



**Lokesh
Machines Limited**



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CIN : L29219TG1983PLC004319

May 17, 2018

To, Bombay Stock Exchange Limited Corporate Services Floor 25, P.J Towers, Dalal Street, Mumbai, Pin: 400001 Security Code :532740	To, National Stock Exchange of India Limited Listing Department Plot no. C/1, G Block ,Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Company Code: LOKESHMACH
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Sub: Presentation about Company

Dear Sir/Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed a presentation including the Financials, Growth, Achievements, Vision and Mission of the Company.

The aforesaid presentation is also being hosted on the website of the Company www.lokeshmachines.com under the Announcements tab in accordance with Regulation 46 of the SEBI Regulations.

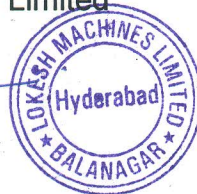
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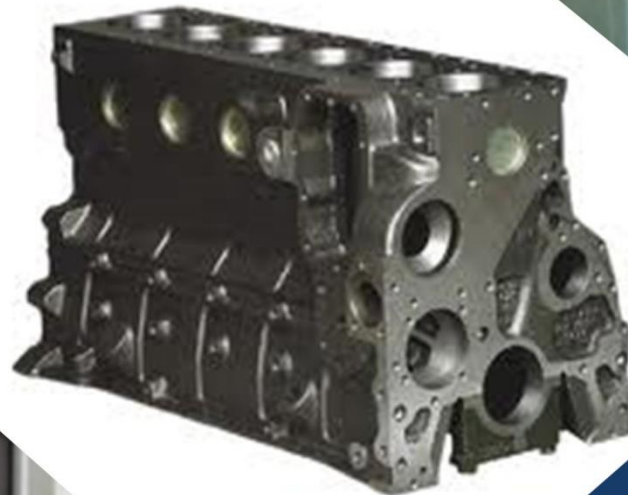
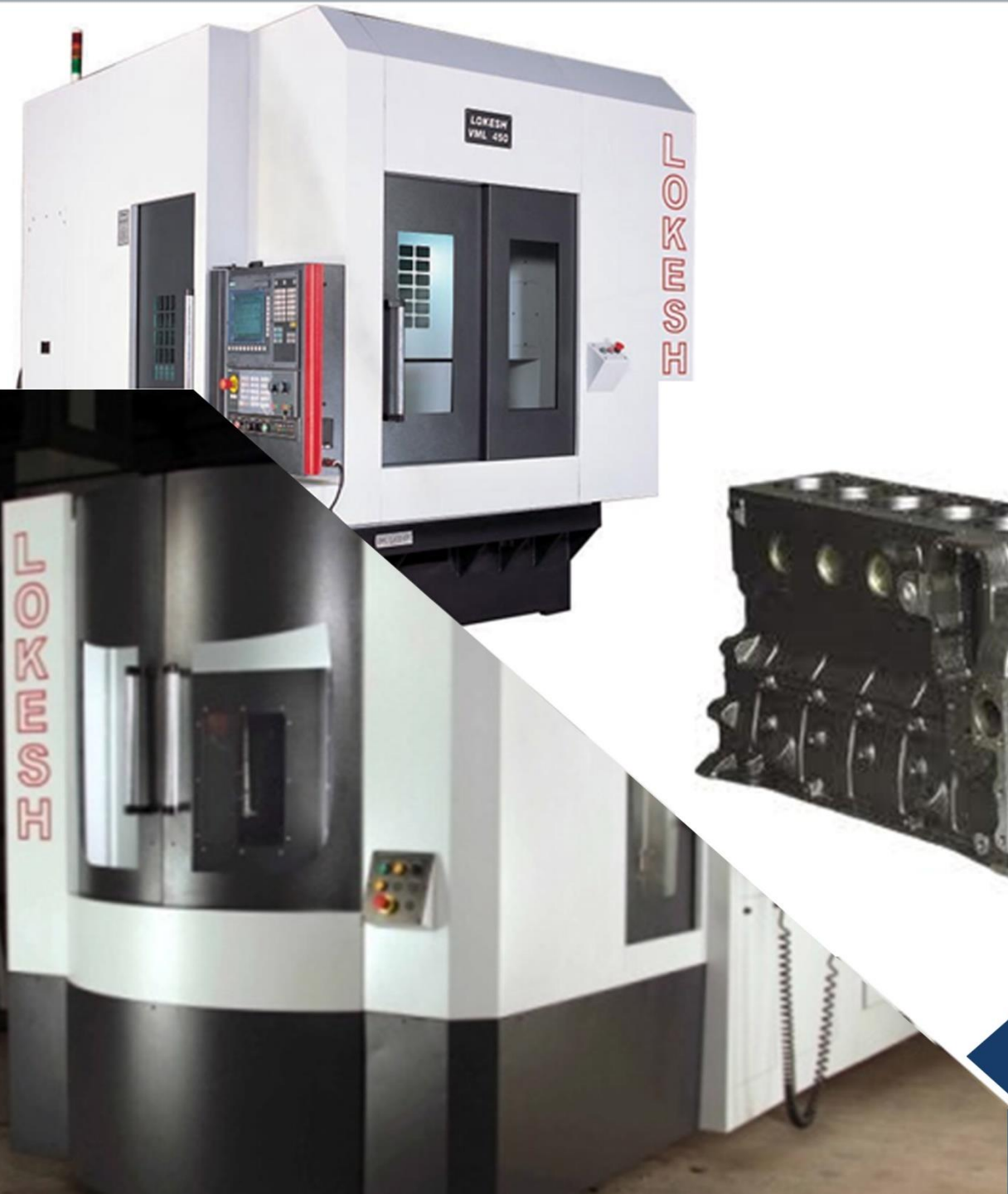
Thanking you,

Yours truly,
For Lokesh Machines Limited

Matru Prasad Mishra

Matru Prasad Mishra
Company Secretary





Lokesh Machines Ltd.

May 2018

The Driving Force of Indian Auto Industry



**Lokesh
Machines Limited**

ACROSS THE SLIDES

- 3** LOKESH MACHINES LTD - AT A GLANCE
- 4** LEADER IN MACHINE TOOLS AND AUTO COMPONENT MANUFACTURING
- 5** RESTRUCTURING ITS WAY TO SUCCESS...
- 6** ...WITH A CLEAR VISION AND MISSION
- 7** MILESTONES
- 8** BUSINESS DIVISIONS
- 9** ...SUPPORTED BY STATE-OF-THE ART FACILITIES
- 10** MACHINES DIVISION – CNC MACHINES
- 11** MACHINES DIVISION – SPECIAL PURPOSE MACHINES (SPM)

- 12** AUTO COMPONENTS DIVISION
- 13** CATERING TO THE MARQUE CLIENTELE
- 14** DRIVEN BY VISIONARY PROMOTERS...
- 15** ...SUPPORTED BY COMPETITIVE STRENGTHS
- 16** ...SUPPORTED BY COMPETITIVE STRENGTHS
- 17** FINANCIALS AT A GLANCE
- 19** STRATEGIC PRIORITIES
- 20** GUIDANCE

LOKESH MACHINES LTD - AT A GLANCE



1985

Year of
inception

35
Years +

Promoter's experience
in the Machine Tooling
Industry

5

Manufacturing
facilities across
Hyderabad and
Pune

900

Machines
annual capacity

Rs.175.78
Crores

Revenues in 2017-18

Rs.29.42
Crores

EBIDTA in 2017-18

Rs.4.70
Crores

PAT in 2017-18

Rs.98.43
Crores

Market Capitalisation
as on March 31, 2018

532740

BSE Ticker

LOKESHMACH

NSE Symbol





Manufactures:

- CNC machines(GPM)
- Special purpose machines (SPM)
- Automobile components
- Precision engineering components

Remarkable achievements:

- Only Indian Company to have successfully executed Volvo Eicher's Euro 6 Engine Project
- India's and Asia's first Company to successfully execute and supply complete cylinder block and cylinder head manufacturing SPMs for an EURO 6 Engine
- Pioneered in integrating gantry loaders for cylinder blocks and crank shafts in a TIER I industry
- Pioneered to develop work changers in SPMs
- India's first Company to manufacture 5- Axis horizontal borers and export to Italy
- India's first company to manufacture and export high speed vertical machining centers to Japan

Longer life of machines performance

Machines developed in 2003 have the same accuracy levels till date



Tough Times 2010 - 2013

- Anticipating a demand boom in the auto industry, the Company formulated aggressive growth plans and executed projects involving capex of over Rs. 80 crores
- The automobile industry, on the flipside, went into prolonged lean phase leading to loss of business and sharp erosion in margin
- The Company was saddled with an overall debt of over Rs. 125 crores, leading to stressed financials
- Working capital constraints further led to curtailed production
- With drastic fall in production levels, the Company was saddled with excess inventory

Recovery Phase 2015 - 2018

- Raised equity capital to the tune of around Rs. 36.71 crores between 2015-2018
- Disposed-off the non-core assets of the subsidiary to cut on the losses and reduce debts; reduced its total debt from Rs. 125 crores to Rs. 83.94 crores as on March 31, 2018; post repayments, the term loans have reduced significantly from Rs 57.66 Cr to Rs. 23.00 crores as on March 31, 2018
- Reduced inventory and receivable levels (days), specially in 2018, to bring much needed liquidity
- In order to achieve quick turnaround, the management decided to put greater focus on CNC machines(GPMs) which had relatively shorter execution and working capital cycle; consequently sale of CNC machines increased from Rs. 58.81 Crores in 2015 to Rs. 106.50 Crores in 2018

Growth Phase

- With expected debt-equity and interest cover of 0.42 and 3.50 respectively, there is marked improvement in the financial position of the Company
- Significant ramp up in marketing efforts has led to deeper penetration leading to 32% growth in turnover during 2018; The Company expects turnover to grow at CAGR of 30% during next three years to reach Rs370 crores mark by 2021
- The Company expects to incur capex of Rs. 15 crores over next 24 months which would be largely met from internal accruals and suppliers' credit.

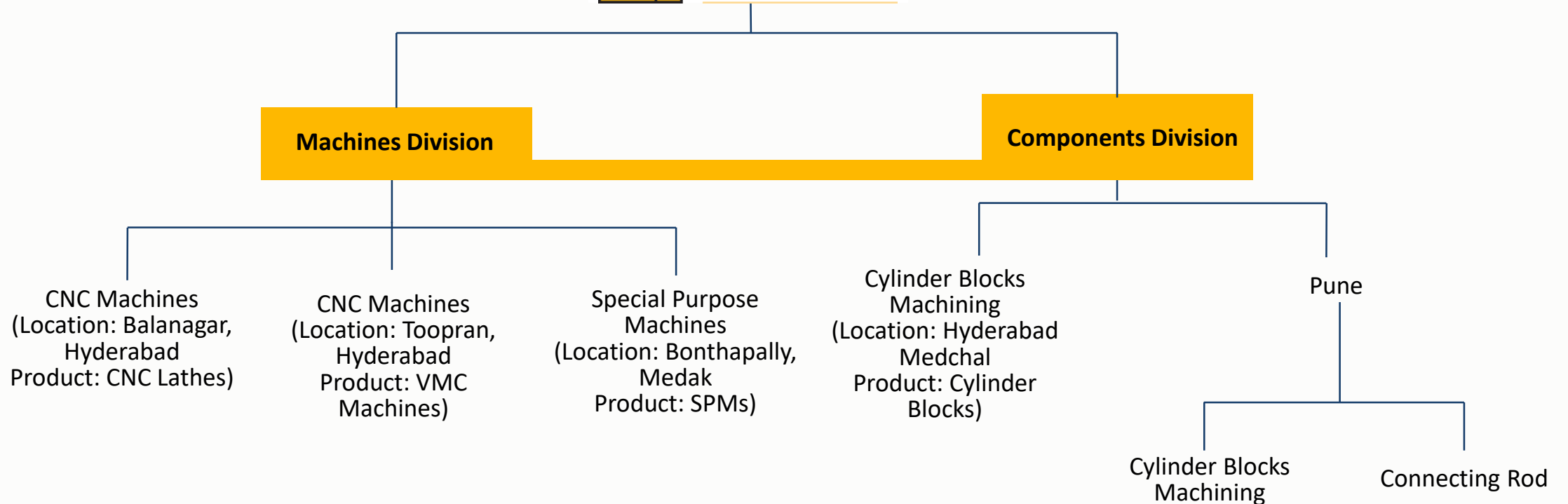
Vision 2021

Doubling the Annual Revenues by 2021 through the introduction of new products and solutions for auto & non-auto sectors, improving point of presence, continuously upgrading technologically, building required competencies and thereby reaching dominant presence, satisfying all stakeholders consistently.



Mission

To champion high quality parts ecosystem through manufacturing services and machining services and providing innovative and cost-effective solutions, satisfying all stakeholders in a unique manner.



Balanagar & Toopran Hyderabad

Products Manufactured:

- 1) CNC Lathes
- 2) Vertical Machining Centers
- 3) Drill Tap Centers
- 4) Horizontal Machining Centers

Capacities: 900 m/cs per annum

Land Area (sqmtr): 2,16,871

Captured Area (sqmtr): 1,15,000

Bonthapally, Hyderabad

Products Manufactured:

- 1) Special Purpose Machines
- 2) Jigs & Fixtures

Capacities: Vary Due to machinery sizes and value

Land Area (sqmtr): 22,795

Captured Area (sqmtr): 18,795

Medchal, Hyderabad

Products Manufactured:

- 1) Machining of Cylinder Blocks

Capacities: 2,00,000 nos. per annum

Land Area (sqmtr): 40,400

Captured Area (sqmtr): 36,000

Pune, Maharashtra

Products Manufactured:

- 1) Machining of Cylinder Blocks
- 2) Machining of Cylinder Heads
- 3) Manufacturing Fracture Connecting Rods

Capacities:

Cylinder Blocks: 1,00,000/ annum

Cylinder Heads: 60,000/ annum

Con Rods: 2 Million/ annum

Land Area (sqmtr): 19,000

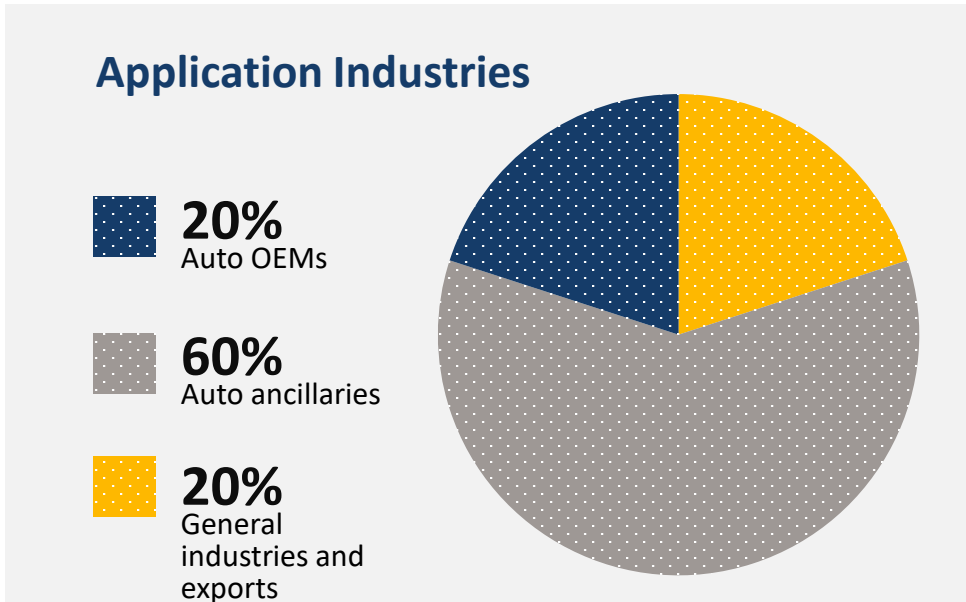
Captured Area (sqmtr):11,400

MACHINES DIVISION – CNC MACHINES

- Ranks amongst leading machine tool manufacturers in the country
- Range of CNCs include Vertical machining centres, Horizontal machining centres and CNC Lathes
- Manufactured around 600 CNC machines in 2017-18; target 900 machines for 2018-19
- Capacities being further augmented to 1,250 machines in 2018-19 and 1,500 machines in 2019-20 with a capex of Rs.10 crore. Major investments are already in place, only capacity balancing will be done.
- Delivered over 4,000 CNC Machines till date
- Technical Collaboration with **M/s TongTai of Taiwan and M/s EMCO of Austria**

61%

Contribution to total revenues in 2017-18



VERTICAL MACHINING CENTRE



CNC LATHE



HORIZONTAL MACHINING CENTRE

MACHINES DIVISION – SPECIAL PURPOSE MACHINES (SPM)

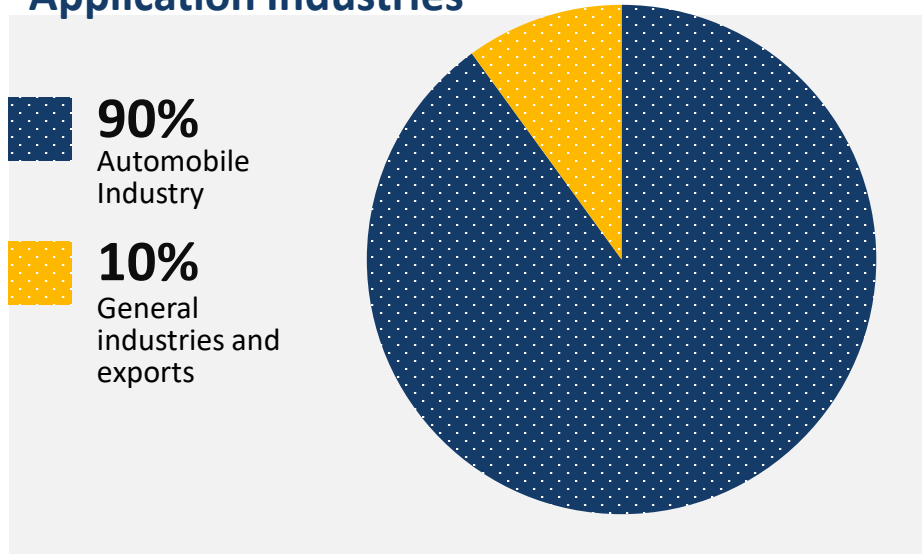
- Range of SPMs include:
 - Rotary Indexing Machines
 - Simplex and duplex milling machines
 - Multi drilling machines
 - Gun drilling machines
 - Fine boring machines
 - Mini transfer lines
 - Semi-automated equipment
- Preferred source for cam & crank borers and piston cylinder boring machines
- Only Indian company and amongst few globally to have manufactured machines for a euro 6 engine platform
- ISO 9001 : 2008 certified BY M/s TUV
- The Company has confirmed orders of around Rs. 12 crores to supply SPMs to reputed OEMs; additional orders of around Rs. 10 crores are under final discussion with OEMs and shall be finalised during the course of the year



SPMs SUPPLIED TO M/S VOLVO EICHER

5%
Contribution to
total revenues in
2017-18

Application Industries



ISO 9001



ISO/ TS 16949



AUTO COMPONENTS DIVISION

- India's leading supplier of machined engine blocks & heads
- Equipped with one-of-its kind and totally automated, flexible FRACTURE connecting rod line at Pune with an annual capacity of 1.5 million units
- The connecting rod plant at Pune is operating at around 40% capacity; the Company is in discussion with the current customers for increasing their offtakes as well as for supply of new models.
- ISO / TS 16949 : 2009 certified BY M/s TUV



3,00,000

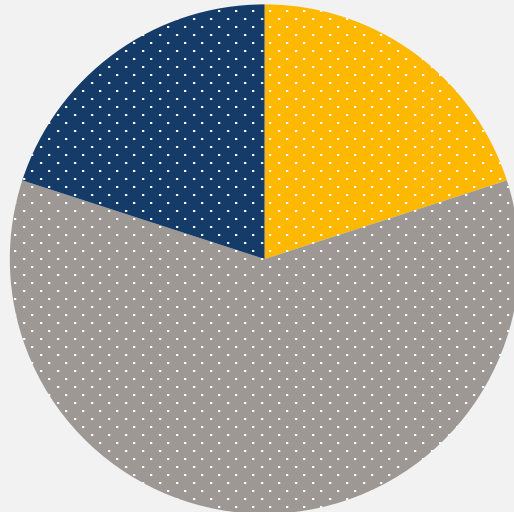
Annual installed capacities of cylinder blocks

34%

Contribution to total revenues in 2017-18

Application Industries

- 20%** Passenger Vehicles
- 60%** Commercial Vehicles
- 20%** Off-road vehicles



2 million

Annual installed capacities of connecting rods



60,000

Annual installed capacities of cylinder head

CATERING TO THE MARQUE CLIENTELE





Mr. M. Lokeswara Rao

- Chief Promoter and a first-generation technocrat with 35 years of vast experience in the machine tool industry
- Started his career with HMT Limited in 1966 and soon after he has established Lokesh Machines as a small engineering company manufacturing special purpose machines
- His visionary leadership transformed the Company into a mutli-product company with product offerings expanded to general purpose machines, auto components apart from special purpose machines



Mr. M. Srinivas

- Elder son of Lokeswara Rao
- Possesses over 20 years of experience in manufacturing and mechanical engineering
- Joined Lokesh Machines post completion of M S in Industrial Engineering (Manufacturing) at New Jersey Institute of Technology, New Jersey, USA
- Underwent training initially in the designs and manufacture of Special Purpose Machines



Mr. B. Kishore Babu

- Possesses over 31 years experience in the field of machine tool industry
- Started his carrier in HMT as Trainee Engineer and presently is the Executive Director of Lokesh Machines Limited
- He has worked in various departments right from shop floor, designs, planning, production, assembly, purchase and application engineering for the past 23 years
- Has received training across various countries



Mr. M. Srikrishna

- Younger son of Mr. M. Lokeswara Rao
- Possesses over 17 years of experience in the field of mechanical engineering
- Joined Lokesh Machines Limited since last 9 years post completion of Bachelor of Engineering at Osmania University
- Undergone initial training in the designs and manufacture of CNC Machines



Mr. K. Krishna Swamy

- Possesses over 46 years of experience in designing
- 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
- During his tenure at HMT, he 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
- Associated with Lokesh Machine since last 25 years and is presently the Technical Director, contributing significantly

Design and Development

- Comprises well-trained and highly skilled executives (around 30) having exposures to international standard of machine tool technology
- Equipped with latest designing software like Catia, Pro-E and AutoCAD
- Provides total solution to customers with specialisation in:
 - Machine designs
 - Fixture designs
 - Tool designs
 - Hydraulic and pneumatic designs
 - Electrical and electronic designs
 - Systems and applications
- In the past, the Company was associated with the following Multi National Machine Tool Builders:



Italy



Japan



Germany



Germany



Quality

Quality labs equipped with the following major facilities:

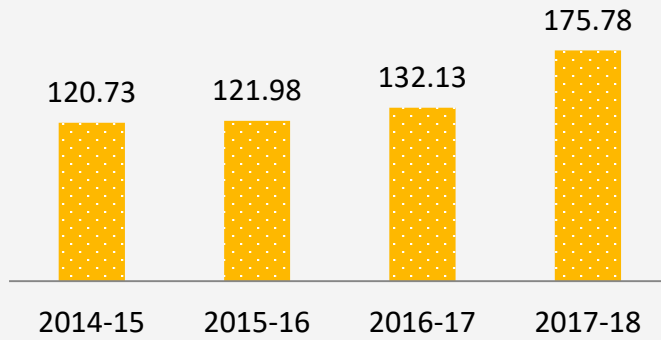
- LK 3: Co-ordinate measuring machines
- Hewlett Packard: Laser interferometer
- Renishaw: Ball bar system
- Renishaw: Laser interferometer
- Tesa/Trimos/Mitutoyo: Digital height masters
- Taylor Hobson: Surface finish tester



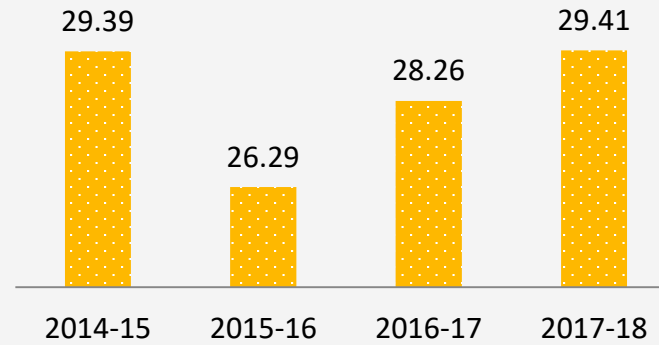
FINANCIALS AT A GLANCE

In Rs.crores

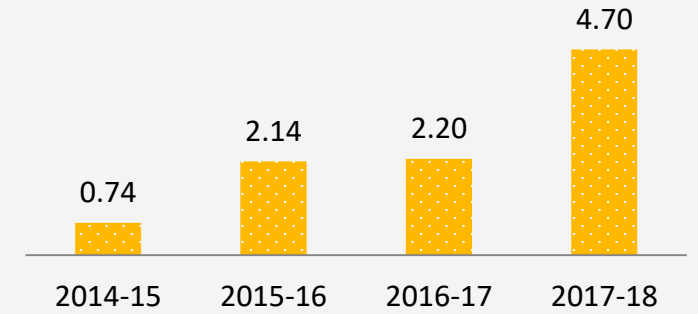
Total Revenue



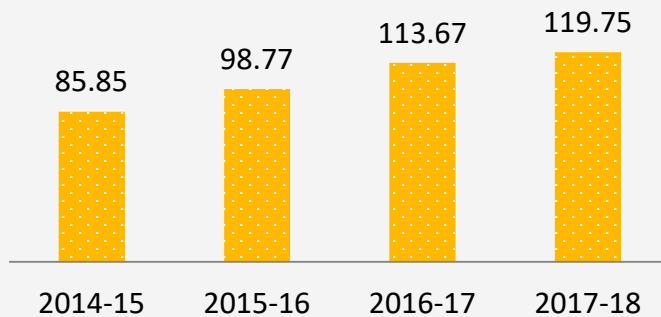
EBITDA



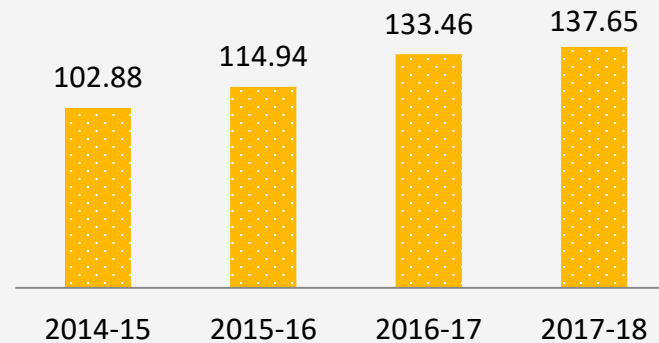
PAT



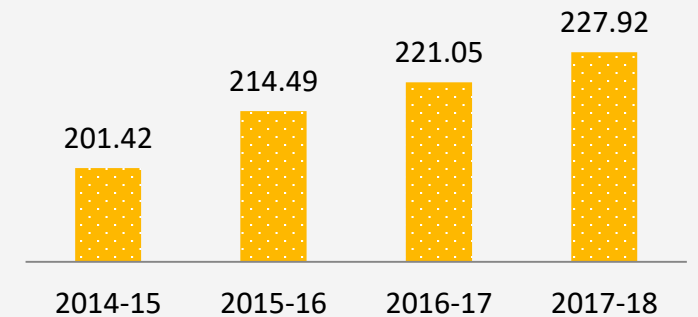
Reserves & Surplus



Net Worth



Gross Block



In Rs.crores

Particulars	2015-16	2016-17	2017-18
Total Revenue	121.98	132.13	174.78
EBITDA	26.29	28.26	29.41
EBIDTA Margins (%)	19.16	19.19	16.82
PAT	2.14	2.20	4.70
Share Capital	14.71	17.03	17.90
Share Application Money	1.46	2.76	0.00
Reserves & Surplus	98.77	113.67	119.75
Net Worth	114.94	133.46	137.65
Gross Block	214.48	221.04	227.892
Term Loans	42.26	31.43	23.01

1. Accelerate sales growth

- Penetrate further into the untapped markets of Western Regions and certain portions in South
- Drive additional growth form the non-automotive sectors like power, aerospace, defence, pumps and agri-based industries
- The Company's new plant at Toopran, Hyderabad is now operational .
 - ❖ The new plant has major mother machines like Plano Miller, Horizontal Borer and Big Vertical Milling machine used for manufacturing of VMCs and HMCs and other bigger machines.
 - ❖ More than 25000 square feet of assembly space is available with Overhead Crane and other facilities.
 - ❖ This would comfortably cater to around 600 machines assembly per year.
- Drive overall sales at a CAGR of 30% over the next three years
- Increasing contribution from high margin business (SPM) and automation solutions will lead to growth in sales and better profitability

Revenues from the non-automotive sectors

2017-18	2018-19 (P)	2019-20 (P)
15%	20%	25%

2. Increase product offerings

- Collaborate with leading players for the multi-tasking machines
- Develop Industry 4.0 and IOT ready machines with advance technology and next generation features

3. Leverage economies of scale & sweating of assets

- Value addition and value engineering (VA/VE) of the existing product line for better efficiencies and premiumisation
- Identifying commonality of machine content (sharing of parts) for better leverage
- Talking with the OEMs for newer requirements
- Utilise spare capacities of the component division

4. Revamp HR Practices

- Adapt contemporary HR practices
- Retrain people on latest machine tool and manufacturing techniques
- Create a better environment to perform and excel

5. Total productivity management

- Extend life of the machinery and assets
- Continuous technology upgradations and automations, leveraging the technology tie ups with Tongtai and EMCO

Particulars	Rs. Crores	
	2017-18	2018-19 (P)
Total Revenues	174.78	235.00
-GPM	106.50	152.00
-SPM	9.00	18.00
-Auto Components	59.28	65.00
EBIDTA	29.41	40.00
EBIDTA%	16.82	17.00
PAT	4.70	15.00
Equity Capital	17.90	17.90
Total Debts(Including Working capital)	85.98	64.43
-Secured	80.98	59.43
-Unsecured	5.00	5.00

Particulars	Rs.Crores	
	2017-18	2018-19 (P)
Debt equity	0.62	0.42
EPS (Rs.)	2.73	8.38

THANK YOU

Investor Contact

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CFO

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The Driving Force of Indian Auto Industry



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