c) Total R & D expenditure as a percentage of total turnover | 0.78% |

D. Foreign Exchange Earnings and Outgo

| | (In Lakhs) |
|--|------------|
| i) Foreign Exchange Earnings | 1499.31 |
| ii) Foreign Exchange Outgo: | |
| (a) For Capital Goods | 33.73 |
| (b) For Stores & Components on FOB basis | 374.89 |
| (c) Towards Foreign Travel | 23.38 |

Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the members OF LOKESH MACHINES 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, 2023, 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 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, 2023, 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 Auditors 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 the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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 that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, 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. 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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 Act 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 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.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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 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 scepticism 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 in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matter

The financial statements of the Company for the year ended March 31, 2022, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 26, 2022.

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 Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,



INDEPENDENT AUDITOR'S REPORT (Contd.)

- 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 March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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".
- g) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the 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.

- h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 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. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
- v. The Company had not declared or paid any dividend during the year under Report.

- 3. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 1 April 2023, reporting under this clause is not applicable.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner

Place: Hyderabad
Date: May 26, 2023

Membership No. 215798
UDIN: 23215798BGQQAX4874

ANNEXURE - A TO THE AUDITOR'S 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, 2023,

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

- a. (A) The Company has maintained 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. The Company has a regular program of physical verification of its property, plant and equipment, and right of use assets under which the assets are

physically verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and 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, except for the following which is not held in the name of the Company:

| Description of the property | Gross Carrying value (in lakhs) | Held in the name of | Whether promoter, director or their relative or employee | Period held | Reason for not held in name |
|---|---------------------------------|---------------------|--|-------------|-----------------------------|
| APIIC Land Survey No.148, Extent 26.34 Acrs in Toopran (kallakal Village) | ₹ 131.70 | - | No | Since 2008 | Pending for registration |

d. The company did not revalue its Property, Plant and Equipment or intangible assets during the year. Accordingly, paragraph 3 (i)(d) of the Order is not applicable.

e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder

ii. a. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

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.

iii. 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. Therefore, the provisions of clause 3(iii)(a), 3(iii)

(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) & 3(iii)(f) of the said Order are not applicable for the year under report.

iv. 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, clause 3 (iv) of the Order is not applicable.

v. 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.

vi. 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.

vii. 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, 2023 for a period of more than six months from the date they became payable.

**ANNEXURE - A TO THE AUDITOR'S REPORT:**

- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to 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 which have not been deposited on account of any disputes.
- viii. 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.
- ix. 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. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- c. The term loans were applied for the purpose for which the loans were obtained;
- d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e. The company does not have subsidiaries, associates or joint ventures. Hence clause 3(ix) (e) of the above mentioned Order is not applicable;
- f. The company does not have subsidiaries, associates or joint ventures. Hence Para 3(ix) (f) of the above mentioned Order is not applicable
- x. 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, para 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.
- xi. a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b. No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- 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.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. 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.
- xiv. 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.;
- xv. 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.
- xvi. a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) ad (c) of the Order is not applicable
- b. In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under 3(xvi)(d) of the Order is not applicable;
- xvii. The company has not incurred any cash losses in the financial year and also in the immediately preceding financial year.

ANNEXURE - A TO THE AUDITOR'S REPORT:

- xviii. There is no resignation of statutory auditors of the Company during the year.
- xix. 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.
- xx. According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under Para 3(xx) of the Order is not applicable to the Company.
- xxi. The Company does not have subsidiaries, associates or joint ventures. Hence clause 3 (xxi) of the said Order with regard to qualifications or adverse remarks in CARO reports of the companies included in the consolidated financial statements, is not applicable.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner

Place: Hyderabad
Date: May 26, 2023

Membership No. 215798
UDIN: 23215798BGQQAX4874



ANNEXURE – B TO THE AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of LOKESH MACHINES LIMITED ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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 Act.

Auditor's 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, both issued by ICAI. 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 aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 these 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and 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 financial controls 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 controls 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 expenditure 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 policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for **BRAHMAYYA & CO.**
Chartered Accountants
Firm's Regn No. 000513S

(K.SHRAVAN)
Partner

Place: Hyderabad
Date : May 26, 2023

Membership No. 215798
UDIN: 23215798BGQQAX4874

BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in Lakhs)

| Particulars | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|---------|-------------------------|-------------------------|
| ASSETS | | | |
| 1 NON-CURRENT ASSETS | | | |
| (a) Property, Plant and Equipment | 4A | 11,820.93 | 11,254.99 |
| (b) Capital Work-in-Progress | 4B | 1,515.73 | 697.43 |
| (c) Right of Use Asset | 5 | 396.49 | 403.06 |
| (d) Intangible Assets | 6A | 30.14 | 32.04 |
| (e) Intangible Assets Under Development | 6B | 51.87 | - |
| (f) Financial Assets | | | |
| (i) Investments | 7 | 140.00 | 150.00 |
| (ii) Other Financial Assets | 8 (a) | 174.77 | 147.20 |
| (g) Income Tax Assets(net) | 9 | 228.10 | 205.08 |
| (h) Other Non-Current Assets | 10 | 874.51 | 796.59 |
| Total Non-Current Assets | | 15,232.54 | 13,686.39 |
| 2 CURRENT ASSETS | | | |
| (a) Inventories | 11 | 11,229.97 | 9,827.65 |
| (b) Financial Assets | | | |
| (i) Trade Receivables | 12 | 4,081.57 | 4,384.47 |
| (ii) Cash and Cash Equivalents | 13 | 21.81 | 17.67 |
| (iii) Bank Balances other than (ii) above | 14 | 672.14 | 502.73 |
| (iv) Other Financial Assets | 8(b) | 120.47 | 83.00 |
| (c) Other Current Assets | 15 | 1,281.45 | 937.50 |
| Total Current Assets | | 17,407.41 | 15,753.02 |
| TOTAL ASSETS | | 32,639.95 | 29,439.41 |
| EQUITY AND LIABILITIES | | | |
| 1 EQUITY | | | |
| (a) Equity Share capital | 16 | 1,789.68 | 1,789.68 |
| (b) Other Equity | 17 | 14,107.81 | 13,134.92 |
| Total Equity | | 15,897.49 | 14,924.60 |
| LIABILITIES | | | |
| 2 NON-CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 18(a) | 2,058.54 | 2,400.72 |
| (b) Provisions | 19 | 454.79 | 439.82 |
| (c) Deferred Tax Liabilities (Net) | 20 | 924.88 | 730.72 |
| Total Non-Current Liabilities | | 3,438.21 | 3,571.26 |
| 3 CURRENT LIABILITIES | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 18(b) | 6,749.98 | 6,291.64 |
| (ii) Trade payables | 21 | | |
| a) Total outstanding dues of MSME | | 8.72 | 5.06 |
| b) Total outstanding dues of other than MSME | | 2,949.06 | 2,775.68 |
| (iii) Other Financial liabilities | 22 | 270.41 | 264.31 |
| (b) Other current liabilities | 23 | 3,326.08 | 1,606.86 |
| Total Current liabilities | | 13,304.25 | 10,943.55 |
| TOTAL EQUITY AND LIABILITIES | | 32,639.95 | 29,439.41 |
| Significant Accounting Policies | 1 - 3 | - | - |
| See accompanying notes to the financial statements | | | |

As per our report of even date attached

For and on behalf of the Board

For Brahamayya & CoChartered Accountants
Firm's Registration No : 000513S**M. Lokeswara Rao**
Managing Director
DIN:00989447**M. Srinivas**
Whole-time Director
DIN: 00917565**K Shravan**Partner
Membership No.:215798**V. Sudhakara Reddy**
Chief Financial Officer**Gurprit Singh**
Company SecretaryPlace: Hyderabad
Date: May 26, 2023



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

| Particulars | Note No | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---------|--------------------------------------|--------------------------------------|
| INCOME | | | |
| I Revenue from Operations | 24 | 24,030.24 | 20,183.76 |
| II Other Income | 25 | 420.82 | 82.20 |
| III Total Income (I+II) | | 24,451.06 | 20,265.96 |
| IV EXPENSES | | | |
| Cost of Material Consumed | 26 | 14,641.36 | 10,882.18 |
| Changes in Inventories of Finished Goods and Work in Progress | 27 | (989.88) | 14.98 |
| Other Manufacturing Expenses | 28 | 2,679.54 | 2,041.77 |
| Employee Benefits Expense | 29 | 4,620.15 | 3,711.09 |
| Financial Cost | 30 | 1,074.37 | 1,220.83 |
| Depreciation and Amortisation Expenses | 31 | 908.45 | 902.23 |
| Other Expenses | 32 | 1,671.19 | 1,127.64 |
| | | 24,605.18 | 19,900.72 |
| Less : Capitive Consumption | | 1,445.63 | 570.00 |
| Total Expenses | | 23,159.55 | 19,330.72 |
| V Profit before exceptional items and tax (IV-III) | | 1,291.51 | 935.24 |
| VI Exceptional items : (Income) /Expense -Net | 33 | 159.14 | - |
| VII Profit before tax | | 1,450.65 | 935.24 |
| VIII Tax Expenses | | | |
| - Current Tax | | 287.89 | 156.11 |
| - Provision for earlier Tax | | - | 25.30 |
| - Deferred Tax (Credit)/ charge | | 195.41 | 119.23 |
| Total Tax Expenses | | 483.30 | 300.64 |
| IX Profit for the year (VII-VIII) | | 967.35 | 634.60 |
| X Other Comprehensive income | | | |
| i Items that will not be reclassified subsequently to profit or loss | | 4.29 | (33.23) |
| ii Income tax relating to items that will not be reclassified to profit or loss | | 1.25 | 9.24 |
| Other comprehensive income for the year | | 5.54 | (23.99) |
| Total Comprehensive income for the year (XIII + X) | | 972.89 | 610.61 |
| Earning per equity share (Amount in ₹) | | | |
| Basic & Diluted | 34 | 5.41 | 3.55 |
| Significant Accounting Policies | 1-3 | | |
| See accompanying notes to the financial statements | | | |

As per our report of even date attached

For and on behalf of the Board

For Brahamayya & CoChartered Accountants
Firm's Registration No : 000513S**K Shravan**Partner
Membership No.:215798Place: Hyderabad
Date: May 26, 2023**M. Lokeswara Rao**Managing Director
DIN:00989447**V. Sudhakara Reddy**

Chief Financial Officer

M. SrinivasWhole-time Director
DIN: 00917565**Gurprit Singh**

Company Secretary

STATEMENT OF CHANGES IN EQUITY

AS AT MARCH 31, 2023

A. EQUITY SHARE CAPITAL

| | (₹ in Lakhs) |
|---|-----------------|
| As at April 01, 2021 | 1,789.68 |
| Changes in equity share capital during the year | - |
| As at March 31, 2022 | 1,789.68 |
| Changes in equity share capital during the year | - |
| As at March 31, 2023 | 1,789.68 |

B. OTHER EQUITY

| | (₹ in Lakhs) | | | | | |
|---|----------------------------|------------------|------------------|------------------|---------------------------------------|------------------|
| Particulars | Capital Redemption Reserve | Security Premium | General Reserves | Retained Earning | Remeasurement of defined benefit plan | Total |
| Balance as at April 01, 2021 | 150.00 | 7,388.31 | 425.00 | 4,609.81 | (48.81) | 12,524.31 |
| Profit for the Year | | | | 634.60 | | 634.60 |
| Addition during the year | | | | | | - |
| Other comprehensive income for the year | | | | | (23.99) | (23.99) |
| Balance as at March 31, 2022 | 150.00 | 7,388.31 | 425.00 | 5,244.41 | (72.80) | 13,134.92 |
| Profit for the Year | | | | 967.35 | | 967.35 |
| Addition during the year | | | | | | - |
| Other comprehensive income for the year | | | | | 5.54 | 5.54 |
| Balance as at March 31, 2023 | 150.00 | 7,388.31 | 425.00 | 6,211.76 | (67.26) | 14,107.81 |

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

- i. **Capital Redumption Reserve:** Created on redumption of preference shares and it can be utilised as per section 63 of the Companies Act, 2013.
- ii. **Security premium:** Premium received on issue of equity shares Credit to security premium and it can be utilised as per section 63 of the Companies Act, 2013.
- iii. **General reserve:** Reserve is Created from time to time by transfer of profits from retained earnings and it can be utilised as per section 63 of the Companies Act, 2013.
- iv. **Retained earnings:** Retained earnings are accumulation of profits earned by the Company and it can be utilised as per the provisions of the Companies Act, 2013.

As per our report of even date attached

For and on behalf of the Board

For Brahamayya & Co

Chartered Accountants
Firm's Registration No : 000513S

K Shravan

Partner
Membership No.:215798

Place: Hyderabad
Date: May 26, 2023

M. Lokeswara Rao

Managing Director
DIN:00989447

V. Sudhakara Reddy

Chief Financial Officer

M. Srinivas

Whole-time Director
DIN: 00917565

Gurprit Singh

Company Secretary



CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxes | 1,450.65 | 935.24 |
| Adjusted for | | |
| Depreciation | 908.45 | 902.23 |
| Financial charges | 1,074.37 | 1,220.83 |
| Loss on Sale of asset | 9.36 | 4.24 |
| Fair value loss on equity Investments | 10.00 | - |
| Interest Income | (352.32) | (28.09) |
| Other Comprehensive Income | 4.29 | (33.23) |
| Operating profit before working capital changes | 3,104.80 | 3,001.22 |
| Adjustment for changes in | | |
| Decrease/(Increase) in Receivables & Other advances | (146.41) | (751.91) |
| Decrease/(Increase) in Inventories | (1,402.33) | 97.11 |
| Decrease/(Increase) in Trade and other payables | 1,918.19 | 57.36 |
| Cash generated from operations | 3,474.25 | 2,403.78 |
| Direct taxes paid | (310.90) | (95.22) |
| Net Cash Flow from Operating Activity (A) | 3,163.35 | 2,308.56 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets including CWIP and capital advances | (2,355.73) | (1,217.09) |
| Sale of assets | 10.27 | (4.24) |
| Interest received | 314.72 | 30.35 |
| Movement in other bank balances | (169.41) | 70.44 |
| Net Cash Flow from Investing Activity (B) | (2,200.15) | (1,120.54) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Increase/(Decrease) in Bank Borrowings | 116.16 | 2.00 |
| Dividend paid (Earlier issued DD's now return back by bank) | (0.85) | (0.41) |
| Interest paid | (1,074.37) | (1,230.08) |
| Net Cash Flow from Financing Activity (C) | (959.06) | (1,228.49) |
| Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C) | 4.14 | (40.47) |
| Add: Cash/Cash equivalents at the beginning of the year | 17.67 | 58.14 |
| Cash/Cash equivalents at the end of the year | 21.81 | 17.67 |

As per our report of even date attached

For and on behalf of the Board

For Brahamayya & CoChartered Accountants
Firm's Registration No : 000513S**K Shravan**Partner
Membership No.:215798Place: Hyderabad
Date: May 26, 2023**M. Lokeswara Rao**Managing Director
DIN:00989447**V. Sudhakara Reddy**

Chief Financial Officer

M. SrinivasWhole-time Director
DIN: 00917565**Gurprit Singh**

Company Secretary

STATEMENT OF CHANGES IN EQUITY

AS AT MARCH 31, 2023

A. EQUITY SHARE CAPITAL

| | (₹ in Lakhs) |
|---|-----------------|
| As at April 01, 2021 | 1,789.68 |
| Changes in equity share capital during the year | - |
| As at March 31, 2022 | 1,789.68 |
| Changes in equity share capital during the year | - |
| As at March 31, 2023 | 1,789.68 |

B. OTHER EQUITY

| | (₹ in Lakhs) | | | | | |
|---|----------------------------|------------------|------------------|------------------|---------------------------------------|------------------|
| Particulars | Capital Redemption Reserve | Security Premium | General Reserves | Retained Earning | Remeasurement of defined benefit plan | Total |
| Balance as at April 01, 2021 | 150.00 | 7,388.31 | 425.00 | 4,609.81 | (48.81) | 12,524.31 |
| Profit for the Year | | | | 634.60 | | 634.60 |
| Addition during the year | | | | | | - |
| Other comprehensive income for the year | | | | | (23.99) | (23.99) |
| Balance as at March 31, 2022 | 150.00 | 7,388.31 | 425.00 | 5,244.41 | (72.80) | 13,134.92 |
| Profit for the Year | | | | 967.35 | | 967.35 |
| Addition during the year | | | | | | - |
| Other comprehensive income for the year | | | | | 5.54 | 5.54 |
| Balance as at March 31, 2023 | 150.00 | 7,388.31 | 425.00 | 6,211.76 | (67.26) | 14,107.81 |

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

- i. **Capital Redumption Reserve:** Created on redumption of preference shares and it can be utilised as per section 63 of the Companies Act, 2013.
- ii. **Security premium:** Premium received on issue of equity shares Credit to security premium and it can be utilised as per section 63 of the Companies Act, 2013.
- iii. **General reserve:** Reserve is Created from time to time by transfer of profits from retained earnings and it can be utilised as per section 63 of the Companies Act, 2013.
- iv. **Retained earnings:** Retained earnings are accumulation of profits earned by the Company and it can be utilised as per the provisions of the Companies Act, 2013.

As per our report of even date attached

For and on behalf of the Board

For Brahamayya & Co

Chartered Accountants
Firm's Registration No : 000513S

K Shravan

Partner
Membership No.:215798

Place: Hyderabad
Date: May 26, 2023

M. Lokeswara Rao

Managing Director
DIN:00989447

V. Sudhakara Reddy

Chief Financial Officer

M. Srinivas

Whole-time Director
DIN: 00917565

Gurprit Singh

Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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 for the year ended March 31, 2023 have been approved and authorised for issue by the Board of Directors at its meeting on **May 26, 2023**.

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.

3.1. SIGNIFICANT ACCOUNTING POLICIES:

a) Statement of Compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

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 realised or intended to be sold or consumed in normal operating cycle;
- ii. Expected to be realised 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 realisation 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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 recognises transaction value as the cost.

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

An item of Property, Plant and Equipment is derecognised 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 recognised 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 recognised 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 recognised at cost and is amortised over the useful life as estimated by the Management which is about 3 years for all of the intangible computer software assets.

Other Intangible Assets:

Internally-generated intangible assets:

Research and development expenditure: Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development phase of internal project is recognised, if and only if, the conditions under the Ind AS 34 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognised in profit and loss in the period in which it is incurred.

f) Impairment of non-financial assets:

- 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 recognised 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.
- Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised 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 assesses whether a contract contains a lease, at the inception of contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control use of an identified asset, the Company assesses whether:

- The contract involves use of an identified asset;
- The Company has substantially all the economic benefits from the use of the asset through the period of lease; and
- The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognises 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

Company recognises 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 amortised 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.

Lease liability and ROU asset have been separately presented in the Balance Sheet and the lease payments have been classified as financing cash flows.

h) Inventories:

Raw materials, stores and spares, work in progress and finished goods are stated at the lower of cost and net realisable 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 realisable 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 recognised 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 realisable value.

i) Revenue recognition:

Revenue is measured at the fair value of consideration received or receivable and is recognised 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 recognised 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 recognised 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 recognised 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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 recognised 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 capitalised 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 recognised as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognised 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.

q) **Provisions:**

Provisions are recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 realised.

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 realised. 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 recognised 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 recognised 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) Amortised Cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through other comprehensive income (FVTOCI)

Financial Asset measured at amortised 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 amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised 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 amortised 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 recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised 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 amortised cost or at FVTOCI. All fair value changes are recognised in the statement of profit & loss.

De-recognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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 amortised 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 recognised during the period is recognised 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 recognised 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 amortised 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 recognised in the Statement of Profit and Loss.

Financial Liabilities at amortised cost

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation 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 amortised cost using Effective Interest method.

De recognition of Financial Liabilities

A financial liability shall be derecognised 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 realise the asset and settle the liability simultaneously.

x) Recent pronouncements.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

- i) **Ind AS 1** - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.
- ii) **Ind AS 8** - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.
- iii) **Ind AS 12** - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

4A. 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 |
|---------------------------------|-----------------|-----------------|-------------------|------------------------|---------------|-----------------|------------------|---------------|-------------------------------------|
| At April 01, 2021 | 1,488.62 | 3,734.24 | 14,161.14 | 119.56 | 450.53 | 2,188.81 | 84.46 | 328.00 | 22,555.36 |
| Additions | - | - | 864.18 | 4.81 | 13.09 | 61.38 | - | 5.84 | 949.30 |
| Disposals | - | - | - | - | - | - | - | - | - |
| At March 31, 2022 | 1,488.62 | 3,734.24 | 15,025.32 | 124.37 | 463.62 | 2,250.19 | 84.46 | 333.84 | 23,504.66 |
| Additions | - | 147.72 | 1,113.86 | 9.02 | 82.15 | 106.87 | 6.04 | 15.00 | 1,480.66 |
| Disposals | - | - | 253.92 | - | - | 2.00 | - | - | 255.92 |
| At March 31, 2023 | 1,488.62 | 3,881.96 | 15,885.26 | 133.39 | 545.77 | 2,355.06 | 90.50 | 348.84 | 24,729.40 |
| Accumulated Depreciation | | | | | | | | | |
| At April 01, 2021 | - | 1,179.53 | 7,620.51 | 91.72 | 361.26 | 1,720.95 | 76.49 | 314.01 | 11,364.47 |
| Charge for the year | - | 118.18 | 633.20 | 7.31 | 25.47 | 91.97 | 2.80 | 6.27 | 885.20 |
| Disposals | - | - | - | - | - | - | - | - | - |
| At March 31, 2022 | - | 1,297.71 | 8,253.71 | 99.03 | 386.73 | 1,812.92 | 79.29 | 320.28 | 12,249.67 |
| Charge for the year | - | 119.23 | 644.38 | 7.13 | 25.80 | 86.89 | 1.55 | 10.10 | 895.08 |
| Disposals | - | - | 236.28 | - | - | - | - | - | 236.28 |
| At March 31, 2023 | - | 1,416.94 | 8,661.81 | 106.16 | 412.53 | 1,899.81 | 80.84 | 330.38 | 12,908.47 |
| Net book value | | | | | | | | | |
| At March 31, 2022 | 1,488.62 | 2,436.53 | 6,771.61 | 25.34 | 76.89 | 437.27 | 5.17 | 13.56 | 11,254.99 |
| At March 31, 2023 | 1,488.62 | 2,465.02 | 7,223.45 | 27.23 | 133.24 | 455.25 | 9.66 | 18.46 | 11,820.93 |

4B. CAPITAL WORK IN PROCESS :

(₹ in Lakhs)

| Particulars | Freehold Land | Buildings | Plant & Machinery | Furniture and Fixtures | Vehicles | Misc. Equipment | Office Equipment | Computers | Total Property, plant and equipment |
|--------------------------|---------------|-----------------|-------------------|------------------------|----------|-----------------|------------------|-----------|-------------------------------------|
| At April 01, 2021 | - | 127.65 | 2,522.29 | - | - | - | - | - | 2,649.94 |
| At March 31, 2022 | - | 590.22 | 107.21 | - | - | - | - | - | 697.43 |
| At March 31, 2023 | - | 1,408.52 | 107.21 | - | - | - | - | - | 1,515.73 |

Note : Free hold land includes Land of area acre 26.34 (situated at Toopran) and amount of ₹ 131.70 Lakhs and ₹ 50.14 Lakhs paid for registration.

Ageing of CWIP as on March 31, 2023 :-

(₹ 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 | 818.30 | 247.39 | 419.30 | 30.74 | 1,515.73 |
| ii. Projects temporarily suspended | - | - | - | - | - |

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 | - | - | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

5. RIGHT OF USE ASSET

(₹ in Lakhs)

| Particulars | Free hold Land | Total Right of Use Assets |
|---|----------------|---------------------------|
| Carrying Amount | | |
| At April 01, 2021 | 422.73 | 422.73 |
| Additions | - | - |
| Disposals | - | - |
| At March 31, 2022 | 422.73 | 422.73 |
| Additions | - | - |
| Disposals | - | - |
| At March 31, 2023 | 422.73 | 422.73 |
| Depreciation/Amortisation at April 01, 2021 | 12.66 | 12.66 |
| Charge for the year | 7.01 | 7.01 |
| Disposals | - | - |
| At March 31, 2022 | 19.67 | 19.67 |
| Charge for the year | 6.57 | 6.57 |
| Disposals | - | - |
| At March 31, 2023 | 26.24 | 26.24 |
| Net book value | | |
| At April 01, 2021 | 410.07 | 410.07 |
| At March 31, 2022 | 403.06 | 403.06 |
| At March 31, 2023 | 396.49 | 396.49 |

6A. INTANGIBLE ASSETS

(₹ in Lakhs)

| Particulars | Computer software | Total Intangible assets |
|--|-------------------|-------------------------|
| Carrying Amount | | |
| At April 01, 2021 (Deemed cost) | 89.48 | 89.48 |
| Additions | 20.40 | 20.40 |
| Disposals | - | - |
| At March 31, 2022 | 109.88 | 109.88 |
| Additions | 4.90 | 4.90 |
| Disposals | - | - |
| At March 31, 2023 | 114.78 | 114.78 |
| Depreciation/Amortisation @ April 01, 2021 | 67.83 | 67.83 |
| Charge for the year | 10.01 | 10.01 |
| Disposals | - | - |
| At March 31, 2022 | 77.84 | 77.84 |
| Charge for the year | 6.80 | 6.80 |
| Disposals | - | - |
| At March 31, 2023 | 84.64 | 84.64 |
| Net book value | | |
| At April 01, 2021 | 21.65 | 21.65 |
| At March 31, 2022 | 32.04 | 32.04 |
| At March 31, 2023 | 30.14 | 30.14 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

6B. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|-------------------------|-------------------------|
| Intangible assets under development | 51.87 | - |
| Total | 51.87 | - |

Ageing of Intangible Assets Under Development as on March 31, 2023 :-

(₹ in Lakhs)

| Particulars | Amount in CWIP for period of | | | | Total |
|------------------------------------|------------------------------|-----------|-----------|----------------------|-------|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| i. Projects in progress | 51.87 | - | - | - | 51.87 |
| ii. Projects temporarily suspended | - | - | - | - | - |

7. INVESTMENT-NON CURRENT

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|---------------|----------------------|---------------|
| | No | Amount | No | Amount |
| NON CURRENT (UN-QUOTED) | | | | |
| Investments | | | | |
| Equity Investments - measured at Fair value through profit or loss | | | | |
| in MLR Motors Limited | 5,00,000 | 50.00 | 5,00,000 | 50.00 |
| in MLR Auto Limited | 5,00,000 | 90.00 | 5,00,000 | 100.00 |
| Total | 10,00,000 | 140.00 | 10,00,000 | 150.00 |
| Aggregate carrying value of unquoted investments | | 140.00 | | 150.00 |

8. OTHER FINANCIAL ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 8. (a) NON CURRENT | | |
| a. Security Deposits | 174.77 | 147.20 |
| Total Non Current Financial Assets | 174.77 | 147.20 |
| 8. (b) CURRENT | | |
| a. Interest Accrued | 89.67 | 52.07 |
| b. Other advances | 30.80 | 30.93 |
| Total Current Financial Assets | 120.47 | 83.00 |
| | 295.24 | 230.20 |

9. INCOME TAX ASSET (NET)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|------------------------|-------------------------|-------------------------|
| Income Tax Asset (Net) | 228.10 | 205.08 |
| Total | 228.10 | 205.08 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

10. OTHER NON CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (UN SECURED - CONSIDERED GOOD) | | |
| a. Advances for purchase of Capital goods | 317.38 | 317.38 |
| b. Advances for capital purchases | 557.13 | 479.21 |
| Total | 874.51 | 796.59 |

Capital advances includes ₹ 228.00 Lakhs (Previous year ₹ 228.00 Lakhs) given to entity owned or significantly influenced by key Management personnel towards purchase of Land & Machinery

11. INVENTORIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| (AT COST AND CERTIFIED BY THE MANAGEMENT) | | |
| a. Raw Materials & Components | 2,155.93 | 1,743.49 |
| b. Finished Goods | 724.25 | 690.93 |
| c. Work-in-Progress | 8,349.79 | 7,393.23 |
| Total | 11,229.97 | 9,827.65 |

1 Raw materials and Components are at Cost on first in first out basis(FIFO)

2 Finished good and work in progress are valued at lower of cost and net realisable value on full absorption cost basis.

12. TRADE RECEIVABLES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| TRADE RECEIVABLES | | |
| i) Undisputed Trade Receivables considered good -secured | - | - |
| ii) Undisputed Trade Receivables considered good -un secured | 4,081.57 | 4,384.47 |
| iii) Trade Receivables which have significant increase in risk | - | - |
| iv) Trade Receivables -Credit impaired | 62.21 | - |
| v) Disputed Trade Receivables considered good -secured | - | - |
| vi) Disputed Trade Receivables considered good un-secured | - | - |
| Less: Provision for Expected Credit Loss/ Bad Debts Written off | (62.21) | - |
| Total | 4,081.57 | 4,384.47 |

Ageing Trade Receivables as on March 31, 2023

(₹ in Lakhs)

| Particulars | Outstanding for following periods form due date of payments | | | | | Total |
|---|---|--------------------|-----------|-----------|-----------|----------|
| | < 6 months | 6 months-1 year | 1-2 years | 2-3 years | > 3 years | |
| i. Undisputed trade recivables considered good | 2,535.69 | 225.36 | 606.25 | 493.90 | 220.37 | 4,081.57 |
| ii. Undisputed trade recivables considered Doubtful | | | | | | - |
| iii. Disputed trade recivables considered good | | | | | | - |
| iv. Disputed trade recivables considered doubtful | | | | | | - |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Ageing Trade Receivables as on March 31, 2022

(₹ in Lakhs)

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

13. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|-------------------------|-------------------------|
| (a) Balances with banks: | | |
| Current accounts | 16.27 | 15.67 |
| (b) Cash on hand | 5.54 | 2.00 |
| Total | 21.81 | 17.67 |

14. OTHER BANK BALANCES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Unpaid Dividends | 0.80 | 1.65 |
| Margin Money Deposits (On LC's and BG's) | 671.34 | 501.08 |
| Total | 672.14 | 502.73 |

15. OTHER CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (UN SECURED - CONSIDERED GOOD) | | |
| Advances against Materials and services | 982.96 | 805.12 |
| Balance with authorities | 177.48 | 89.37 |
| Prepaid expenses | 101.18 | 43.01 |
| Others | 19.83 | - |
| Total | 1,281.45 | 937.50 |

16. EQUITY SHARE CAPITAL

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| a. Authorised Share Capital | - | - |
| 2,00,00,000 Equity Shares of ₹ 10 each | 2,000.00 | 2,000.00 |
| | 2,000.00 | 2,000.00 |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| b Issued, Subscribed and Paid-Up | | |
| 1,78,96,770 Equity Shares of ₹ 10 each | 1,789.68 | 1,789.68 |
| Total | 1,789.68 | 1,789.68 |
| c. Reconciliation of the shares outstanding at the beginning and the end of respective years: | | |
| No. of shares at the beginning of the year | 178.97 | 178.97 |
| Issued during the year | - | - |
| No. of shares at the end of the year | 178.97 | 178.97 |

d. The Company has only one class of equity shares having a face value of ₹ 10/- per share with one vote per each share. The Company declares and pay dividends in Indian Rupees. The dividends proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

e. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining asset of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| | | | |
|-----------------|-----------|-----------|-----------|
| M.Vijayalakshmi | - In Nos. | 9,41,586 | 9,41,586 |
| | - In % | 5.26 | 5.26 |
| M.Srinivas | - In Nos. | 20,48,415 | 20,48,415 |
| | - In % | 11.45 | 11.45 |
| M.Srikrishna | - In Nos. | 19,20,180 | 19,20,180 |
| | - In % | 10.73 | 10.73 |
| B.Kishore babu | - In Nos. | 11,45,209 | 11,45,209 |
| | - In % | 6.40 | 6.40 |

g. Details of Share holding of Promoters :

(₹ in Lakhs)

| S No | Name of the Promoter | As at March , 2023 | | As at March , 2022 | | % of Change |
|--------------|-----------------------------|--------------------|--------------|--------------------|--------------|-------------|
| | | No. of Shares held | % of holding | No. of Shares held | % of holding | |
| 1 | Lokeswara Rao Mullapudi | 5,41,820 | 3.03 | 4,96,820 | 2.78 | 0.25 |
| 2 | Kishore Babu Bollineni | 11,45,209 | 6.40 | 11,45,209 | 6.40 | 0.00 |
| 3 | Srikrishna Mullapudi | 19,20,180 | 10.73 | 19,20,188 | 10.73 | 0.00 |
| 4 | Srinivas Mullapudi | 20,48,415 | 11.45 | 20,48,415 | 11.45 | 0.00 |
| 5 | Bollineni Vijaya Lakshmi | 1,40,939 | 0.79 | 1,40,939 | 0.79 | 0.00 |
| 6 | Mullapudi Kanakadurga | 7,00,372 | 3.91 | 7,00,372 | 3.91 | 0.00 |
| 7 | Naga Satya Swaroopa Rani. M | 1,46,924 | 0.82 | 1,46,924 | 0.82 | 0.00 |
| 8 | Srirekha Cherukuri | 1,99,800 | 1.12 | 1,99,800 | 1.12 | 0.00 |
| 9 | Vijayalakshmi Mullapudi | 9,41,586 | 5.26 | 9,41,586 | 5.26 | 0.00 |
| 10 | G Kamala Devi | 7,777 | 0.04 | 7,777 | 0.04 | 0.00 |
| 11 | Ganne Annapurna | 16,598 | 0.09 | 16,598 | 0.09 | 0.00 |
| 12 | Mullapudi Vasantha Lakshmi | 14,004 | 0.08 | 14,004 | 0.08 | 0.00 |
| 13 | Krishna Swamy Kallahalla | 12,000 | 0.07 | 12,000 | 0.07 | 0.00 |
| 14 | Bollineni Sri Harsha | 32,819 | 0.18 | 32,819 | 0.18 | 0.00 |
| 15 | Ajay Kumar Mullapudi | 53,769 | 0.30 | 53,769 | 0.30 | 0.00 |
| 16 | Sai Kiran Cherukuri | 2,90,100 | 1.62 | 2,90,100 | 1.62 | 0.00 |
| 17 | Mullapudi Rama Mohan Rao | 22,043 | 0.12 | 22,043 | 0.12 | 0.00 |
| 18 | Asha Kiran Cherukuri | 5,60,100 | 3.13 | 5,60,100 | 3.13 | 0.00 |
| 19 | Bollineni Shilpa | 1,04,810 | 0.59 | 1,04,810 | 0.59 | 0.00 |
| 20 | Mullapudi Likhitha | 5,54,190 | 3.10 | 5,54,190 | 3.10 | 0.00 |
| 21 | Sairam Prasad Gutta | 7,359 | 0.04 | 7,859 | 0.04 | 0.04 |
| 22 | Mullapudi Siddharth | 32,729 | 0.18 | 32,729 | 0.18 | 0.00 |
| Total | | 94,93,543 | 53.05 | 94,49,051 | 52.80 | |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

17. OTHER EQUITY

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| (a) Capital Redemption Reserve | | |
| At the beginning and at the end of the year | 150.00 | 150.00 |
| (b) Securities Premium Reserve | | |
| At the beginning of the year | 7,388.31 | 7,388.31 |
| (c) General Reserve | | |
| At the beginning and at the end of the year | 425.00 | 425.00 |
| (d) Surplus in Statement of Profit & Loss | | |
| At the beginning of the year | 5,244.41 | 4,609.81 |
| Profit for the year | 967.35 | 634.60 |
| | 6,211.76 | 5,244.41 |
| Appropriations: | | |
| Less: Equity Dividend | | |
| Closing Balance | 6,211.76 | 5,244.41 |
| (e) Other Comprehensive Income | | |
| On Actuarial Gain/(loss) on post employment benefits | | |
| At the beginning of the year | (72.80) | (48.81) |
| Add: Additions for the year | 5.54 | (23.99) |
| At the end of the year | (67.26) | (72.80) |
| | 14,107.81 | 13,134.92 |

18. BORROWINGS

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| 18(a) NON CURRENT BORROWINGS : | | |
| 1 Term Loans from Banks | | |
| a) State Bank of India GECL ₹ 7.62 Cr. _1 | 323.53 | 516.37 |
| b) Punjab National Bank GECL ₹ 1.90 Cr._1 | 90.12 | 137.67 |
| c) Indusind Bank GECL ₹ 2.25 Cr. | 107.81 | 164.06 |
| d) Indusind Bank GECL ₹ 1.125 Cr. | 112.50 | - |
| e) Punjab National Bank GECL ₹ 0.95 Cr._2 | 84.45 | 94.93 |
| f) State Bank of India GECL ₹ 7.62 Cr._2 | 379.82 | 380.68 |
| g) ICICI Bank | 0.00 | 823.80 |
| h) State Bank of India T L _25 Cr. | 0.00 | 0.00 |
| i) Punjab National Bank _TL_8.60 Cr. | 719.95 | 0.00 |
| j) Punjab National Bank _TL_13.50 Cr. | 121.89 | 0.00 |
| 2 Term Loans from other parties | | |
| a) Mahindra & Mahindra Finance Limited | 72.71 | 269.35 |
| 3 Vehicle Hire Purchase Loans | 45.76 | 13.86 |
| Total Non Current Borrowings | 2,058.54 | 2,400.72 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 18(b) CURRENT BORROWINGS | | |
| 1 Current Maturities of Long Term Debt | | |
| a) State Bank of India GECL ₹ 7.62 Cr._1 | 190.50 | 190.50 |
| b) Punjab National Bank GECL ₹ 1.90 Cr._1 | 47.50 | 47.50 |
| c) Indusind Bank GECL ₹ 2.25 Cr. | 56.25 | 56.25 |
| d) Punjab National Bank GECL ₹ 0.95 Cr. | 9.90 | - |
| e) ICICI Bank | - | 66.67 |
| f) State Bank of India_25.00 Cr. | 25.17 | - |
| g) Punjab National Bank TL_8.60 Cr. | 95.56 | - |
| h) Punjab National Bank _TL_13.50 Cr. | 112.50 | - |
| 2 Term Loans from other parties | | |
| i) Mahindra & Mahindra Finance Limited | 197.02 | 266.22 |
| 3 Vehicle Hire Purchase Loans | | |
| | 11.64 | 31.65 |
| (a) | 746.04 | 658.79 |
| 4 Cash Credit from Banks | | |
| State Bank of India | 4,159.24 | 3,735.11 |
| Punjab National Bank | 916.89 | 920.71 |
| Indusind Bank | 927.81 | 732.03 |
| 5 Inter Corporate Loans | | |
| | - | 245.00 |
| (b) | 6,003.94 | 5,632.85 |
| Total Current Borrowings | (a+b) 6,749.98 | 6,291.64 |
| Total Borrowings | 8,808.52 | 8,692.36 |

- The Loans referred at (a to d) 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 raking pari-passu with other lenders in the working capital consortium.
- The Loans referred at (f) above are secured by 1st pari-passu charge by hypothecation of land & Buildings at Toopran, Part -b, Industrial park, and guaranted by Managing Director and other two promoter directors.
- The Loans referred at (g & h) above are secured by 1st pari-passu charge by hypothecation of land & Buildings at Toopran, Part -A, Industrial park, & 1st parripassu charge by hypothecation of plant & machinery Created our of the finance and guaranted by Managing Director and other two promoter directors.

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 12, 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) State bank of India TL 1 | February 03, 2022 | 9.70% | 27 |
| g) Punjab National Bank TL 1 | September 16, 2022 | 9.35% | 36 |
| h) PNB /ICICI (Monthly repayment) | September 16, 2022 | 9.60% | 108 |

- Hire Purchase Loans above are secured by hypothecation of the respective asset and guaranted by one of the Directors of the Company and repayable in monthly installments.
- Working capital limits from consortium banks are secured by way of :

Primary : Pari-passu first charge by way of hypthothecation 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

19. PROVISIONS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Non current employee benefit obligation | | |
| Gratuity | 367.69 | 356.29 |
| Leave Encashment | 87.10 | 83.53 |
| Total Non Current Employee Benefit Obligation | 454.79 | 439.82 |

20. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | Recognised in statement of profit & loss | Recognised in other Comprehensive income | As at March 31, 2022 |
|---|-------------------------|--|--|-------------------------|
| Deferred tax liability | | | | |
| Property, Plant & Equipment & Intangible Assets | 1,055.26 | 68.18 | - | 987.08 |
| Gross Deferred Tax liability | 1,055.26 | 68.18 | - | 987.08 |
| Deferred tax asset | | | | |
| a. Employee Benefits & Statutory liabilities allowed on payment basis | 130.38 | 1.43 | 1.25 | 127.70 |
| b. Unused Tax Losses | - | - | - | - |
| c. MAT Credit | - | (128.66) | - | 128.66 |
| Gross Deferred Tax Asset | 130.38 | 127.23 | 1.25 | 256.36 |
| Net Deferred Tax Liability/(Asset) | 924.88 | 195.41 | (1.25) | 730.72 |

21. TRADE PAYABLES-CURRENT

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| For supplies and Services | | |
| Current | | |
| a) Trade Payables : Micro and Small Enterprises | 8.72 | 5.06 |
| b) Trade Payables : Other than Micro and Small Enterprises | 2,949.06 | 2,775.68 |
| c) Disputed Trade Payables : Micro and Small Enterprises | - | - |
| d) Disputed Trade Payables : Other than Micro and Small Enterprises | - | - |
| Total | 2,957.78 | 2,780.74 |

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.

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Principle Amount due | 8.72 | 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 | - | - |
| | 8.72 | 5.06 |



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

Trade Payables aging schedule as at March 31, 2023

(₹ 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 | 8.72 | | | | 8.72 |
| (ii) Others | 2,798.10 | 45.06 | 105.90 | - | 2,949.06 |
| (iii) Disputed dues-MSME | | | | | |
| (iv) Disputed dues-Others | | | | | |
| | 2,806.82 | 45.06 | 105.90 | - | 2,957.78 |

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 | 2,606.74 | 149.78 | 19.16 | - | 2,775.68 |
| (iii) Disputed dues-MSME | - | - | - | - | - |
| (iv) Disputed dues-Others | - | - | - | - | - |
| | 2,611.80 | 149.78 | 19.16 | - | 2,780.74 |

22. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| 1 Employee related payables | 235.43 | 227.48 |
| 2 Capital Creditors | 34.18 | 35.18 |
| 3 Unpaid dividend | 0.80 | 1.65 |
| Total Current other Financial Liabilities | 270.41 | 264.31 |

23. OTHER CURRENT LIABILITIES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------|-------------------------|-------------------------|
| Other payables-Statutory | 225.73 | 382.50 |
| Other payables | 188.05 | 188.71 |
| Advances received against sales | 2,912.30 | 1,035.65 |
| | 3,326.08 | 1,606.86 |

24. REVENUE FROM OPERATIONS

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|----------------------------|------------------------------|------------------------------|
| Machine Tools - Indigenous | 14,441.56 | 13,719.39 |
| Machine Tools - Exports | 1,499.31 | 1,468.02 |
| Components | 12,307.22 | 8,350.77 |
| Total Gross Sales | 28,248.09 | 23,538.18 |
| Less : GST | 4,217.85 | 3,354.42 |
| Total Net Sales | 24,030.24 | 20,183.76 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**25. OTHER INCOME**

| Particulars | (₹ in Lakhs) | |
|-----------------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Interest Income | | |
| - Margin Money | 29.90 | 28.09 |
| - Others | 322.42 | - |
| Other Non-operating income | | |
| Foreign Exchange gain | 31.18 | 29.78 |
| Miscellaneous Income | 37.32 | 24.33 |
| Total | 420.82 | 82.20 |

26. COST OF MATERIAL CONSUMED

| Particulars | (₹ in Lakhs) | |
|--|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Inventory at the beginning of the year | 1,743.49 | 1,825.62 |
| Add: Purchase of Materials | 15,053.80 | 10,800.05 |
| | 16,797.29 | 12,625.67 |
| Less: Inventory at the end of the year | 2,155.93 | 1,743.49 |
| Total | 14,641.36 | 10,882.18 |

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

27. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

| Particulars | (₹ in Lakhs) | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Inventory at the beginning of the year | | |
| Finished Goods | 690.93 | 653.64 |
| Work-in-Progress | 7,393.23 | 7,445.50 |
| | 8,084.16 | 8,099.14 |
| Inventory at the end of the year | | |
| Finished Goods | 724.25 | 690.93 |
| Work-in-Progress | 8,349.79 | 7,393.23 |
| | 9,074.04 | 8,084.16 |
| Total | (989.88) | 14.98 |

28. OTHER MANUFACTURING EXPENSES

| Particulars | (₹ in Lakhs) | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Consumable Stores | 194.16 | 74.28 |
| Job works (processing charges) | 885.22 | 831.74 |
| Packing material | 186.03 | 136.27 |
| Freight and cartage | 353.24 | 274.63 |
| Power and fuel | 763.11 | 556.49 |
| Testing charges | 15.98 | 8.45 |
| Unloading Charges | 2.28 | 0.38 |
| Repairs and Maintenance - Plant and Machinery | 279.52 | 159.53 |
| Total | 2,679.54 | 2,041.77 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**29. EMPLOYEE BENEFITS EXPENSES**

| Particulars | (₹ in Lakhs) | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Salaries, Wages and Bonus | 4,288.30 | 3,401.97 |
| Contribution to PF, ESI and Other Funds | 182.85 | 187.48 |
| Staff Welfare expenses | 149.00 | 121.64 |
| Total | 4,620.15 | 3,711.09 |

30. FINANCE COST

| Particulars | (₹ in Lakhs) | |
|-------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Interest expenses | 945.43 | 1,126.92 |
| Bank charges | 128.94 | 93.91 |
| Total | 1,074.37 | 1,220.83 |

31. DEPRECIATION AMORTISATION EXPENSES

| Particulars | (₹ in Lakhs) | |
|----------------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| On Property, Plant and Equipment | 895.08 | 885.20 |
| On Right of Use Asset | 6.57 | 7.02 |
| On Intangible Assets | 6.80 | 10.01 |
| Total | 908.45 | 902.23 |

32. OTHER EXPENSES

| Particulars | (₹ in Lakhs) | |
|---------------------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Rent | 88.46 | 74.25 |
| Rates and Taxes | 71.61 | 48.62 |
| Insurance | 42.76 | 42.13 |
| Travelling and Conveyance | 272.69 | 151.59 |
| Printing and Stationery | 45.25 | 28.78 |
| Postage and Telephones | 21.01 | 18.56 |
| Vehicles Maintenance | 85.94 | 80.01 |
| Directors Sitting Fee | 1.90 | 1.00 |
| Sales Commission | 154.74 | 217.32 |
| Professional Charges | 153.09 | 61.18 |
| Auditor's Remuneration : | | |
| - As Audit Fee | 5.00 | 5.00 |
| Business Promotion Expenses | 24.84 | 21.63 |
| Advertisement | 18.77 | 7.07 |
| Donations | 0.99 | 0.75 |
| Miscellaneous Expenses | 112.71 | 80.03 |
| Security Charges | 100.86 | 87.47 |
| Exhibition expenses | 78.82 | 5.11 |
| Service charges | 72.70 | 27.80 |
| C S R Expenditure (Refer Note No. 43) | 5.71 | 5.00 |
| Bad debts written off | 62.21 | - |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

| Particulars | (₹ in Lakhs) | |
|---------------------------------------|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Loss on sale of Asset | 9.37 | 4.24 |
| Discount Charges | 103.55 | 107.44 |
| Fair value loss on Equity Investments | 10.00 | - |
| Factory Maintenance | 118.14 | 46.93 |
| Foreign Exchange Loss | 10.07 | 5.73 |
| Total | 1,671.19 | 1,127.64 |

33. EXCEPTIONAL ITEMS:

Exceptional item of Rs. 159.14 Lakhs for the year ended March 31, 2023 (March 31, 2022 - Nil) is on account of insurance claim received with respect to damaged machinery in transit.

34. EARNINGS PER EQUITY SHARE

| Particulars | (₹ in Lakhs) | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| a. Profit for the year (₹ in Lakhs) | 967.35 | 634.60 |
| b. Weighted average number of equity shares of ₹ 10/- each in No.'s | 1,78,96,770 | 1,78,96,770 |
| c. Earning per share | | |
| Basic and Diluted Earnings per Share | 5.41 | 3.55 |

35. INCOME TAXES

| Particulars | (₹ in Lakhs) | |
|---|------------------------------|------------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| i. Tax Expense/(Credit) recognised in Statement of Profit and Loss | | |
| Current tax | 287.89 | 156.11 |
| Deferred Tax | 195.41 | 119.23 |
| Income tax of earlier years | - | 25.3 |
| Total | 483.30 | 300.64 |
| ii. Effective Tax Reconciliation | | |
| Profit/ (Loss) before tax | 1450.65 | 935.24 |
| Applicable tax rate | 29.12% | 29.12% |
| Tax Expense/(Credit) at applicable tax rate in India | 422.43 | 272.34 |
| Increase /(decrease) in tax expenses on account of: | | |
| i) Non-deductible expenses for tax purpose | 2.05 | - |
| ii) Other Adjustments | 58.82 | 28.30 |
| Tax Expense/(Credit) as per Statement of Profit and Loss | 483.30 | 300.64 |

36. 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-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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.

(₹ in Lakhs)

| Particulars | As at | | |
|---|----------------------------|----------------|----------------|
| | Fair value hierarchy Level | March 31, 2023 | March 31, 2022 |
| Financial Assets measured at FVTPL | | | |
| Investments in Equity instruments | 3 | 140 | 150 |
| Financial Liabilities measured at Amortised Cost | | | |
| Net Term loans | 2 | 8114.57 | 8171.96 |

37. CONTINGENT LIABILITIES & COMMITMENTS

Contingent Liabilities and commitments not provided for on account of:

(₹ in Lakhs)

| S. No | Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|-------|----------------------------|---------------------------|---------------------------|
| a | Letter of credit | 1923.08 | 1157.78 |
| b | Bank Guarantees | 1068.24 | 344.75 |
| c | Damages U/s 14B of EPF Act | 24.28 | 41.27 |

38. RETIREMENT BENEFIT OBLIGATIONS:

The liability on account of Gratuity for this financial year is calculated as mentioned below. Based on the accrual valuation, provision for the same is made in the books of accounts of ₹ 367.68 Lakhs. The Company is in the process of obtaining planned assets by way of Gratuity insured policy as per Ind AS 19

(₹ in Lakhs)

| Particulars | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
|---|-----------------------------------|-----------------------------------|
| A Table showing changes in present value of obligations | | |
| Present value of obligations as at beginning of year | 3368.48 | 317.09 |
| Interest cost | 25.66 | 20.61 |
| Current Service Cost | 26.76 | 26.3 |
| Benefits Paid | (35.84) | (28.76) |
| Actuarial gain / (Loss) on obligations | (4.29) | 33.23 |
| Present value of obligations as at end of year | 380.77 | 368.47 |
| B Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 12.20 | 11.42 |
| Expected return on plan assets | 0.89 | 0.77 |
| Contributions | 35.84 | 28.76 |
| Benefits Paid | (35.84) | (28.76) |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

| Particulars | (₹ in Lakhs) | |
|---|--------------------------------------|--------------------------------------|
| | For the Year Ended March 31, 2023 | For the Year Ended March 31, 2022 |
| Actuarial gain / (Loss) on Plan assets | - | - |
| Fair value of plan assets at the end of year | 13.09 | 12.19 |
| C Table showing fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 12.2 | 11.42 |
| Actual return on plan assets | 0.89 | 0.77 |
| Contributions | 35.84 | 28.76 |
| Benefits Paid | (35.84) | (28.76) |
| Actuarial gain / (Loss) on Plan assets | - | - |
| Fair value of plan assets at the end of year | 13.09 | 12.2 |
| Funded status | 3.68 | 3.56 |
| Excess of Actual over estimated return on plan assets | Nil | Nil |
| D Key Assumptions: | | |
| Discount Rate | 7.51% | 7.32% |
| Salary Escalation | 2.00% | 2.00% |

39. RELATED PARTY DISCLOSURE:

1) Related Parties:

(A) Key Management Personnel (KMP)

- i) M. Lokeswara Rao - Managing Director
- ii) B. Kishore Babu - Whole Time Director
- iii) M. Srinivas - Whole Time Director
- iv) M. Srikrishna - Whole Time Director
- v) V. Sudhakara Reddy - Chief Financial Officer
- vi) Gurprit Singh - Company Seceretary

(B) Non-Executive Directors

- i) B.R. Mahesh - Independent Director
- ii) S.S. Raman - Independent Director
- iii) D. Balaji - Independent Director
- iv) M. Likhitha - Non-Independent Director
- v) K. Krishna Swamy - Non-Independent Director

(C) Entities in which the key management and their relations are interested where transaction exists:

i) MLR Motors Limited

2. Transactions during the year

| Name of the party | Nature of transaction | (₹ in Lakhs) | |
|----------------------------|---|----------------|----------------|
| | | March 31, 2023 | March 31, 2022 |
| M. Lokeswara Rao | Remuneration | 12.00 | 36.00 |
| B. Kishore Babu | Remuneration | 54.00 | 54.00 |
| M.Srinivas | Remuneration | 78.00 | 66.00 |
| M.Srikrishna | Remuneration | 78.00 | 66.00 |
| V Sudhakara Reddy | Remuneration | 30.00 | 24.00 |
| Gurprit Singh | Remuneration | 9.00 | 5.61 |
| M.Srinivas & M.Sri Krishna | Rent for Land & Building | 51.60 | 51.60 |
| C.Srirekha | Refund of advance against purchase of Asset | - | 14.76 |
| MLR Motors Limited | Received against receivables | - | 245.79 |
| | Paid towards capital advance | - | 228.00 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1. Balances for the year ended

(₹ in Lakhs)

| Name of the party | Nature of transaction | March 31, 2023 | March 31, 2022 |
|--|--------------------------|----------------|----------------|
| M. Lokeswara Rao | Remuneration | 1.00 | 1.00 |
| B.Kishore Babu | Remuneration | 4.50 | 4.50 |
| M.Srinivas | Remuneration | 6.50 | 6.50 |
| M.Srikrishna | Remuneration | 6.50 | 6.50 |
| V Sudhakara Reddy | Remuneration | 2.50 | 2.00 |
| Gurprit Singh | Remuneration | 0.75 | 0.60 |
| M.Srinivas & M.Sri Krishna -Directors | Rent for Land & Building | 4.30 | 4.30 |
| MLR Motors Limited | Purchase of asset | 228.00 | 228.00 |

An amount of ₹ 16.03 Lakhs towards sale of goods and ₹ 317.38 Lakhs towards advance for purchase of asset is pending settlement with MLR Auto Limited and the same are likely to be settled on or before August 2024.

40. SEGMENT INFORMATION:

The primary reporting of the Company has been performed on the basis of business segment. The Company is organised 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 organisation 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 |
|--------------------------|------------------|---------------------|-----------------|------------------|
| Revenue | | | | |
| External sales | 13,737.61 | 10,290.63 | - | 24,030.24 |
| | (12,957.61) | (7,226.15) | | 20,183.76 |
| Intersegment sales | - | - | - | - |
| Total Revenue | 13,737.61 | 10,290.63 | - | 24,030.24 |
| | (12,957.61) | (7,226.15) | | (20,183.76) |
| Segment Results | 2,357.12 | 1,258.67 | - | 3,615.79 |
| | (2,326.06) | (739.39) | | (3,065.45) |
| Corporate Expenses (net) | - | - | 2,165.14 | 2,165.14 |
| | | | (2,130.21) | (2,130.21) |
| Profit/loss before tax | - | - | - | 1,450.65 |
| | | | | (935.24) |
| Segment Assets | 22,367.66 | 10,272.29 | - | 32,639.95 |
| | (19,814.67) | (9,601.92) | | (29,416.59) |
| Segment Liabilities | 12,000.01 | 4,742.45 | - | 16,742.46 |
| | (9,862.36) | (4,629.63) | | (14,491.99) |
| Capital expenditure | 126.01 | 1,354.65 | - | 1,480.86 |
| | (329.86) | (639.84) | | (969.70) |
| Segment depreciation | 272.95 | 635.50 | - | 908.45 |
| | (315.88) | (586.35) | | (902.23) |

(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 6.24% 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, 2023

41. 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 minimise 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.

- 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.
- 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.

42. CAPITAL MANAGEMENT

Gearing Ratio

| Particulars | As at | |
|------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| a) Debt Obligations | 8,808.52 | 8,692.36 |
| b) Cash and Cash equivalents | 693.95 | 520.40 |
| c) Net Debt (a-b) | 8,114.57 | 8,171.96 |
| d) Total Equity | 15,897.49 | 14,924.60 |
| Net Debt Equity Ratio (c/d) | 0.51 | 0.55 |

(₹ in Lakhs)

43. 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. A CSR



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

committee has been formed by the Company as per the Act. The funds were primarily allocated to a corpus and utilised through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

(₹ in Lakhs)

| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|--|------------------------------|
| i) Amount Required to be spent by Company during the year | 4.43 | 4.99 |
| ii) Amount of expenditure incurred | 38.20 | 5.00 |
| iii) Shortfall at the end of the year | Nil | Nil |
| iv) Excess Spent Proposed to be Carried Forward for Set off | 32.50 | - |
| v) Nature of CSR activities | Rural development projects & Education | |
| vi) 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 |

44. RATIOS

| Particulars | Numerator | Denominator | 2022-23 | 2021-22 | % Variance | Reason for variance |
|--------------------------------------|--------------------|--------------------------|---------|---------|------------|-------------------------|
| (a) Current Ratio | Current Assets | Current Liabilities | 1.31 | 1.44 | 9% | Not significant |
| (b) Debt-Equity Ratio | Debt | Equity | 0.55 | 0.58 | 5% | Not significant |
| (c) Debt Service Coverage Ratio | EBITDA | Interest + Principal | 2.75 | 1.44 | 91% | Increase in EBITDA |
| (d) Return on Equity Ratio | PAT | Average equity | 1.56% | 1.08% | 45% | Increase in PAT & Sales |
| (e) Inventory turnover ratio | Cost of goods sold | Average Inventory | 1.30 | 1.10 | 18% | Increase in sales |
| (f) Trade Receivables turnover ratio | Net sales | Average trade receivable | 5.68 | 4.81 | 18% | Increase in sales |
| (g) Trade payables turnover ratio | Net Purchases | Average trade payable | 5.25 | 3.96 | 33% | Increase in purchases |
| (h) Net capital turnover ratio | Net sales | Working capital | 5.86 | 4.18 | 40% | Increase in sales |
| (i) Net profit ratio | PAT | Net sales | 4.03% | 3.14% | 28% | Increase in PAT & Sales |
| (j) Return on Capital employed | EBIT | Average capital employed | 9.86% | 8.87% | 11% | Increase in EBIT |
| (k) Return on investment | PAT | Average equity | NA | NA | | |

45. ADDITIONAL DISCLOSURES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013:

- i) The Company do not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.
- ii) The Company do not have any transactions with companies struck off.
- iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Company has not been declared a willful defaulter by any bank or financial institution or any other lender during the current period
- v) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds), other than in the ordinary course of business by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023**

- vi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- vii) The Company has not made any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- viii) The Company has complied with number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017

46.

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 and on behalf of the Board

For Brahamayya & Co

Chartered Accountants
Firm's Registration No : 000513S

M. Lokeswara Rao

Managing Director
DIN:00989447

M. Srinivas

Whole-time Director
DIN: 00917565

K Shravan

Partner
Membership No.:215798

V.Sudhakara Reddy

Chief Financial Officer

Gurprit Singh

Company Secretary

Place: Hyderabad

Date: May 26, 2023



39TH ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the Thirty Ninth Annual General Meeting of the Members of **Lokesh Machines Limited** will be held on Thursday, the 28th day of September 2023 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, 2023 together with the report of the Board of Directors and the Auditors' thereon.
2. To appoint a director in place of Ms. Mullapudi Likhitha (DIN: 08765043), who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:

3. Increase in borrowing limits from 100 Cr. to 200 Cr. or the aggregate of the paid-up capital, free reserves and securities premium of the Company, whichever is higher.

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

"RESOLVED THAT in supersession of the resolution passed by the shareholders of the Company at the Annual General Meeting held on September 30, 2014, and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company, free reserves and securities premium, provided that the total amount so borrowed by the Board shall not at any time exceed 200 Cr (Rupees Two Hundred Crores Only) or the aggregate of the paid up capital free reserves and securities premium of the Company, whichever is higher;

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."

4. Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings.

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

"RESOLVED THAT in supersession of the resolution passed by shareholders of the Company at the Annual General Meeting held on September 30, 2014, and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks/financial institutions, other investing agencies and trustees for the holders of debentures/bonds/other instruments to secure rupee/foreign currency loans and/or the issue of debentures whether partly/fully convertible or non-convertible and/or securities linked to Ordinary Shares/ 'A' Ordinary Shares and/ or rupee/ foreign currency convertible bonds and/or foreign currency bonds and/or bonds with share warrants attached (hereinafter collectively referred to as "Loans") provided that the total amount of Loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said Loans for which the charge is to be created, shall not, at any time exceed 200 Cr. (Rupees Two Hundred Crores Only) or the aggregate of the paid up capital free reserves and securities premium of the Company, whichever is higher;

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."

5. Revision in the remuneration of Mr. Mullapudi Lokeswara Rao (DIN: 00989447), Managing 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 further to the resolutions passed at the 37th Annual General Meeting held on September 28, 2021 ("37th AGM") for remuneration payable to Mr. Mullapudi Lokeswara Rao (DIN: 00989447), Managing Director of the Company, and pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V of the Act, including any statutory modification(s) or re-enactment thereof and subject to the approval of the Central Government, as may be required, and such other permissions, sanction(s) as may be required, the consent of the Members of the Company, be and is hereby accorded for revision in the maximum remuneration payable to Mr. Mullapudi Lokeswara Rao, Managing Director of the Company with effect from April 01, 2023 for the remaining period of his present term of appointment upto September 30, 2024, including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period as stated below, is hereby specifically sanctioned with the other terms and conditions of his appointment remaining the same, and with the liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or remuneration, in such manner as may be agreed to between the Board of Directors and Mr. Mullapudi Lokeswara Rao within and in accordance with the Act or such other applicable provisions or any amendment thereto and, if necessary, as may be prescribed by the Central Government and agreed to between the Board of Directors and as may be acceptable to Mr. Mullapudi Lokeswara Rao:

- a. Consolidated remuneration of ₹ 500,000/- (Rupees Five Lakhs only) per month;
- b. All expenses relating to telephone, mobile bills, and travelling, boarding, lodging and other expenses incurred for the purpose of business of the Company;

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

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, Mr. Mullapudi Lokeswara Rao shall be entitled to receive remuneration including perquisites, etc. upto the limit as approved by the members herein above, as minimum remuneration;

RESOLVED FURTHER THAT the Board shall have the discretion and authority to modify the aforesaid terms and remuneration within, however, the limit as approved by the members;

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration) within such prescribed limit or ceiling and the terms and conditions of the said appointment as agreed to between the Board and Mr. Mullapudi Lokeswara Rao be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law."

6. 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."



7. 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 ₹ 1,00,000/- (Rupees One Lakh Only) plus out of Pocket expenses upto ₹ 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, 2024;

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."

Place: Hyderabad
Date: August 29, 2023

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

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

Sd/-
Gurprit Singh
Company Secretary

NOTES:

- 1) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 Ordinary & Special Business i.e., item 3 to 7, 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) The Ministry of Corporate Affairs ("MCA") has vide its General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (MCA) and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as the "Circulars") (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 39th 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 a 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 authorised 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 authorising 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 39th AGM along with the Annual Report for the year 2022-23 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 2022-23 and other documents will also be available on the Company's website <https://www.lokeshmachines.com/details-of-requirements-mentioned-in-sub-regulation-2-of-regulation-46-of-listing-regulation.php>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL 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 <https://www.lokeshmachines.com/investment-center.php?key=unpaidunclaimed-dividend>. 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, 2023, to September 28, 2023 (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,
Unit: Lokesh Machines Limited
Selenium Tower B, Plot No.31-32, Financial District,
Nanakramguda Serilingampally,
Hyderabad - 500 032,

Email ID: einward.ris@kfintech.com
Toll Free/ Phone Number: 1800 309 4001
WhatsApp Number: (91) 910 009 4099
KPRISM (Mobile Application): <https://kprism.kfintech.com/>
KFINTECH Corporate Website: <https://www.kfintech.com>
RTA Website: <https://ris.kfintech.com>
Investor Support Centre (DIY Link):
<https://ris.kfintech.com/clientservices/isc>
- 16) Shareholders are requested to immediately notify the Registrars and Share Transfer Agents or the Depository participants (in case of shares which have been dematerialised) of any change in their address and/ or bank account details to ensure correct and prompt receipt of the Dividend Warrants in case of declaration of dividend.
- 17) Pursuant to SEBI notification dated June 08, 2018, transfer of shares in physical mode is prohibited and mandates holding in Demat mode except in case of



transmission or transposition. Accordingly, members are requested convert physical holding to demat through depository participant. Members may contact Company via mail to cosecy@lokeshmachines.com or 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 dematerialise 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 Private 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: einward.ris@kfintech.com | |
| | 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/investment-center.php?key=forms-and-downloads> 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 September 30, 2023.

Non-updation of KYC, Bank account details, linking of PAN and Aadhar and Nomination details on or before September 30, 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/ dematerialisation 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 the National Stock Exchange of India Limited, Mumbai 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 Thursday, September 21, 2023 through email on cosecy@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 authorised 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 December 09, 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.

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 Monday, September 25, 2023, at 9:00 A.M. (IST) and ends on Wednesday, September 27, 2023, 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, 2023, 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, 2023. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.


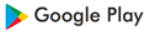


**How do I vote electronically using NSDL e-Voting system?**

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 for Individual shareholders holding securities in demat mode. In terms of SEBI circular dated December 09, 2020 on e-Voting joining virtual meeting 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"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com 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. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ 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. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <div style="text-align: center;"> <p>NSDL Mobile App is available on</p> <p> </p>   </div> |
| Individual Shareholders holding securities in demat mode with CDSL | <ol style="list-style-type: none"> 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 https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 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. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & 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. |

| Type of shareholders | Login Method |
|--|--|
| Individual Shareholders (holding securities in demat mode) login through their depository participants | 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 |

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 evoting@nsdl.co.in 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 helpdesk.evoting@cdslindia.com 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.
 - b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on 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 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.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period
 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 authorised signatory(ies) who are authorised to vote, to the Scrutiniser by e-mail to ldreddy2016@gmail.com with a copy marked to 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 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 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 / 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.

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. 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. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting for Individual shareholders holding securities in demat mode**.
3. Alternatively, shareholder/members may send a request to 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 Limited 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 Limited by writing to the e-mail id 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 or cosecy@lokeshmachines.com.

3. Shareholders may also visit the website of the Company 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 / 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 for obtaining User ID and Password by providing 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 THROUGH VC/OAVM ARE AS UNDER:

1. 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.
- Members are encouraged to join the Meeting through Laptops for better experience.
 - Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 - 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.
 - 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 at least 5 days in advance before the start of the meeting i.e., by September 23, 2023 by 3.30 P.M. (IST). The same will be replied by the Company suitably.
 - Those members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
 - 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 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:

- The Company has appointed Mr. L.D. Reddy, Practicing Company Secretary, Hyderabad (M. No.13104, CP No. 3752) as the Scrutiniser for conducting the E-voting process in a fair and transparent manner.
 - 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 authorised signatory (ies) who are authorised to vote, to the Scrutiniser by e-mail ldreddy2016@gmail.com with a copy marked to 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 to reset the password.
 - 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.
 - 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 or Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
 - The Scrutiniser 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 scrutiniser's report of the total votes cast in favour or against, invalid resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorised 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.
 - The results declared along with the report of the Scrutiniser shall be placed on the website of the Company at www.lokeshmachines.com and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of results by the Chairman or a person authorised by him. The results shall also be forwarded to BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.
 - 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 2022-23, 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

2022-23 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 at 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 29, 2023

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 No. 3

To cater to the business requirements and considering the business plans and the growing fund requirements of the Company, it is proposed to increase the existing borrowing limit of the Company from ₹ 100 Cr. (Rupees One Hundred Crores) to ₹ 200 Cr. (Rupees Two Hundred Crores),

Further, the Board at its meeting held on August 29, 2023, has recommended to increase the borrowing limits to ₹ 200 Cr. (Rupees Two Hundred Crores) under Section 180(1) (c) of the Companies Act, 2013 subject to shareholders' approval at the 39th Annual General Meeting.

The Directors recommend the matter and the Special resolution set out under Item No. 3 for the approval of the Members.

None of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 4

As explained above consequent to increase in the borrowing limits of the Company it would be necessary to revise the approval for creation of charge on properties etc., of the Company pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013.

The Board had in its meeting held on August 29, 2023, accorded consent to create security to secure borrowings up to ₹ 200 Cr. (Rupees Two Hundred Crores) Creation of security on the assets of the Company which may mean or include whole or substantially the whole of undertaking of the Company requires consent of shareholders. Accordingly, matter has been put forward for members' approval.

The Directors recommend the matter and the Special resolution set out under Item No. 4 for the approval of the Members.

None of the Directors and the Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

Item No. 5

The Members of the Company at the 37th Annual General Meeting held on September 28, 2021 (37th AGM") had appointed Mr. Mullapudi Lokeswara Rao as the Managing Director of the Company effective from October 01, 2021, for a period of three years up to September 30, 2024.

Pursuant to the provisions of Section 196, 197 and 198 of the Companies Act, 2013 read with Schedule V, a company having inadequate/no profits, may subject to certain conditions including the passing of a special resolution, pay such remuneration to its managerial personnel as may be

decided by the Board of Directors on the recommendation of Nomination and Remuneration Committee.

During the financial year 2021-22, the board of Directors with the approval of the Shareholders at the 37th Annual General Meeting held on September 28, 2021, revised the remuneration of Mr. Rao from ₹ 60,00,000/- (Rupees Sixty Lakhs Only) per annum to ₹ 12,00,000/- (Rupees Twelve Lakhs Only) per annum due to the impact of Covid-19 on the Company. Now, the Board of Directors are of the opinion that considering the experience and contribution made by Mr. Rao in the growth and profitability of the Company, the remuneration of Mr. Rao should again be revised and fixed at ₹ 60,00,000/- (Rupees Sixty Lakhs Only) per annum with effect from April 01, 2023, and which can be paid monthly, quarterly, Half-yearly and/or annually, save and except, all other existing terms and conditions of appointment and remuneration of Mr. Rao passed at the 37th AGM shall continue to remain in full force and effect.

Except Mr. M. Lokeswara Rao, Mr. M. Srinivas, Mr. M. Srikrishna & Ms. M. Likhitha none of the directors, Key Managerial Personnel or their relatives are in any way concerned or interested in the said Item No. 5 of the Notice for revision of Mr. Rao's remuneration.

Board recommends the resolution for your approval as a Special Resolution

Item 6

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. 6 of the Notice for continuation of his appointment.

Item 7

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 ₹ 1,00,000/- (Rupees One Lakh Only) plus out of Pocket expenses upto ₹ 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. 7 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 of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the ordinary resolution set out in Item No. 7 of the Notice.

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

Place: Hyderabad

Date: August 29, 2023

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

**PROFILE OF DIRECTORS****(Details of Directors proposed to be appointed/ reappointed and/or whose remuneration is proposed to be increased)**

As required by Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as required under Secretarial Standard - 2, the particulars of Directors who are proposed to be appointed/ reappointed and/or whose remuneration is proposed to be increased at the 39th Annual General Meeting, are given below:

The details of Board and Committee Meetings attended by these Directors during the year 2022-23 are stated in the Corporate Governance Report.

The details of remuneration are provided in the respective resolutions and in the Explanatory Statement

| Particulars | Mr. Mullapudi Lokeswara Rao | Ms. Mullapudi Likhitha | Mr. K. Krishna Swamy |
|--|---|---|--|
| Age as on March 31, 2023 | 78 years | 28 Years | 82 years |
| Brief resume of the Director including nature of expertise in specific functional areas | <p>Mr. M. Lokeswara Rao aged about 76 years founded Lokesh Machines Limited, is a technocrat with more than 50 years vast experience in the machine tool industry. He has started his career with KCP Limited in 1965 and after a brief period joined Hindustan Machine Tools Limited (HMT) in 1966. While working at HMT for almost a decade, Mr. Rao has obtained a methodical understanding and insight of the machine tool industry. The insights into the machine tool industry supplemented with the entrepreneurial abilities prompted Mr. Rao to start LML.</p> <p>Mr. Rao with his sheer hard work coupled with managerial abilities built a strong team and created good facilities. Mr. Lokeswara Rao has been an active member of Indian Machine Tool Manufactures' Association (IMTMA) for over a decade and served as a member of the Executive Committee for six years. He has also served as Chairman of the Regional Council (South) of IMTMA and was the President of the association. He was also the Vice President of the Auto Component Association in Hyderabad.</p> | <p>Ms. M. Likhitha has completed her BE in Integrated 3+1 program in Mechanical Engineering from PSG institute of Advanced Studies, Coimbatore, India and University of Hartford, Connecticut, USA. She has also done her ME in Mechanical Engineering with manufacturing and management specialisation from University of Hartford, Connecticut, USA.</p> <p>She has relevant experiences in the field of mechanical engineering, manufacturing and operational aspects of the industry.</p> | <p>Mr. K Krishna Swamy has more than 46 years of vast experience in designing. He started his career with HMT during 1964 and after a long stint in all its divisions, became the Chief Engineer in-charge of its design department during 1978 to 1983. Mr. Krishna Swamy, during his stay at HMT had received training under experts in the Design field including Cross Company Inc., USA, and the then collaborator of HMT. He has designed a number of machines notable among them being Rotary Indexing Machines, Linear Transfer Machines, Line Boring Machines etc. based on deep knowledge in designing machines that suit the requirements of customers. Mr. Krishna Swamy has been associating with LML and is presently Technical Director and has contributed significantly to the growth of LML.</p> |
| Date of First appointment on the Board | December 17, 1983 | June 18, 2020 | July 28, 1995 |
| Directorship held in other companies (excluding foreign companies & section 8 companies) | MLR Motors Limited | MLR Motors Limited | NA |

| Particulars | Mr. Mullapudi Lokeswara Rao | Ms. Mullapudi Likhitha | Mr. K. Krishna Swamy |
|---|---|--|----------------------------------|
| Membership/ Chairmanships of Committees of other public Companies (includes only Audit Committee and Stakeholders Relationship Committee) | NIL | NIL | NIL |
| Inter-se Relationship between Directors | Related with Mr. M. Srinivas, Mr. M. Srikrishna & Ms. M. Likhitha | Related with Mr. M. Srinivas, Mr. M. Srikrishna & Ms. M. Lokeswara Rao | Not related with other directors |
| No. of Shares held in the Company (singly or jointly as first holder) | 5,41,820 | 5,54,190 | 12,000 |



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