LOKESH
MACHINES LIMITED

Annual Report 2025-26

Resilience. Rebuilding. Readiness.

A year in which, despite operating in full under US OFAC sanctions, we diversified our customer base, scaled our defence business, and rebuilt our engineering platform — closing FY26 with ***profitability restored, and order book at a five-year high.***

Precision Engineering for India's Manufacturing & Defence Future

As India deepens its push toward indigenous defence production and precision manufacturing, demand is accelerating for machine tools built to global standards—and for the engineering depth that lets a domestic maker serve automotive, defence and general-engineering customers from a single base.

At Lokesh Machines, we pair four decades of machine-tool expertise with in-house design and R&D to deliver CNC and Special Purpose machines, Precision Auto Components, Forgings and indigenously developed Small Arms trusted by automotive OEMs, Tier-1 suppliers and the Indian Armed Forces respectively.

What sets us apart is manufacturing depth across six units in Hyderabad and Pune, coupled with design-led capability in high-speed multi-axis machines, transfer lines and defence systems. Our engineering is built to substitute imports, engineered to scale, and proven on the shop floors of more than 5,000 clients across seven-plus countries—a base reinforced through FY26 by customer diversification, expanded defence deliveries and the compliance discipline the sanctions year demanded.

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Corporate Information

BOARD OF DIRECTORS

M Yugandhar
Independent Director &
Chairman of the Board

Mullapudi Lokeswara Rao
Managing Director

B Kishore Babu
Whole-time Director

M Srinivas
Whole-time Director

M Srikrishna
Whole-time Director

D Balaji
Independent Director

Wg Cdr KV Sanil Babu
Independent Director
(Appointed as Independent Director w.e.f 11 November 2025)

M Likhitha
Non-executive Director

K Krishna Swamy
Non-executive Director

STATUTORY COMMITTEES

Audit Committee

M Yugandhar: Chairperson
D Balaji: Member
M Srinivas: Member

Nomination & Remuneration Committee

Mr D Balaji: Chairperson
(appointed as Chairman w.e.f. 08 July 2025)
M Yugandhar: Member
M Likhitha: Member

Stakeholders Relationship Committee

D Balaji: Chairperson
(appointed as Chairman w.e.f. 08 July 2025)
B Kishore Babu: Member
M Srikrishna: Member

CHIEF FINANCIAL OFFICER

V Sudhakara Reddy

COMPANY SECRETARY

P Kodanda Rami Reddy
(w.e.f. 15 August 2025)

BANKERS

State Bank of India
Punjab National Bank
Indusind Bank Limited

STATUTORY AUDITORS

Brahmayya & Co.,
Chartered Accountants

403 & 404, Golden Green Apartments, Irum Manzil Colony, Hyderabad 500 082

INTERNAL AUDITORS

KS Rao & Co.
Chartered Accountants

Hyderabad, Telangana, India

SECRETARIAL AUDITORS

M/s LD Reddy & Co.
Company Secretaries

Flat No. 504, Afzal Commercial Complex, Besides MMTS Rly. Station
Hyderabad 500004
Telangana, India

REGISTRARS & TRANSFER AGENTS

KFin Technologies Limited
Selenium Building, Tower-B,
Plot No 31 & 32, Financial District, Nanakramguda,
Serilingampally, Hyderabad,
Rangareddy, Telangana,
India 500032
Email ID: einward.ris@kfintech.com
Phone: 1800 309 4001

REGISTERED OFFICE

B-29, EEIE, Stage II,
Balanagar,
Hyderabad 500037
Telangana, India
CIN: L29219TG1983PLC004319

WORKS

Temple Road
Bonthapally, Medak District
Telangana, India

B-25 & 36, EEIE, Stage II,
Balanagar Hyderabad 500037
Telangana, India

Plot No 41
IDA, Balanagar
Hyderabad 500037
Telangana, India

Ravalkol Village
Medchal Mandal
Rangareddy District
Telangana, India

Sy. No. 148, Kallakal Village
Manoharabad Mandal
Toopran, Medak District
Telangana, India

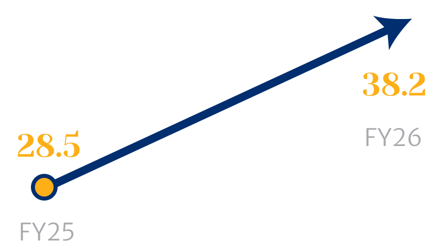
Plot No. D-260/1
Ranjangaon Industrial Area
MIDC, Shirur
Pune, Maharashtra

Resilience.
Rebuilding.
Readiness.

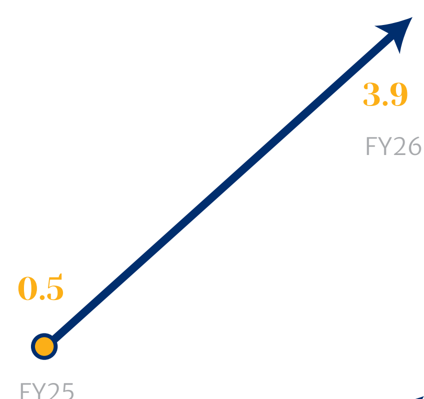
(₹ in crore)

Revenue from operations fell to ₹208.56 crore in FY26 from ₹228.32 crore in FY25, an 8.7% decline as OFAC Sanctions weighed on the Auto Component division recovery for most of the year even as the Machinery division grew over the same period.

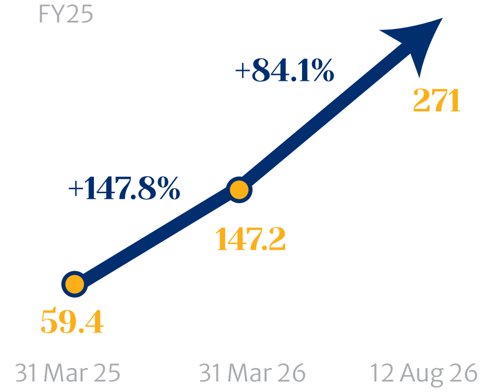
That resilience showed up in the margin line before it showed up in revenue. **EBITDA** rose to ₹38.25 crore from ₹28.50 crore, and the EBITDA margin to 18.34% from 12.48%, as a shift toward higher-realisation configurations and stringent expense control more than offset the lower revenue base.



The result was profit that turned firmly positive: **profit after tax** rose to ₹3.86 crore from ₹0.54 crore, a near seven-fold increase off a low base, lifting the net profit margin to 1.85% from 0.24%. Basic and diluted EPS stood at ₹1.95 against ₹0.28.



And that momentum shows up starkly in the **order book.** From ₹59.4 crore as on 31 March 2025, it grew to ₹147.2 crore by 31 March 2026 — up 147.8% — and further to ₹271 crore by 12 August 2026, up by another 84.1% in just over four months, positioning the Company's pipeline for the year ahead.

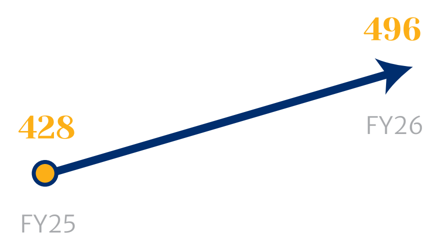


FY26 was the year Lokesh Machines held its ground under US OFAC sanctions, then began rebuilding on every measure that matters — and closed the year positioned for what comes next. The eight numbers across this spread trace that arc: from a managed revenue reset, through a sharp recovery in margins and profitability, to a balance sheet and order book that are already pointing toward FY27.

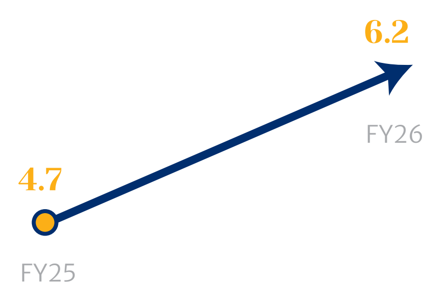
(₹ in crore)

That order-book visibility was matched by a balance sheet being rebuilt from strength, not necessity. **Net worth** rose to ₹228.30 crore from ₹212.82 crore, aided by ₹11.79 crore of preferential-allotment proceeds — capital committed by promoters even as the Components division absorbed the OFAC shock.

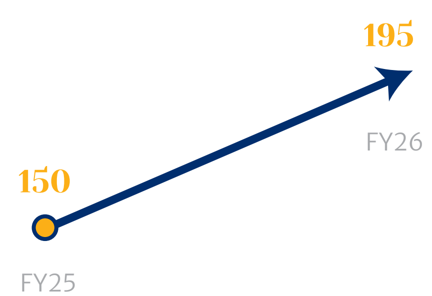
Total assets grew alongside it, rising to ₹495.89 crore from ₹427.87 crore, a 15.9% increase driven almost entirely by the inventory and receivables build — positioning ahead of the reopening, not balance-sheet stress.



That growing capital base is also earning its keep. **Return on capital employed** improved to 6.17% from 4.71%, as higher EBIT from expense control and a favourable product mix lifted returns without a larger asset base to show for it.



Underpinning all of it was the **Machinery division,** which carried the Company through the reset: its revenue grew to ₹194.91 crore from ₹150.38 crore, a 29.6% increase that more than offset the Components division's OFAC-driven contraction.



From the Managing Director

Every year tests an organisation's character in some way, and FY26 tested ours more than most. I am delighted to say that Lokesh Machines Limited met that test with the core values that have defined this Company for decades: accept challanges, empowerment at work and customer centricity.

We began the year still working through a regulatory setback that had weighed on our operations since October 2024. While resolution arrived only after the year closed, we ended FY26 with our key customer relationships intact and the Company positioned to normalise operations in the year ahead.

What must be taken away most from this period is not the disruption itself but how your Company responded to it. Our order books held up, manufacturing operations continued to run, and customers who have worked with us for decades continued to place their confidence in our engineering capability.

None of that was automatic. It came from deliberate choices — strengthening our compliance systems, staying close to our customers through a difficult phase, and trusting our people on the shop floor and in our design offices to keep the work moving. I remain grateful for that steadfastness. It is why we come through this year intact, and in some respects stronger than before.

> **"Our engineers, machine operators, R&D teams and plant workforce kept operations running through a genuinely difficult period, often absorbing uncertainty not of their making."**

Our OFAC Journey

On 30 October 2024, Lokesh Machines Limited was designated on the Sanctions List maintained by the United States Office of Foreign Assets Control ("OFAC"). The designation restricted our ability to undertake foreign currency transactions and forced a pause in business with certain key customers. These included Mahindra & Mahindra in our Auto Component Division and other customers in our Machine Tool Division.

The impact was real: our revenue for FY25 was lower by approximately 22.18% compared to the previous year. This was by no means easy for the organisation, our customers, or our shareholders.

We chose not to let the designation define the Company.

Over the following months, we substantially strengthened our compliance framework and internal controls, engaged Law Firms Cyril Amarchand Mangaldas and CMS INDUSLAW in India and Blank Rome LLP in the United States to help us with the delisting process, diversified our customer base, deepened our presence in the defence sector, and expanded into forgings and precision components. Our Promoters reinforced the Company's balance sheet with additional capital, a mark of the confidence that runs through this organisation.

Through all of it, our employees kept the plants running and our customers stayed with us.

On 30 June 2026, OFAC removed your Company from its Specially Designated Nationals and Blocked Persons ("SDN") List. By public reporting, this made us one of the first Indian companies to achieve a full OFAC delisting. This is more than the lifting of a restriction: it restores our ability to bank, trade and transact internationally in the ordinary course, and it reflects the substantial strengthening of our governance, compliance and internal controls over the past two years.

I think of this less as a closed chapter than as a foundation for the systems we have built and will keep strengthening.

We Held Firm

For the financial year ended 31 March 2026, your Company recorded Revenue from Operations of ₹208.56 crore, against ₹228.32 crore in FY25, and Net Profit After Tax of ₹386.15 lakh, against ₹53.68 lakh in the previous year, while EBITDA margin recovered to 18.34% from 12.48%.

This improvement in the vital parameters dispite a revenue fall shows the tenacity with which our team performed to ensure a forgettable past. The ongoing trend reflects the

"Full OFAC delisting restores our ability to bank, trade and transact internationally in the ordinary course, and reflects the substantial strengthening of our governance, compliance and internal controls over the past two years."

"Our CNC and machine tool businesses continued to serve the automotive, general engineering and capital goods sectors... while our defence and precision engineering businesses gained further ground as India's indigenous-defence push gathered pace, including delivery of indigenous small arms to the Indian Army, an Indian first for a private-sector company."

gradual normalisation of our operations, continued demand across our machine tool, defence and precision-engineering businesses, and the cost discipline maintained through the year. We expect this trajectory to continue as our customer relationships and international operations continue to normalise.

Lokesh Machines Limited's businesses span CNC machine tools, special purpose machines (SPMs), general purpose machines (GPMs), defence manufacturing, forgings & precision engineering, industrial automation and engineering solutions.

Each of these drew on the same strength through the year: decades of manufacturing depth and design capability that let us serve customers from automotive OEMs to defence public sector undertakings from the same engineering base.

Our CNC and machine tool businesses continued to serve the automotive, defense & aerospace, general engineering and capital goods sectors through the year, while our defence and precision engineering businesses gained further ground as India's indigenous-defence push gathered pace, including delivery of indigenous small arms to the armed forces & special forces, an Indian first for a private-sector company.

These should be seen not as separate businesses but as different applications of one engineering capability that has defined this Company since its founding.

India remained among the world's fastest-growing major economies through FY26, with real GDP growth estimated at 7.7% (Provisional Estimates, MoSPI, June 2026) and inflation comfortably within the Reserve Bank of India's target band.

For a Company like ours, the more relevant story is playing out on the shop floor of Indian manufacturing: the steady adoption of automation and Industry 4.0 technologies, the government's continued push for import substitution and indigenous defence production, and the growing willingness of Indian manufacturers to invest in precision engineering rather than import it.

These trends shape our order book, and we expect them to keep supporting demand for CNC machine tools and precision manufacturing solutions in the years ahead.

None of what I have described is possible without the people who make it happen. Our engineers, dealer partners, R&D teams and plant workforce kept operations running through a genuinely difficult period, often absorbing uncertainty not of their making.

> **“We remain focused on developing high-speed, multi-axis CNC machines, strengthening our research and development collaboration with institutions, and expanding our Industry 4.0-enabled automation and precision engineering solutions, while building indigenous design and manufacturing depth rather than depending on imported technology.**

Their resilience through FY26 is the reason we have a recovery to report at all. The Company also remains committed to the safety and development of its workforce, and to strengthening its ESG and governance practices more broadly.

I also want to acknowledge our customers. Several of our relationships go back many years, and that trust is not something any Company can take for granted, particularly through regulatory disruption.

That so many of these relationships have endured, and that we are now able to re-engage more fully with customers whose business was paused during the sanctions period, says as much about them as it does about us.

Our ability to keep faith with these customers rests on continued investment in our people, engineering and technology.

We remain focused on developing high-speed, multi-axis CNC machines, strengthening our research and development collaboration with institutions such as IIT Madras and RRCAT, and expanding our Industry 4.0-enabled automation and precision engineering solutions, while building indigenous design and manufacturing depth rather than depending on imported technology.

While this has been this Company's approach for decades, what has changed is the urgency with which Indian manufacturing, and our defence sector in particular, now needs it.

The Road Ahead

We believe the resolution of the OFAC matter leaves the Company well placed to pursue its priorities.

We expect to deepen our engagement with the Ministry of Defence, Defence Public Sector Undertakings and private aerospace manufacturers as India's defence manufacturing base expands; we intend to rebuild export markets, drawing on relationships paused rather than lost; and we remain focused on product development in high-speed, multi-axis CNC machines, alongside the working-capital discipline needed for steady, sustainable returns rather than growth for its own sake.

We thus approach FY27 with a clearer sense of direction than we have had in some time.

Many thanks to our Board, our legal advisors in India and the United States, our banking partners, and above all, our employees, dealers and customers, for standing with the Company through this period. And to you, our shareholders, thank you for your continued trust. Lokesh Machines Limited enters FY27 with a strengthened governance and compliance framework, a resilient engineering base, and a clear focus on sustainable, long-term value creation for all our stakeholders.

Mullapudi Lokeswara Rao

Managing Director

Leadership

At Lokesh Machines, we regard sound governance as central to how the Company is run. Our approach is built on transparency, accountability and the consistent application of high ethical standards across the organisation, in the interests of all our stakeholders.

300+ Years	3	2	3
Cumulative Experience	Independent Directors	Non-Executive Directors	Whole-time Directors

Meka Yugandhar

Independent Director & Chairman of the Board

Mr Yugandhar has been a fellow member of the Institute of Chartered Accountants of India since 1977, with more than four decades of experience in corporate accounting, capital markets and governance. He currently serves as an Independent Director on two other listed manufacturing companies.

M Lokeswara Rao

Managing Director

As the founder of Lokesh Machines, Mr Lokeswara Rao has provided visionary leadership for over 51 years, driving our success and fostering industry innovation.

B Kishore Babu

Whole-time Director

An engineer with over 44 years of experience, Mr Kishore Babu oversees our SPM division, guiding operations with a deep understanding of engineering and manufacturing.

Leadership

M Srinivas

Whole-time Director

With 29 years of expertise, Mr Srinivas leads our New Diversification projects besides the administrative and operational oversight, combining academic excellence with practical experience.

M Srikrishna

Whole-time Director

Mr Srikrishna brings 29 years of manufacturing expertise, managing our CNC machines division and driving business development initiatives.

D Balaji

Independent Director

Mr Balaji brings 35 years of experience in manufacturing and supply chain management, playing a vital role in supporting our operations and strategic initiatives.

Wg Cdr KV Sanil Babu

Independent Director

Wg Cdr Kolkappadam Vadavatath Sanil Babu (Retd.) is a techno - management professional with over 35 years of strong experience in the Aerospace & Defence (A&D) sector, encompassing operations, production, sales & marketing and strategic leadership.

M Likhitha

Non-Executive Director

Ms Likhitha's expertise in mechanical engineering and industry operations adds valuable technical and strategic perspectives to our board.

K Krishna Swamy

Non-Executive Director

With over 47 years in machine design, Mr Krishna Swamy brings extensive experience that supports our innovation and engineering excellence.

Annual Report 2025-26

STATUTORY REPORTS AND ACCOUNTS

Governance, compliance, and financial disclosures

BOARD'S REPORT

Dear Members,

Your directors are pleased to present the 42nd Annual Report of the company along with the Audited Financial Statements for the financial year ended 31 March 2026.

1 FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

(₹ in lakh)

Particulars	(2025-26)	(2024-25)
Revenue from Operations	**20,856.43**	22,832.16
Other Income	**105.29**	144.22
Total Income	**20,961.72**	22,976.39
Total Expenses	**20,430.82**	22,887.38
Profit before Taxes	**530.90**	89.01
Tax Expenses:		
Current Tax	-	-
Provision for earlier tax	-	-
Deferred Tax	**144.75**	35.33
Profits/ (Loss) after Taxes	**386.15**	53.68
Earnings Per Equity Share:		
Basic	**1.95**	0.28
Diluted	**1.95**	0.28

Note: The above figures are extracted from the audited financial statements of the Company prepared as per the Indian Accounting Standards (Ind AS).

2 PERFORMANCE REVIEW

During the financial year ended on 31 March 2026, the Company recorded Revenue from Operations of ₹20,856.43 lakh, as compared to ₹22,832.16 lakh in 2024-25. Furthermore, during the financial year, the company has made profit after tax of ₹386.15 lakh as compared to ₹53.68 lakh in 2024-25.

Because of OFAC Sanctions, the Company's turnover has not increased any more than expected, and the Company was unable to enter into any foreign currency transactions.

We are happy to inform that the **United States Department of the Treasury's Office of Foreign Assets Control (OFAC) has removed Lokesh Machines Limited from the Specially Designated Nationals and Blocked Persons List vide letter dated 30 June 2026.** Accordingly, all property and interests in property that had been blocked solely due to the designation are unblocked.

Consequent to the aforesaid removal, the Company is permitted, subject to applicable laws and regulations of the United States, to engage in transactions with U.S. persons and access the U.S. financial system. This also facilitates U.S. dollar-denominated transactions, subject to compliance with all applicable legal and regulatory requirements.

Further, the Company's removal from the OFAC Specially Designated Nationals and Blocked Persons ("SDN") List is expected to facilitate the normalisation of its international business operations and transactions with domestic MNCs.

The Company remains committed to maintaining the highest standards of regulatory compliance. In this regard, we will continue to work closely with our legal counsel, CMS Indus Law, to ensure ongoing compliance with applicable OFAC regulations and other relevant laws, with a view to avoiding any legal or regulatory discrepancies in the future.

We further inform you that the Ministry of External Affairs, Government of India, has intimated the Company, vide its letter dated 8 July 2026, confirming that Lokesh Machines Limited has been removed from the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons (SDN) List.

3 DIVIDEND

Currently, your company is prioritizing its expansion plans, and a significant portion of the profit is being reinvested back into the business with the focus on creating shareholders' value. Therefore, your directors did not recommend any dividend for the financial year ended 31 March 2026.

4 TRANSFER TO GENERAL RESERVE

The Company does not propose transferring any amount to General Reserve for the financial year 2025-26.

5 SHARE CAPITAL

The Authorized share capital of the Company is ₹25,00,00,000 (Rupees Twenty-Five Crore Only) divided into ₹2,50,00,000 (Two Crore Fifty Lakh Only) equity shares of ₹10 (Rupees Ten Only).

As on 31 March 2026, the paid-up equity Share Capital of the company is ₹1999.67 lakh. And paid-up equity share capital on a fully diluted basis is ₹1999.67 lakh.

During the period on 6 May 2026, the Company has issued & allotted 13,00,000 Equity Shares of ₹10 each at a premium of ₹171.71 on Preferential basis to non-promoters.

In addition to above, the company has also issued & allotted 27,77,919 convertible warrants of ₹10 each at a premium of ₹171.71 on Preferential basis to the members of promoters/promoters group and non-promoters.

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

As on 31 March 2026, the Company's Board of Directors comprises 9 directors. Four are Executive Directors, three are Independent Directors and two are Non-Executive Directors including one Woman Director.

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

During the year, Mr. Krishna Swamy, the Non-Executive Director of the company, is due to retire by rotation at the ensuing Annual General Meeting and is also eligible for re-appointment.

Further, the Board has recommended the appointment of Mr. Kolkappadam Vadavatah Sanil Babu as an Independent Director of the Company w.e.f. 11.11.2025 and the same was approved by the shareholders through postal ballot on 31.01.2026.

As mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, detailed information and profiles of the directors seeking appointment and re-appointment are provided in the notice and explanatory statement of the 42nd Annual General Meeting.

b) 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 27 March 2026, 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. Meka Yugandhar, Mr. D. Balaji and Mr. K.V Sanil Babu. Additionally, all directors of the Company have disclosed their interests to the Company pursuant to Section 184(1) of the Companies Act, 2013.

c) **Change in Key Managerial Personnel (KMP)**

During the financial year, Mr. Gurprit Singh resigned as Company Secretary and Key Managerial Personnel of the Company w.e.f. 14 August 2025. Mr. P. Kodanda Rami Reddy, appointed as Company Secretary, Compliance Officer & Key Managerial Personnel (KMP) of the Company w.e.f 15 August 2025.

d) **Superannuation of Chief Operating Officer (COO)**

After the end of the financial year, Mr. Sandeep Avinash Dorle, Chief Operating Officer (COO) who is part of Senior Management Personnel of the Company is relieved from the services w.e.f. close of Business hours of 10 July 2026, consequent to his superannuation.

9 BOARD MEETINGS

During 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 as Annexure D.

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

In accordance with 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. The details of Board and committee composition, tenure of directors, areas of expertise and other details are available in the corporate overview section that forms part of this Integrated Annual Report. 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 of ₹5,00,000 per annum plus reimbursement of out-of-pocket, travelling expenses, if any.

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.

The Statutory Auditors have not made any qualifications, reservations, or adverse remarks or disclaimer in their report for the financial year ended on 31 March 2026, furthermore, no instances of fraudulent activities have been reported by the Auditors to the Company's Audit Committee during financial year under review.

b) **Cost Auditors**

The Board, during its meeting on 26 May 2026, has appointed M/s Naval & Associates, Cost Accountants (Firm Registration: 002419), to perform the audit of cost records for various segments of the Company for the fiscal year 2026-27, 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

As per the provisions of section 204 of Companies Act, 2013, Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 read with the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024, and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s L.D. Reddy & Co. Practicing Company Secretaries were appointed as Secretarial Auditors at the 41st Annual General meeting for the period of 5 years (Five years) starting from 1 April 2025, to 31 March 2030.

The Secretarial Audit Report issued by M/s L.D. Reddy & Co. Practicing Company Secretaries for the financial year 2025-26 is annexed as **Annexure A** to this report. Furthermore, the Secretarial Auditors have not made any qualifications, reservations, or adverse remarks or disclaimer in their report for the financial year ended on 31 March 2026.

Furthermore, in accordance with regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("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 2025-26. The Annual Secretarial Compliance Report, issued by Mr. L. Dhanamjaya Reddy, Practising Company Secretary based in Hyderabad, has been duly submitted to the Stock Exchanges within the stipulated time frame. A copy of this report has been attached as **Annexure-A1** to this report.

12 INTERNAL AUDIT, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board, in its meeting on 26 May 2026 has appointed M/s K. S. Rao & Co., Chartered Accountants, Hyderabad having Firm Reg. No. 003109S as the Internal Auditors of the Company for the financial year ended on 31 March 2027.

The responsibility of Internal Auditors inter-alia includes conducting the Internal Audit for the year ending on 31 March 2027. 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.

Furthermore, the Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error-reporting mechanisms, accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. For more details, refer to the 'Internal control systems and their adequacy' section in the Management discussion and analysis report, which forms part of this Annual Report as **Annexure B.**

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. P. Kodanda Rami Reddy, Company Secretary, as Compliance Officer w.e.f. 15 August 2025, 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 the 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 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 Report is not applicable to your Company.

17 ANNUAL RETURN

The Annual Return of the 2024-25 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 31 March 2026, shall be uploaded on the website of the Company as and when filed with the Registrar of Companies, Hyderabad.

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 the 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 COMPLIANCE UNDER POSH ACT, 2013

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, details of the complaints are mentioned below:

Particulars	Details
Number of complaints received during the year	NIL
Number of complaints at the beginning of the year	NIL
Number of complaints at the end of the year	NIL

22 PERFORMANCE ANNUAL 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.

The Independent Directors of the Company had also convened a separate Meeting for this purpose on 27 March 2026. The results from this evaluation process have been informed to the Chairman of the Board of Directors.

23 LISTING

The equity shares of the Company are listed with BSE Limited, 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 31 March 2026.

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 a true and fair view of the state of affairs of the Company at the end of the financial year ended 31 March 2026 and of the profit of the Company for the financial year;

c) The Directors have taken proper and sufficient care for the 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 compliance with the requirements of Corporate Governance has been attached as **Annexure D**. The certificate on compliance with the conditions of Corporate Governance is attached as **Annexure D2**.

26 FUND RAISING AND UTILIZATION

During the year your Company has not raised funds by issuing Equity Shares and Warrants by way of preferential allotment in accordance with the provisions of the Companies Act, 2013 and SEBI (ICDR) Regulations, 2018.

27 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 dis-qualified 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.

28 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. The Policy can be accessed at **https://www.lokeshmachines.com/investment-center.php?key=policy.**

29 PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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 this report.

Further, the disclosure required under section 197(14) of the Companies Act, 2013, is not applicable as the Company does not have any Holding or Subsidiary Company.

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.**

30 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.

31 INSURANCE

The Company takes a very pragmatic approach towards insurance. Adequate cover has been taken for all movable and immovable assets to minimize the impact of various types of risks.

32 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.

33 MATERIAL CHANGES AND COMMITMENTS

The United States Department of the Treasury's Office of Foreign Assets Control (OFAC) has removed Lokesh Machines Limited from the Specially Designated Nationals and Blocked Persons List vide letter dated 30 June 2026. Accordingly, all property and interests in property that had been blocked solely due to the designation are unblocked.

34 MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis Report for the financial year ending on 31 March 2026, is enclosed as **Annexure B** to this report.

35 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) Rules, 2014, is enclosed as **Annexure F** to this report**.**

36 DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

The Company has been addressing various risks impacting the company. The Policy of the company on risk management is discussed as a part of the Management Discussion and Analysis Report.

The Company has developed and implemented a risk management policy for the company including identification therein of elements of risks, which in the opinion of the Board may threaten the existence of the company.

37 VIGIL MECHANISM

Pursuant to the provisions of Section 177 of the Companies Act, 2013 read with regulation 22 of SEBI (LODR) Regulations, 2015, a Vigil Mechanism for directors and employees to report genuine concerns has been established. All employees of the Company are covered under the Whistle Blower Policy. The Policy can be accessed at **https://www.lokeshmachines.com/investment-center.php?key=policy.**

38 DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013

During the year under review, the company has not accepted any deposits. Furthermore, detailed disclosure is as mentioned below:

S. No.	Particulars	Details
a	accepted during the year;	NIL
b	remained unpaid or unclaimed as at the end of the year	NIL
c	whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved	No default during the financial year.
	(i) at the beginning of the year;	NIL
	(ii) maximum during the year;	NIL
	(iii) at the end of the year;	NIL
	(iv) the details of deposits which are not in compliance with the requirements of Chapter V of the Act;	NIL

39 RELATED PARTY TRANSACTIONS

Related party transactions entered during the financial year under review are disclosed in **Note No. 40** of the Financial Statements of the Company. 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. The Audit Committee granted approval as and when required and subsequently noted by the Board of Directors. As required under the Act, the prescribed **Form AOC-2** is enclosed as **Annexure G** to this report.

40 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.

41 COMPLIANCE WITH THE PROVISIONS OF MATERNITY BENEFIT ACT 1961

During the year under review, the company has complied with the provisions of the Maternity Benefit Act 1961.

42 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.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
	Mullapudi Srinivas	**Mullapudi Lokeswara Rao**
Place: Hyderabad	Whole-time Director	Managing Director
Date: 12 August 2026	DIN: 00917565	DIN: 00989447

ANNEXURE-A

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the Period from 01.04.2025 to 31.03.2026

[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(1) of SEBI (LODR) Regulations, 2015]

To

The Members
M/s. Lokesh Machines Ltd
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 Ltd (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 our 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period from 1st April, 2025 to 31st March, 2026 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 1st April, 2025 to 31st March, 2026 according to the provisions.
2. We further report that, having regard to the compliance system prevailing in the Company and on the examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws:
   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 and Sweat Equity) Regulations, 2021 (Not applicable to the Company during the Audit period)
      f) SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) 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, 2021(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]

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.

3. We further report that the company has, in our 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.

4. We further report that

   During the financial year under review, there was Non Compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015, regarding Appointment of Independent Director from 30th April 2025 till 10th November 2025. Subsequently the Independent Director was appointed on 11th November 2025, accordingly, fines were paid and the necessary compliances have been made.

   Except for the above observation, no prosecution was initiated and no fines or penalties were imposed during the period under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Regulations and Rules, Regulations and Guidelines framed thereunder against the Company or its Directors and Officers.

5. We Further Report That
   - The Company is regular in publishing Audited and Unaudited Financial Results.
   - The Company has filed return under Employment Exchange Act/Rules.
   - The company has filed integrated return under The Factories Act, 1948 and other Labour Laws for the financial year ending 31st March 2026.

6. 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.

7. We further Report that during the audit period the Company has
   - The company has allotted the Equity Shares pursuant to conversion of Warrants during the period under review;
   - 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;

Date: 08.08.2026
Place: Hyderabad

For **LD Reddy & Co.,**
Company Secretaries

L Dhanamjaya Reddy
(Proprietor)
M. No. 13104
CP. No. 3752
PR: 7832/2026
UDIN: A013104H001052857

Note: our report should be read along with the annexure

ANNEXURE

To

The Members

M/s. Lokesh Machines Ltd

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

Our report of even date is to be read along with this letter.

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 based 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. Wherever 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 and 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 efficiency or effectiveness with which the management has conducted the affairs of the company.

Date: 08.08.2026
Place: Hyderabad

For **LD Reddy & Co.,**
Company Secretaries

L. Dhanamjaya Reddy
(Proprietor)
M. No. 13104
CP. No. 3752
PR: 7832/2026
UDIN: A013104H001052857

ANNEXURE-A1

SECRETARIAL COMPLIANCE REPORT of Lokesh Machines Limited for the Year Ended 31st March 2026

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

a) all the documents and records made available to us and explanation provided by Lokesh Machines Limited ("the listed entity"),

b) the filings/ submissions made by the listed entity to the Stock Exchanges,

c) website of the listed entity; and

d) any other document/ filing, as may be relevant, which has been relied upon to make this Report.

For the financial year ended 31st March 2026 ("Review Period") in respect of compliance with the provisions of

a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

b) 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

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
(Not applicable to the company during audit period)

e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
(Not applicable to the company during audit period)

f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
(Not applicable to the company during audit period)

g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

h) other regulations as applicable.
and circulars/ guidelines issued thereunder;

i) other applicable regulations and circulars/ guidelines issued thereunder;

j) The reporting of clause 6(A) and 6(B) of the circular No. CIR/CFD/CMD1/114/2019 dated 18th October 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.

k) According to NSE Circular No.NSE/CML/2023/21, BSE Circular No.20230316-14 dated 16th March 2023, and NSE Circular No.NSE/CML/2023/30, BSE Circular No.20230410-41 dated 10th April 2023 the additional affirmations are given in Annexure-1.

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

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
1.	Regulation 17(1) of SEBI (LODR) Regulations, 2015	17(1) of SEBI (LODR) Regulations, 2015	Non Compliance with Pertaining to Composition of Board, i.e appointment of Independent Director	BSE Limited and NSE Limited	FINE	Non Compliance with composition of of Board i.e appointment of Independent Director from April 30, 2025 till November 10, 2025.	BSE- Rs. 613600 (including GST) NSE- Rs. 613600 (including GST)	Non Compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015, regarding composition of Board, i.e appointment of Independent Director from April 30, 2025	The Management noted the communication received from both the Stock exchanges and properly constituted the Board with the appointment of Independent Director from November 11, 2025.	Continued focus on compliance to avoid such instances in future.

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

Sr. No.	Observations/Remarks Of the Practicing Company Secretary in the previous reports) (PCS)	Observations made in the secretarial compliance report for the year ended ….. (the years are to be mentioned).	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Details of violation / deviations and actions taken / penalty imposed, if any, on the listed entity	Remedial actions, if any, taken by the listed entity	Comments of the PCS on the actions taken by the listed entity
Nil	Nil	Nil	Nil	Nil	Nil	Nil

Place: Hyderabad
Date: 25.05.2026

For LD Reddy & Co.,
Company Secretaries

L Dhanamjaya Reddy
(Proprietor)
CP. No.: 3752
M. No.: 13104
UDIN: A013104H000475269
PR. No: 7832/2026

ANNEXURE A1

The Company has provided the following Additional Affirmations according to NSE Circular No. NSE/CML/2023/21, BSE Circular No. 20230316-14 dated 16th March 2023, and NSE Circular No. NSE/CML/2023/30, BSE Circular No. 20230410-41 dated 10th April 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	
2.	**Adoption and timely updation of the Policies:**		
	All applicable policies under SEBI Regulations are adopted with the approval of the board of directors of the listed entities	Yes	
	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	
3.	**Maintenance and disclosures on Website:**	Yes	
	The Listed entity is maintaining a functional website		
	Timely dissemination of the documents/ information under a separate section on the website	Yes	
	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	
4.	**Disqualification of Director:**		
	None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	
5.	**Details related to Subsidiaries of listed entities:**		
	Identification of material subsidiary companies	NA	The Company does not have any subsidiary company
	Requirements with respect to disclosure of material as well as other subsidiaries	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	
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	

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/ Remarks by PCS*
8.	**Related Party Transactions:**		
	The listed entity has obtained prior approval of Audit Committee for all Related party transactions	Yes	
	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	NA	No such instances occurred during the audit period
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	
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	
11.	**Actions taken by SEBI or Stock Exchange(s), if any:**		Non Compliance of Regulation 17(1) of SEBI (LODR) Regulations, 2015, regarding Appointment of Independent Director from April 30, 2025 till November 10, 2025. Subsequently the Independent Director was appointed on November 11, 2025.
	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 SEBI Regulations and circulars/ guidelines issued thereunder	NO	
12.	**Resignation of statutory auditors from the listed entity or its material subsidiaries:**		
	In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of section V-D of chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	NA	No such instances occurred during the audit period
13.	**Additional non-compliances, if any:**		
	No additional non-compliance observed for all SEBI regulation/ circular/ guidance note etc.	Yes	

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

We further confirm that the disclosure of Employee Benefit Scheme Documents, as provided in terms of Regulation 46(2)(za) of the SEBI LODR Regulations, 2015 read with Para 11 of the SEBI Circular No. SEBI/HO/CFD/CFD-PoD2/CIR/P/2024/185 dated 31st December 2024, is not applicable on the listed entity during the Review Period

Assumptions & limitation of scope and review

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the listed entity.
4. This report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (LODR) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Place: Hyderabad
Date: 25.05.2026

For LD Reddy & Co.,
Company Secretaries

L Dhanamjaya Reddy
(Proprietor)
CP. No.: 3752
M. No.: 13104
UDIN: A013104H000475269
PR. No: 7832/2026

LOKESH MACHINES LIMITED

Resilience · Reopening · Recovery

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Year 2025–26

Pursuant to Regulation 34(3) read with Schedule V(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Corporate Snapshot

Founding year	**1983**
Listing	**BSE: 532740 · NSE: LOKESHMACH**
CIN	**L29219TG1983PLC004319**
Reporting period	**1 April 2025 to 31 March 2026 (FY26)**
Revenue from operations, FY26	**₹208.56 crore**
Total income, FY26	**₹209.62 crore**
Profit before tax, FY26	**₹5.31 crore**
Profit after tax, FY26	**₹3.86 crore**
EBITDA, FY26	**₹38.25 crore (margin 18.34%)**
Total assets, FY26	**₹495.89 crore**
Net worth, FY26	**₹228.30 crore**
Credit rating	**ACUITE BBB–/A3; CARE BBB–/A3 — investment-grade; both removed from rating watch during FY26**
Statutory auditors	**M/s Brahmayya & Co., Chartered Accountants**
Manufacturing units	**6, across Hyderabad (Telangana) and Ranjangaon–Pune (Maharashtra)**
Registered office	**B-29, EEIE Stage II, Balanagar, Hyderabad – 500 037, Telangana**

Design / data note: stat pills shown here in single-color flat fill for the draft; final layout to render as rounded pills over facility imagery, per the visual brief already agreed with the design team.

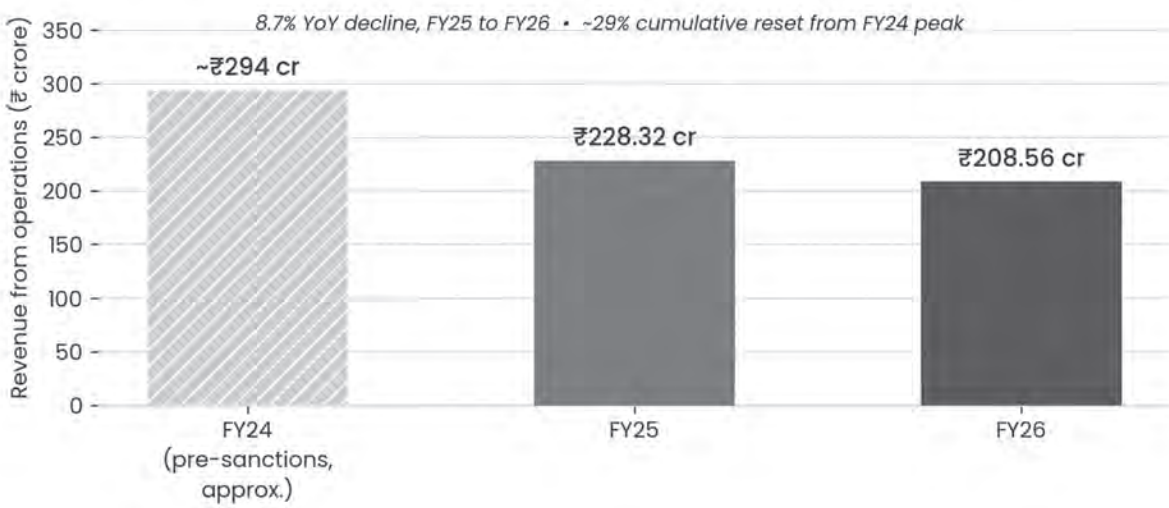
Key Financials

A year of held ground and reopened doors.

FY26 was the last full year the Company operated under the OFAC designation imposed on 30 October 2024. Revenue reset as blocked US-dollar and euro channels foreclosed export end-markets, restricted imports, denied procurement by some MNCs and suspended supplies to a principal Auto Component customer for most of the year. Beneath the headline, the operating base was rebuilt: the Machinery division grew against the prior year, defence deliveries scaled, promoter capital was infused, and — with the delisting effective 30 June 2026, three months after the FY26 year-end — the constraint that shaped the year was formally lifted shortly after it closed (Section 3.6).

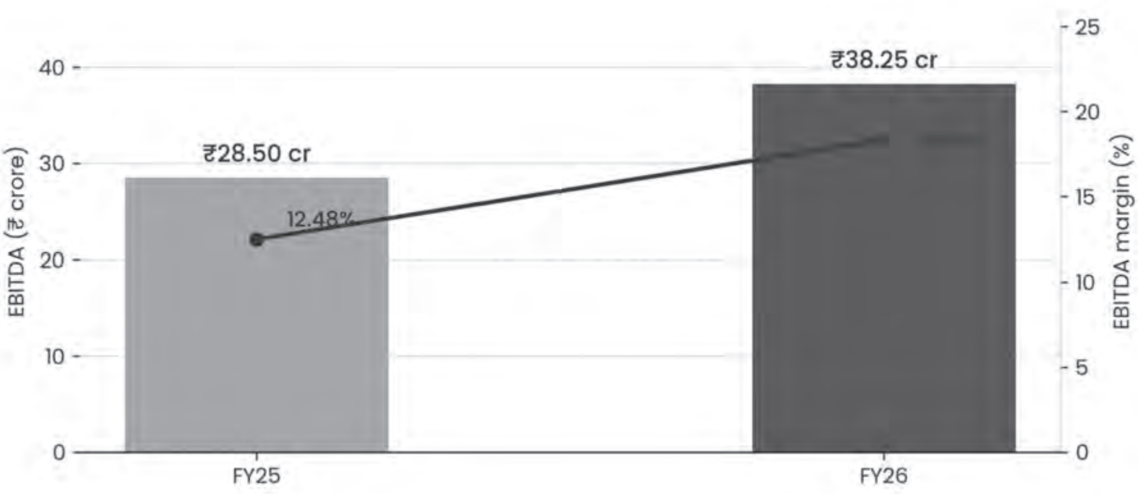
Revenue Reflects the Sanctions Reset

Revenue from operations stood at ₹208.56 crore in FY26 against ₹228.32 crore in FY25, a decline of 8.7 per cent year-on-year, and against approximately ₹294 crore in the pre-sanctions reference year FY24 — a cumulative reset of close to 29 per cent from peak. The fall was concentrated in the Auto Component division, where supplies to its principal customer were suspended for most of the year; the Machinery division grew over the same period. Total income, including other income of ₹1.05 crore, was ₹209.62 crore.



EBITDA Held Through the Downcycle

EBITDA, derived as profit before tax plus finance costs and depreciation less other income, was ₹38.25 crore in FY26 against ₹28.50 crore in FY25. The EBITDA margin recovered to 18.34 per cent from 12.48 per cent, as a favourable shift towards higher-realisation machine configurations and stringent expense control offset a lower revenue base. On the same bridge, combined finance costs and depreciation held broadly stable at an estimated ₹34.0 crore against ₹29.1 crore in FY25 — the margin recovery was earned at the operating level, not through lower financing or depreciation charges. Employee costs fell in absolute terms as the workforce was right-sized through the year (Section 10).

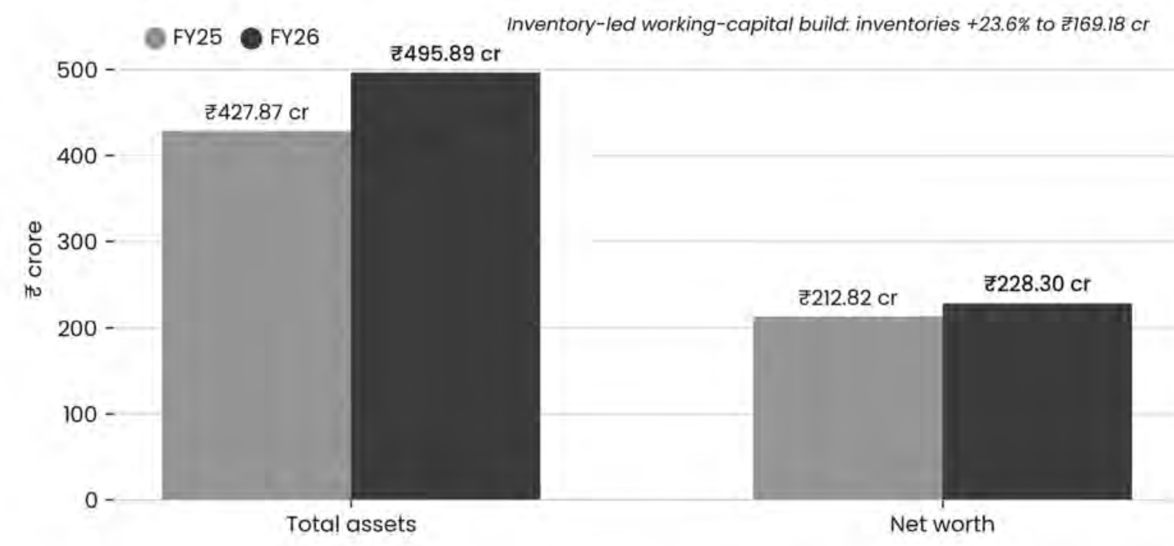


Profitability Turned Firmly Positive

Profit before tax rose to ₹5.31 crore from ₹0.89 crore, and profit after tax to ₹3.86 crore from ₹0.54 crore, a near seven-fold increase off a low base. The net profit margin improved to 1.85 per cent from 0.24 per cent. Basic and diluted earnings per share stood at ₹1.95 against ₹0.28 in FY25. The tax charge of ₹1.45 crore comprised ₹0.14 crore for earlier years and ₹1.31 crore of deferred tax, with cash tax minimal for the year.

Balance Sheet Positioned for Reopening

Total assets grew to ₹495.89 crore from ₹427.87 crore, a 15.9 per cent increase driven almost entirely by working capital — inventories up 23.6 per cent and trade receivables up 71.3 per cent to ₹69.21 crore — rather than by fresh capital expenditure, which actually fell 57.5 per cent to ₹15.89 crore as the Company held back on plant investment during the sanctions period (Section 8.4). Net worth rose to ₹228.30 crore from ₹212.82 crore, aided by the preferential-allotment proceeds raised during the year. Borrowings, working-capital and term, stood at ₹169.43 crore. Operating cash flow was negative at ₹13.39 crore as the receivables and inventory build absorbed cash — a position the Company expects to unwind as blocked channels reopen and stock converts to dispatches (Section 8.5).



1. Industry Structure and Developments

1.1 Macroeconomic Backdrop

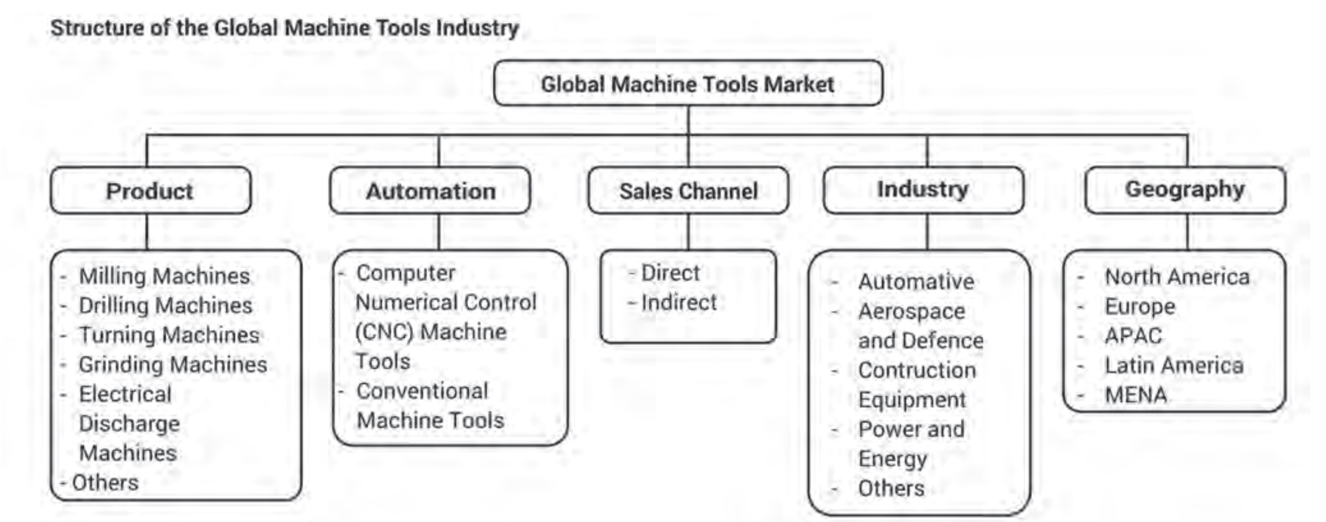
The Indian economy remained among the fastest-growing major economies during FY26, supported by sustained government capital expenditure, steady private-sector investment and stable domestic demand. The Company's performance is more directly shaped by conditions in the Indian capital goods, machine tools, automotive and defence manufacturing sectors than by global macroeconomic trends, and the discussion below is focused accordingly. Index of Industrial Production data through the period showed capital-goods output growing at a double-digit pace, a domestic tailwind against which the Company's sanctions-era constraints stand out clearly.

1.2 Indian Machine Tool Industry

The Indian machine tool industry, spanning metal-cutting and metal-forming machinery, continues to expand on the back of Production-Linked Incentive schemes, the Atmanirbhar Bharat programme in defence production, and ongoing capacity investment across automotive, general engineering, railways and heavy engineering. As a domestic manufacturer of CNC machines, Special Purpose Machines and related automation systems, the Company is a direct participant in, and beneficiary of, this import-substitution and capacity-expansion trend.

Segment / Division	Key product offerings	Relevance to Lokesh Machines
Metal cutting – CNC machines	CNC turning centres, vertical and horizontal machining centres, drill & tap centres	Core product line of the Machine Tools division; principal source of order-book intake.
Special Purpose Machinery (SPM)	Finish cam & crank boring, finish barrel boring, transfer lines, custom machining	Area of established market position; higher average realisation per unit.

Segment / Division	Key product offerings	Relevance to Lokesh Machines
Automation & Industry 4.0	Gantry automation, robotic machine tending, 4th/5th-axis rotary tables, IoT-enabled maintenance	Emerging revenue stream developed with academic and research institutions.
Additive & hybrid manufacturing	Laser-based Direct Energy Deposition (DED) hybrid additive systems	Developed with RRCAT; positioned for import substitution in tooling and die repair.
5-Axis Machines		Developed with IIT Madras; and positioned for import subsitution in advanced defenced and aerospace component manufacturing.



Structure of the global machine tools industry, by product, automation, sales channel, end-industry and geography. Illustrative segmentation; the Company principally participates in the Product, Automation and Industry axes shown above.

1.3 Sector-wise Demand Drivers

Automotive Demand from OEM and Tier-1 component manufacturers remains the largest addressable market for the Company's machine tools and auto-component businesses. Volatility in automotive capital-expenditure cycles, and the Company's historical customer concentration, are addressed under Customer and Revenue Concentration (Section 2.5) and Risk Management (Section 7).

Defence manufacturing Government policy continues to reserve a portion of defence procurement for domestic manufacturers and to encourage indigenous production of small arms, ammunition components and precision defence assemblies — directly relevant to the Company's Defence division, which manufactures indigenously developed small arms and holds DGQA quality-assurance registration.

Aerospace, general engineering and railways Indigenisation in aerospace is creating demand for high-precision machining and additive manufacturing; general-engineering clusters in South and West India provide a base of non-automotive intake; and railway rolling-stock modernisation supports demand for special-purpose and precision machining equipment.

Renewable energy and electric vehicles The transition to electric vehicles is generating demand for precision-machined motor housings, battery enclosures and structural components. The Company executed development and commercial supply orders for EV drive-train and battery structural components during the year, and views this as a growth area for both the Auto Component and Machine Tools divisions.

2. Business Overview and Operational Performance

2.1 Company Profile

Lokesh Machines Limited ("LML" or "the Company"), established in 1983, is engaged in the design, development and manufacture of CNC machines, Special Purpose Machines, auto components and indigenous defence systems, with manufacturing facilities in Hyderabad, Telangana state, and in Ranjangaon–Pune, Maharashtra state. It ranks among India's leading machine-tool manufacturers, with an established position in cam and crank borers, fine borers, and finish milling machines.

2.2 FY26 in Review: Operating Under, and Emerging From, the Constraint

The year was operated in full under sanctions; the constraint was lifted three months after it closed.

During FY25 the Company's operations were affected by its designation on 30 October 2024 on the Specially Designated Nationals and Blocked Persons (SDN) list maintained by the U.S. Office of Foreign Assets Control (OFAC), Department of the Treasury, under Executive Order 14024. The designation restricted foreign-currency transactions and led to the temporary suspension of business with certain customers, including Mahindra & Mahindra in the Auto Component division, and required the Company to rely more heavily on non-dollar-denominated and domestic trade channels for a period.

Through FY26 the Company pursued customer and supply chains diversification, promoter capital infusion, and a formal legal petition for reconsideration before OFAC (Section 3). It expanded non-automotive revenue streams and scaled defence deliveries. The designation remained in force for the whole of FY26 and was removed only with effect from 30 June 2026 — three months after the FY26 balance-sheet date of 31 March 2026, within the first quarter of FY27 — so the full FY26 result reported in this Analysis was earned under the sanctions regime in its entirety, with the benefit of reopened channels accruing only from FY27 (Section 3.6). The extent of revenue and margin recovery is set out in Section 8.

2.3 Divisional Performance

Machine Tools Division

The Machine Tools division designs and manufactures CNC turning centres, vertical and horizontal machining centres, and Special Purpose Machines (SPM) for finish cam and crank boring, fine boring and transfer-line applications, alongside laser-based hybrid additive manufacturing systems developed with RRCAT and five axis machines developed with IIT Madras (Section 11).

Its customers span automotive OEMs and Tier-1 suppliers, general-engineering clusters in South and West India, and, increasingly, aerospace, defense and railway rolling-stock manufacturers.

Built on the Company's four-decade manufacturing history and an established position in cam and crank borers, fine borers and finish milling machines, it is the Company's core product line and principal source of order-book intake (Section 4.1).

Order intake across CNC turning centres and vertical and horizontal machining centres was supported by demand from non-automotive engineering clusters in South and West India. The Company maintained its focus on customised high-precision boring, milling and transfer-line SPM systems at higher average realisation, and continued development of indigenous Laser-Based DED hybrid additive machines in partnership with RRCAT and five axis machines developed with IIT Madras. Shop-floor automation, tooling standardisation and cycle-time reduction remained the operational priorities.

Auto Component Division and Forgings

This division manufactures precision-machined auto components and from FY26, forgings; supplying automotive OEMs and Tier-1 component manufacturers.

Recently commissioned hot-forging lines at the Pune facility extend the division into forged components for automotive and industrial clients, and it has begun executing development and commercial supply orders for EV drive-train and structural components, positioning it within the electric-vehicle transition described in Section 1.3. The division's concentration in a small number of automotive OEM customers was the direct channel through which the OFAC designation constrained FY26 revenue (Section 2.5).

The Company onboarded new Tier-1 automotive and industrial clients to reduce dependence on legacy relationships affected by the OFAC designation, entered the forgings segment through initial orders from clusters in Pune and Western India, and executed development and commercial supply orders for precision EV drive-train and structural components. Its recently commissioned hot-forging lines are the source of new component opportunities.

Defence and Aerospace Division

The Defence and Aerospace division designs and manufactures indigenously developed small arms — these include 9×19 mm sub-machine guns / machine pistols, MMG upgrade kits and 7.62×51 mm Light, General Purpose and Medium Machine Guns — together with high-precision defence assemblies and weapon components. Its customers are the Indian Army, the Central Armed Police Forces and other Armed Forces procurement bodies, accessed through Ministry of Home Affairs, Ministry of Defence and DGQA-registered supply channels. The division's DGQA Quality Assurance Registration and its indigenous-manufacturing credentials support a growing, policy-favoured order book (Section 2.4) and, together with Machine Tools, insulated the Company from the worst of the FY26 Components-division contraction (Section 2.5).

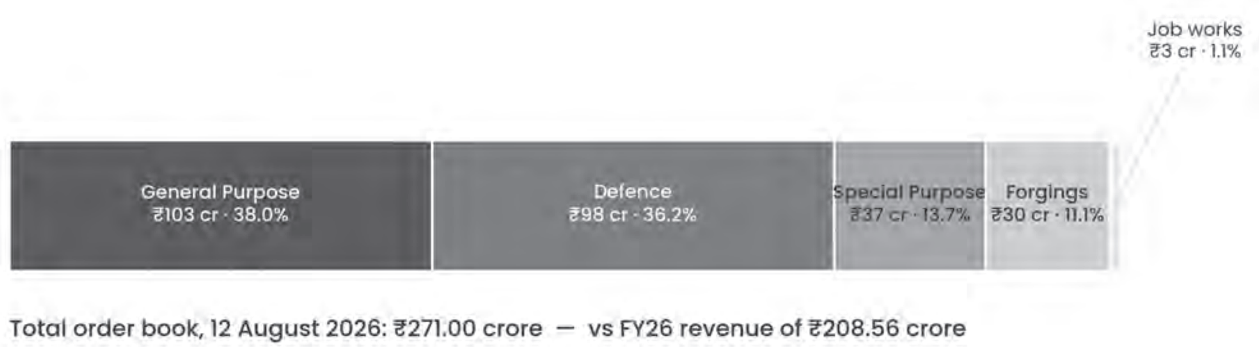
The Company delivered indigenously developed 9×19 mm sub-machine guns / machine pistols to the Indian Army, stating that this made it the first private-sector company in India to supply fully indigenous small arms to the Armed Forces.

It received DPIIT Licensing Committee recommendations under the Arms Act, 1959 (Form VII) for manufacture of Heavy Machine Guns above 12.7 mm and up to 105 mm; secured a Quality Assurance Registration Certificate from the Directorate General of Quality Assurance, Ministry of Defence, for high-precision defence assemblies and MMG weapon components; and participated in ongoing Central Armed Police Forces and Armed Forces procurement tenders.

2.4 Order Book Position (including after 31 March 2026)

The order book as of 12 August 2026 stood at ₹271.00 crore, significantly exceeding the whole of the previous financial year's revenue and providing multi-quarter visibility over and above the first quarter's billings. Defence order inflows included an order of ₹58.21 crore received on 15 July 2026 from the Ministry of Defence (Army) for 7.62 mm medium machine gun upgradation kits.

Order book component	Amount (₹ crore)	Share
General Purpose Machines	103.00	38.0%
Defence	98.00	36.2%
Special Purpose Machines	37.00	13.7%
Forgings	30.00	11.1%
Job works	3.00	1.1%
Total order book (12 August 2026)	271.00	100.0%



2.5 Customer and Revenue Concentration

The Company's revenue mix shifted markedly during FY26 as a direct consequence of the OFAC designation. The Components segment — which houses the Auto Component division and its principal OEM relationship — contracted to ₹14.70 crore from ₹79.41 crore, falling from approximately 34.6 per cent of segment revenue in FY25 to approximately 7.0 per cent in FY26, as supplies to the principal customer (Mahindra & Mahindra) were suspended for most of the year under the designation.

The Machinery segment correspondingly rose to over 93 per cent of segment revenue in FY26 from around 65 per cent in FY25, restoring a Machine Tools/SPM/Defence-led revenue base that is inherently more diversified across customers and end-markets than the Components segment's OEM-concentrated model.

The Auto Component division restored from the first quarter of FY27 (Section 2.2) with a diversified customer base, is expected to partially reverse this concentration shift going into the new financial year.

The Company's stated mitigation for customer concentration — active diversification into new Tier-1 automotive clients, entry into forgings, and EV component supply (Sections 4.2 and 7) — is aimed at ensuring the Components segment's recovery does not reproduce its prior single-customer dependence.

3. Update on OFAC Designation and Subsequent Delisting

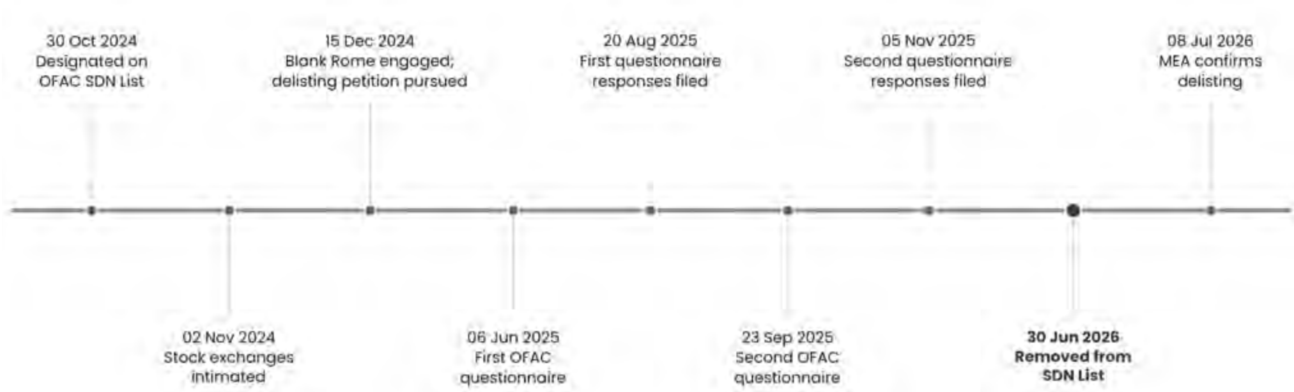
This section sets out, in factual sequence, the designation of the Company on the OFAC SDN List, the Company's response, and its subsequent removal. It should be read together with, and reconciled against, the Company's stock-exchange filings on the matter.

3.1 Designation

On 30 October 2024 the Company was designated on the OFAC SDN List under Executive Order 14024 (the Russia-related sanctions programme), in connection with allegations concerning exports of machinery classified under the Common High Priority Items List. The Company consistently and strongly contested the basis of the designation. The designation blocked the Company's property and interests in property within U.S. jurisdiction and restricted dealings with U.S. persons, constraining foreign-currency transactions and leading to the temporary suspension of business with certain customers, including Mahindra & Mahindra in the Auto Component division.

3.2 The Delisting Path — Twenty Months from Designation to Removal

Date	Event
30 October 2024	Designated on the OFAC SDN List under Executive Order 14024; the Company contests the basis from the outset.
2 November 2024	Company intimates the stock exchanges, stating it was unaware of any dealings with sanctioned entities or individuals.
December 2024	Wind-down licences expire; the Company engages law firms in India and U.S. and pursues a delisting petition.
6 June 2025	OFAC's Reconsideration Team issues the first questionnaire.
20 August 2025	Company files comprehensive narrative responses to the first questionnaire.
23 September 2025	OFAC issues a second, follow-up questionnaire.
5 November 2025	Company files comprehensive responses to the second questionnaire.
30 June 2026	OFAC removes the Company from the SDN List; all blocked property unblocked.
8 July 2026	Ministry of External Affairs, Government of India, confirms the delisting.



Twenty months from designation to removal (spacing shown is sequential, not to scale)

3.3 Management Response and Legal Recourse

- Engagement of specialised U.S. sanctions counsel (Blank Rome LLP), together with Indian counsel Cyrill Amarchand & Mangal Das, CMS INDUSLAW, to pursue administrative reconsideration.
- Filing of a formal delisting petition before OFAC and submission of complete responses to both questionnaires, including ~ 27,000 documents in the first production and supplemental documents in the second.
- Implementation of a comprehensive sanctions-compliance programme and cessation of all Russia-related business, communicated to OFAC in the Company's submissions.
- Interim business measures, including customer diversification, promoter capital infusion, and continued engagement with domestic and non-U.S. counterparties.

3.4 Delisting and What It Restores (event subsequent to 31 March 2026)

The Company's petition was successful. OFAC removed the Company from the SDN List with effect from 30 June 2026, and all property and interests in property blocked solely on account of the designation stand unblocked; the Ministry of External Affairs confirmed the removal on 8 July 2026.

The removal restores three things for the business:

1. USD and EUR banking channels reopen — these include correspondent banking relationships and trade-finance instruments such as letters of credit — restoring the ability to transact with U.S. persons and access the U.S. financial system;
2. customers, suppliers and trade financiers no longer carry secondary-sanctions exposure in dealing with the Company;
3. and the European and U.S. end-markets foreclosed during the designation become addressable again for the Machinery division.

3.5 Current Position and Outlook

As at the date of this report the Company is no longer subject to OFAC SDN designation. The pace and extent of restoration will depend on individual counterparties' and banks' own compliance re-onboarding processes and is not entirely within the Company's control.

Management will continue to work with legal counsel to strengthen internal sanctions-compliance protocols, including enhanced customer and transaction due diligence,

The Board and Audit Committee will monitor the compliance framework and the normalisation of international business in subsequent reporting periods.

The Company continues to work closely with counsel to maintain full, ongoing compliance with OFAC regulations and other applicable international trade laws.

3.6 Subsequent Event: Confirmation of Delisting (Event After the Reporting Period)

The Company's designation remained continuously in force throughout FY26 (1 April 2025 to 31 March 2026) and is accordingly reflected in full in this year's reported results. OFAC's determination to remove that designation was communicated only by letter dated 30 June 2026 — three months after the balance-sheet date — and is therefore treated as a non-adjusting event after the reporting period under Ind AS 10, disclosed here in the Management Discussion and Analysis and, in the statutory format required by Section 134(3)(l) of the Companies Act, 2013, as a material change under "Material Changes and Commitments" in Section 33 of the Board's Report.

Subsequent to the FY26 balance-sheet date, OFAC's Reconsideration Team confirmed the Company's removal from the SDN List by letter dated 30 June 2026; the Company notified the stock exchanges of the removal on 1 July 2026; and the Ministry of External Affairs, Government of India, separately confirmed the unblocking of the Company's property and interests in property on 8 July 2026.

Public reporting on the matter has described this as India's first successful OFAC delisting under the 2024 Russia-related sanctions programme, out of an original batch of 21 Indian parties designated under Executive Order 14024. The Company's shares were reported to have moved higher following the announcement, consistent with the market's reading of the delisting as a de-risking event.

The delisting petition was pursued jointly by Indian counsel CMS INDUSLAW and U.S. sanctions counsel Blank Rome LLP, consistent with the engagement described in Section 3.3.

Early indications of operational normalisation are visible in the quarter immediately following the delisting. The Board approved the Company's unaudited results for the quarter ended 30 June 2026 (Q1 FY27) on 12 August 2026, the same date as this Report, with public market reporting describing a sharp year-on-year increase in net profit and a marked recovery in the Components division, consistent with the restoration of the principal Auto Component relationship described in Section 2.5.

As these results pertain to the subsequent financial year, they are noted here for context only and are not incorporated into the FY26 figures reported elsewhere in this Analysis; full commentary followed in the Company's own Q1 FY27 disclosures.

4. Strengths, Opportunities and Threats

4.1 Key Strengths

The Company draws on a set of durable strengths that underpinned its ability to hold operations together through the designation period and that position it for recovery thereafter:

- Established market position: over four decades of manufacturing history (since 1983), with an established position in cam and crank borers, fine borers and finish milling machines within the Indian machine tool industry.
- Diversified product portfolio: three operating divisions — Machine Tools/Automation/Additive Manufacturing, Auto Components/Forgings, and Defence & Aerospace — reducing reliance on any single end-market, evidenced by the Machinery division's growth even as the Components division was constrained during FY26.
- Defence sector credentials: AS9100 & DGQA quality-assurance registration and the distinction, per Company disclosure, of being the first private-sector company in India to supply 100 per cent indigenous small arms to the Armed Forces, supporting a growing, policy-favoured order book (Section 2.4).
- R&D and institutional partnerships: active collaboration with IIT Madras and RRCAT on laser-based hybrid additive manufacturing and 5-axis machining technologies (Section 11), positioning the Company in higher-value, import-substituting product categories.
- Manufacturing footprint: six manufacturing units across Hyderabad, Telangana, and Ranjangaon–Pune, Maharashtra, providing geographic and capacity resilience.
- Demonstrated crisis management: successful navigation of a twenty-month OFAC designation to delisting (Section 3), including promoter capital support and customer diversification, evidencing management's capacity to sustain operations and stakeholder confidence through a material regulatory disruption.
- External validation, with a caveat: the Company's ratings were subject to a rating action during the year tied to the OFAC designation. Both agencies' current ratings — ACUITE BBB–/A3 and CARE BBB–/A3 — remain investment-grade, and both removed the Company from rating watch during FY26, which reads as a stabilising signal rather than an unqualified strength.

4.2 Key Growth Opportunities

- Defence indigenisation and reserved tenders: government reservation of defence procurement for domestic manufacturers, directly relevant given the Company's DGQA registration and small-arms track record.
- Atmanirbhar Bharat and capital-goods growth: continued policy emphasis on import substitution supporting demand for CNC machines and special-purpose tooling across railways, power and heavy engineering.
- Electric-vehicle transition: sustained demand for precision-machined motor housings, battery enclosures and structural components, an area in which the Company has executed commercial orders.
- Export re-entry: with the OFAC delisting, the foreclosed European and U.S. end-markets and Tier-1 OEM relationships become addressable again as banking channels normalise.
- Export replication: existing relationships with global Tier-1 OEMs operating in India present an opportunity for the Company's machines and components to be adopted at these OEMs' plants outside India, subject to normalisation of international banking channels following the delisting.

- Industry 4.0 and automation: rising adoption of automated CNC cells and IoT-enabled predictive maintenance allowing the Company to position higher-value, software-integrated machine tools.

4.3 Industry Threats and Risk Factors

- Volatility in raw-material prices — particularly alloy steel, copper and aluminium — which may compress margins if cost increases cannot be passed through.
- Global and domestic supply-chain disruptions affecting imported sub-components, precision linear guides and motion-control electronics (Section 5).
- Technological competition from global OEMs with more advanced multi-axis and automation IP, requiring sustained R&D investment.
- Shortage of skilled CNC programmers, mechatronics engineers and defence-tooling technicians, which may constrain capacity expansion.
- Residual counterparty caution following the designation, notwithstanding the delisting, until international banking and trade relationships are fully normalised.

5. Supply Chain

The Company's supply chain spans domestically sourced raw materials — principally alloy steel, copper and aluminium — and a set of imported precision sub-components, including linear guides and motion-control electronics, for which domestic alternatives remain limited.

This dependence on imported sub-components was a direct channel through which the OFAC designation constrained operations during the designation period, given the restrictions on transacting with U.S. persons and the U.S. financial system (Section 3).

The Company's mitigation strategy operates on three fronts:

1. long-term vendor pricing arrangements to contain raw-material cost volatility;
2. active vendor diversification to reduce single-source dependence on any one supplier, whether domestic or imported; and
3. inventory buffers for critical imported items to absorb short-term disruption — a buffer strategy reflected in the FY26 inventory build discussed under Cash Flow (Section 8.5).

The Company continues to develop domestic vendors for critical sub-assemblies as a structural response to both cost volatility and the supply-chain risk highlighted by the sanctions period, consistent with the Atmanirbhar Bharat import-substitution trend that also underpins the Company's core growth opportunity (Section 4.2).

With the OFAC delisting effective 30 June 2026, the Company expects the normalisation of banking channels to also ease access to imported sub-components sourced through U.S.-linked supply chains, though, consistent with Section 3.5, the pace of this normalisation will depend on individual suppliers' and banks' own compliance re-onboarding processes.

6. Outlook and Strategic Priorities

From resilience, to reopening, to recovery

Following the operational disruption of FY25 and the removal of the OFAC designation effective 30 June 2026, the Company's near-term outlook is shaped by the restoration of international banking channels and the resumption of business with counterparties that curtailed dealings during the designation; continued order intake in the Machine Tools division from non-automotive clusters; growth in the Defence division supported by DGQA registration, the HMG licensing recommendation and CAPF and Armed Forces tenders; and diversification of the Auto Component customer base alongside entry into forgings and EV components.

The principal challenges are the pace of normalisation of banking and counterparty relationships, which may take several quarters and is not entirely within the Company's control; continued dependence on the automotive capital-expenditure cycle for a portion of revenue; and execution risk in scaling the Defence division pending tender outcomes.

Strategic Priorities for FY27

Management intends to prioritise the following, subject to Board approval and available internal accruals and promoter support. The priorities are not mutually exclusive.

Strategic theme	Priority statement
Export re-entry	Selectively re-engage export markets and Tier-1 OEM relationships as international banking channels normalise following the delisting.
Defence expansion	Pursue growth in the Defence division through CAPF and Armed Forces tenders, leveraging DGQA registration and the pending HMG licensing recommendation.
Working-capital optimisation	Convert the inventory build to despatches and tighten receivables to restore net working-capital turnover and operating cash flow.
Debt reduction	Apply a portion of internal accruals and preferential-allotment proceeds toward reduction of outstanding borrowings.
Margin improvement	Pursue product-mix optimisation toward higher-value SPM and defence products.
Customer diversification	Continue reducing customer concentration in the Auto Component division through onboarding of new Tier-1 clients.
Capacity and innovation	Evaluate selective capacity expansion at Pune for forgings and EV components, and continue R&D collaboration with IIT Madras and RRCAT.
Industry 4.0 / digital manufacturing	Expand adoption of IoT-enabled predictive maintenance and automation across the Company's own manufacturing operations.
Supply chain localisation	Continue developing domestic vendors for critical imported sub-assemblies to reduce supply-chain risk (Section 5).
Sustainability	Continue investment in renewable-energy adoption and water-recycling infrastructure across manufacturing units (Section 12.1).

7. Risk Management

The Company maintains an Enterprise Risk Management framework overseen by the Audit Committee and the Board, covering strategic, operational, financial, compliance and emerging risks. The principal risks, with their assessed likelihood, potential impact and mitigation, are set out below.

Risk category	Nature of risk	Likelihood	Impact	Mitigation
Customer concentration	Historical dependence on a limited number of automotive OEM customers for the Auto Component division.	Medium	High	Active diversification into new Tier-1 clients, forgings and EV components.
Regulatory / sanctions	Exposure to foreign regulatory action, as evidenced by the FY25 OFAC designation.	Low (post-delisting)	High	Strengthened sanctions-compliance protocols; ongoing engagement with U.S. and Indian counsel; enhanced counterparty due diligence.
Raw-material price	Volatility in alloy steel, copper and aluminium prices.	Medium	Medium	Long-term vendor pricing arrangements; domestic vendor development for critical sub-assemblies.
Supply chain	Dependence on imported sub-components such as precision linear guides and motion controllers.	Medium	Medium	Vendor diversification; inventory buffers for critical imported items.

Risk category	Nature of risk	Likelihood	Impact	Mitigation
Foreign exchange	Currency movements on export sales and residual foreign-currency exposures.	Medium	Medium	Natural hedging through domestic sourcing where feasible; monitoring by the Finance function.
Interest rate	Changes in interest rates on working-capital and term borrowings.	Medium	Medium	Periodic review of borrowing mix and rates by Finance and the Board.
Technology / obsolescence	Rapid evolution of 5-axis, hybrid additive and AI-enabled machining technologies.	Medium	Medium	R&D collaboration with IIT Madras and RRCAT; continuous product development.
Cyber security	Exposure of IT/OT systems and design data.	Low–Medium	Medium	IT-security policies, access controls and periodic review by the Audit Committee.
Litigation / legal	Exposure to regulatory, contractual or other legal proceedings, including matters arising from the OFAC designation period.	Low	Medium	Engagement of specialised legal counsel; Board and Audit Committee oversight of material litigation.
Operational / manufacturing	Plant-level disruptions, equipment breakdown or quality non-conformance.	Low–Medium	Medium	Preventive maintenance programmes; quality systems including DGQA-registered processes for defence products.
Human capital	Shortage of skilled CNC programmers, mechatronics engineers and defence-tooling technicians.	Medium	Medium	Structured training programmes; engagement with technical institutes (Section 10).
Climate / ESG	Exposure to energy-cost volatility, water availability, and evolving ESG regulatory expectations.	Low–Medium	Low–Medium	Solar rooftop adoption, effluent/water recycling, and monitoring of evolving BRSR requirements (Section 12).
Compliance	Non-compliance with SEBI, Companies Act, environmental, labour or export-control requirements.	Low	Medium	Internal audit, Company Secretary oversight, and Board-level compliance certification processes.

The risk matrix above is reviewed periodically by the Audit Committee and updated to reflect changes in the Company's operating environment, including the resolution of the OFAC matter described in Section 3.

8. Financial Performance Analysis

Disciplined execution through the last sanctions-era year.

The following commentary should be read together with the audited standalone financial statements for FY26. Figures are extracted from the audited financial statements prepared under the Indian Accounting Standards (Ind AS) and are stated in ₹ lakh unless otherwise noted.

8.1 Statement of Profit and Loss

Particulars (in ₹ lakh)	FY26	FY25	% change	≥25%
Income				
Revenue from operations	20,856.43	22,832.16	-8.7%	–
Other income	105.29	144.22	**-27.0%**	√
Total income	20,961.72	22,976.39	-8.8%	–
Expenses & Pre-tax Profit				
Total expenses	20,430.82	22,887.38	-10.7%	–
Profit before tax	530.90	89.01	**+496.4%**	√
Tax				
Tax for earlier years	13.89	–	**New item**	√
Deferred tax (credit)/ charge	130.87	35.33	**+270.4%**	√
Bottom Line				
Profit after tax	386.15	53.68	**+619.4%**	√
Total comprehensive income	368.90	125.41	**+194.2%**	√
Basic & diluted EPS (₹)	1.95	0.28	**+572%**	√

TAKEAWAY

Profitability swung sharply off a low FY25 base while the top line reset on sanctions — nearly every line below PBT moved by more than 100%.

- Other income -27.0% — a smaller non-operating income line; immaterial to the overall result.
- Profit before tax +496.4% — off a depressed FY25 base of ₹89.01 lakh; the recovery reflects genuine operating improvement (Sections 8.1, 8.3), not a base-effect illusion alone.
- Tax for earlier years, ₹13.89 lakh — a new line item in FY26; FY25 carried no comparable charge.
- Deferred tax +270.4% — a larger charge tracking the higher pre-tax profit.
- Profit after tax +619.4% and EPS +572% — both mechanically track the PBT recovery off FY25's thin ₹53.68 lakh base.
- Total comprehensive income +194.2% — tracks PAT plus other comprehensive income items for the year.

Revenue, total income and total expenses each moved within a normal band, all under the 25% threshold — the sanctions-year reset was a revenue-line story, not a swing in cost structure.

Revenue reset 8.7 per cent as sanctions-era channel constraints weighed on the Auto Component division for most of the year. Profitability nonetheless improved sharply: profit before tax rose to ₹530.90 lakh from ₹89.01 lakh and profit after tax to ₹386.15 lakh from ₹53.68 lakh, on a favourable product mix and stringent expense control, with the tax charge almost entirely deferred.

8.2 Segment Performance

The **Machinery division** grew revenue to ₹194.91 crore from ₹150.38 crore and segment PBIT to ₹28.94 crore from ₹14.57 crore. The **Components division** contracted to ₹14.70 crore from ₹79.41 crore for the full year, reflecting the suspension of supplies to its principal customer for most of the period; segment PBIT fell to ₹0.32 crore from ₹6.66 crore. The relationship was restored at scale from the first quarter of FY27 (Section 2.5).

Segment (in ₹ crore)	FY26	FY25	% change	≥25%
Machinery Division				
Revenue	194.91	150.38	**+29.6%**	√
PBIT	28.94	14.57	**+98.6%**	√
Components Division				
Revenue	14.70	79.41	**-81.5%**	√
PBIT	0.32	6.66	**-95.2%**	√

TAKEAWAY

The two divisions moved in opposite directions — Machinery's growth carried the Company through the Components division's OFAC-driven contraction.

- Machinery revenue +29.6% — non-automotive order intake and a favourable product mix absorbed the constrained Components base (Section 2.3).
- Machinery PBIT +98.6% — operating leverage on higher-realisation configurations (Section 8.3).
- Components revenue -81.5% — supplies to the principal customer suspended for most of the year under the OFAC designation (Section 2.5).
- Components PBIT -95.2% — the segment held a small positive PBIT despite the near-total revenue loss.

All four segment metrics crossed the 25% threshold — the OFAC designation's impact was concentrated almost entirely in the Components division.

8.3 Cost Management

Total expenses declined 10.7 per cent to ₹204.31 crore (FY25: ₹228.87 crore), a sharper fall than the 8.7 per cent revenue decline — evidence of active cost discipline through the sanctions-affected year rather than a purely proportional contraction. The cost-head break-up, drawn from the audited Statement of Profit and Loss, shows the discipline was broad-based rather than concentrated in one line:

Cost head (in ₹ crore)	FY26	FY25	% change	≥25%
Variable & Manufacturing Costs				
Cost of materials consumed	118.33	134.55	-12.1%	–
Employee benefits expense	43.45	53.16	-18.3%	–
Other manufacturing expenses	21.06	26.61	-20.9%	–
Other expenses	16.57	16.73	-1.0%	–
Financing & Depreciation				
Finance costs	18.38	15.18	+21.1%	–
Depreciation and amortisation	15.61	13.87	+12.6%	–

TAKEAWAY

Cost discipline was broad-based — every controllable cost line fell faster than revenue; only financing and depreciation, largely outside short-term management control, rose.

- Materials -12.1% (56.7% of revenue, down from 58.9%) — the largest cost head improved as a share of revenue despite the sanctions-year reset.
- Employee benefits -18.3% — outpaced the 15.8% headcount reduction (Section 10), consistent with right-sizing weighted toward the lower-activity Auto Component division.
- Other manufacturing expenses -20.9% — the largest proportional cut among the controllable heads.
- Finance costs +21.1% and depreciation +12.6% — moved opposite to the cost lines above, on higher average borrowings (Section 8.4) and a larger asset base.

No cost-head variance crossed the 25% Schedule V threshold — all six lines moved within a normal band.

Materials, employee benefits and other manufacturing expenses — these are the three largest and most controllable cost heads — all fell faster than revenue, each by 12 to 21 per cent, and materials cost as a share of revenue improved to 56.7 per cent from 58.9 per cent. Employee benefits expense fell 18.3 per cent, outpacing the 15.8 per cent headcount reduction (Section 10), consistent with the right-sizing being weighted toward the lower-activity Auto Component division rather than an across-the-board cut. Finance costs and depreciation moved the other way, rising a combined 21–13 per cent as higher average borrowings (Section 8.4) and a larger asset base pushed these charges up — together they came to ₹34.0 crore in FY26 against ₹29.0 crore in FY25, confirming the EBITDA-to-PBT bridge referenced in Key Financials. Set against that increase, the margin recovery documented in Section 8.1 came entirely from cost control above the EBITDA line and from product mix, not from any easing in financing or depreciation charges.

Going into FY27, cost management rests on three levers already identified under Strategic Priorities (Section 6): converting the FY26 inventory build into despatches to reduce carrying costs; continued long-term vendor-pricing arrangements to contain raw-material cost volatility (Section 5); and product-mix optimisation toward higher-realisation SPM and defence orders, which carry structurally better unit economics than the Auto Component business they are, in part, substituting for.

8.4 Balance Sheet

Total assets grew to ₹495.89 crore from ₹427.87 crore, a 15.9 per cent increase.

The growth was overwhelmingly a working-capital story: current assets rose 31.6 per cent to ₹263.87 crore, led by inventories (+23.6% to ₹169.18 crore) and trade receivables, which grew 71.3 per cent to ₹69.21 crore from ₹40.39 crore.

Non-current assets, by contrast, grew only 2.0 per cent to ₹232.02 crore — capital expenditure on fixed assets (including capital work-in-progress) actually fell 57.5 per cent year-on-year to ₹15.89 crore from ₹37.34 crore (Section 8.5), so the balance sheet expanded despite a pull-back in fresh investment, not because of one.

Net worth rose to ₹228.30 crore from ₹212.82 crore (+7.3%), aided by ₹11.79 crore of preferential-allotment proceeds raised during the year.

Total borrowings (working-capital and term) rose to ₹169.43 crore from ₹133.73 crore (+26.7%), pushing the debt-equity ratio to 0.74 from 0.63 (Section 8.6); within this, non-current (term) borrowings grew faster (+40.3% to ₹71.84 crore) than current borrowings (+18.2% to ₹97.59 crore), indicating the Company leaned on longer-tenor debt to fund the receivables and inventory build rather than relying solely on short-term working-capital lines.

The combination of a growing, working-capital-led asset base funded partly by higher borrowings is consistent with a company positioning stock and extending credit ahead of an expected reopening of blocked channels, rather than one facing balance-sheet stress — debt service coverage held broadly steady at 1.05 times (FY25: 1.08 times).

in ₹ crore	FY26	FY25	% change	≥25%
Assets				
Total assets	495.89	427.87	+15.9%	–
Non-current assets	232.02	227.41	+2.0%	–
Current assets	263.87	200.45	**+31.6%**	√
Inventories	169.18	136.92	+23.6%	–
Trade receivables	69.21	40.09	**+71.3%**	√
Capital & Borrowings				
Net worth	228.30	212.82	+7.3%	–
Total borrowings	169.43	133.73	**+26.7%**	√
— non-current (term)	71.84	51.19	**+40.3%**	√
— current (working-capital)	97.59	82.55	+18.2%	–

TAKEAWAY

Balance-sheet growth was a working-capital story, funded partly by higher borrowings — not by fresh capex.

- Current assets +31.6% — driven by the inventory and receivables build described in Section 8.4.
- Trade receivables +71.3% — extended credit terms and delayed collections during the OFAC-constrained year (Section 8.6).
- Total borrowings +26.7% and non-current (term) borrowings +40.3% — the Company leaned on longer-tenor debt to fund the build rather than relying solely on short-term working-capital lines.

Total assets, non-current assets, net worth, current (working-capital) borrowings and inventories all moved within a normal band, under the 25% threshold.

8.5 Cash Flow Statement

Operating cash flow swung to an outflow of ₹13.39 crore in FY26 from an inflow of ₹20.91 crore in FY25, a deterioration of ₹34.30 crore.

This did not reflect a decline in underlying trading performance: operating profit before working-capital changes was a positive ₹39.45 crore, comfortably ahead of the reported PBT of ₹5.31 crore. The outflow was driven entirely by working-capital movements — receivables absorbed ₹35.69 crore of cash (FY25: released ₹9.36 crore) and inventories absorbed a further ₹32.26 crore, partially offset by ₹15.36 crore released from higher trade payables.

in ₹ crore	FY26	FY25	% change	≥25%
Operating				
Operating profit before working-capital changes	39.45	29.44	**+34.0%**	√
Working-capital changes (receivables, inventories, payables)	-52.59	-4.56	**Outflow deepened >10x**	√
Net cash from operating activities (A)	-13.39	20.91	**Swung to outflow**	√
Investing				
Net cash from investing activities (B)	-15.68	-37.02	**+57.6% (smaller outflow)**	√
— of which, capex (fixed assets incl. CWIP)	-15.89	-37.34	**+57.5% (smaller outflow)**	√
Financing				
Net cash from financing activities (C)	29.11	16.08	**+81.0%**	√
Net Movement				
Net increase/(decrease) in cash (A+B+C)	0.04	-0.04	Not material	–

TAKEAWAY

Operating cash flow swung to an outflow purely on working-capital absorption — trading profitability actually improved, and investing and financing moved to fund the build.

- Operating profit before working-capital changes +34.0% — genuine improvement in trading profitability, comfortably ahead of the reported PBT of ₹5.31 crore.
- Working-capital changes deepened sharply — ₹52.59 crore absorbed against ₹4.56 crore in FY25, on the receivables and inventory build (Sections 8.4, 8.6).
- Net cash from operating activities (A) swung from an inflow of ₹20.91 crore to an outflow of ₹13.39 crore — driven entirely by the working-capital movement above, not by trading performance.
- Net cash from investing activities (B) improved 57.6% (a smaller outflow) as capex fell 57.5% — the Company scaled back discretionary investment during the sanctions year.
- Net cash from financing activities (C) rose 81.0% — preferential-allotment proceeds and higher bank borrowings funded the working-capital build and the reduced capex programme.

The net change in cash for the year was negligible in absolute terms (₹0.04 crore in FY26 against -₹0.04 crore in FY25) — the story is entirely in the mix of operating, investing and financing flows, not the year-end cash balance.

Investing activities were a net cash outflow of ₹15.68 crore, almost entirely capex, but at less than half the ₹37.34 crore spent in FY25 — a second signal, alongside the muted non-current asset growth in Section 8.4, that the Company scaled back discretionary investment during the sanctions year rather than funding an expansion.

Financing activities were net positive at ₹29.11 crore, supported by ₹11.79 crore of preferential-allotment proceeds and a net increase in bank borrowings of ₹35.55 crore, which together funded the working-capital build and the (reduced) capex programme; interest paid of ₹18.23 crore was the largest single financing outflow, consistent with the higher average borrowings discussed in Section 8.3.

Management's priority for FY27, set out under Working-Capital Optimisation in the Strategic Priorities (Section 6), is to convert the inventory build into dispatches and tighten receivables as OFAC-related constraints ease, which is expected to reverse a meaningful part of the FY26 operating cash outflow.

8.6 Schedule V Key Financial Ratios

The table below sets out the eleven ratios prescribed under Schedule V of the SEBI (LODR) Regulations, 2015, comparing FY26 with FY25, grouped by liquidity, leverage, asset management and profitability, with variances of 25 per cent or more flagged and explained in the panel alongside.

Ratio	FY26	FY25	Variance	≥25%
Liquidity				
Current ratio	1.47	1.35	+9%	–
Leverage				
Debt–equity ratio	0.74	0.63	+18%	–
Debt service coverage	1.05	1.08	-3%	–
Asset Management (Efficiency)				
Trade receivables turnover	3.81	5.14	**-26%**	√
Trade payables turnover	2.73	3.74	**-27%**	√
Net capital turnover	2.46	4.41	**-44%**	√
Inventory turnover ratio	1.36	1.80	-24%	–
Profitability				
Net profit margin	1.85%	0.24%	**+687%**	√
Return on capital employed	6.17%	4.71%	**+31%**	√
Return on equity	1.75%	0.26%	**+573%**	√
Return on investment	NA	NA	—	–

TAKEAWAY

Leverage financed the working-capital build; profitability and turnover ratios swung sharply off a low FY25 base.

- Net profit margin +687% — FY25's 0.24% base was exceptionally low; FY26's 1.85% reflects genuine margin recovery, not only the base effect.
- Return on capital employed +31% — higher EBIT from expense control and a favourable product mix.
- Return on equity +573% — the same low-FY25-base effect as net profit margin; FY26's 1.75% reflects PAT recovering off a thin FY25 equity return.
- Net capital turnover -44% — lower sales combined with a higher working-capital base (the inventory and receivables build).
- Trade payables turnover -27% — lower purchase volumes and extended supplier credit periods.
- Trade receivables turnover -26% — the OFAC-related sales impact, together with extended credit terms and delayed collections.

Current ratio, debt–equity, debt service coverage and inventory turnover (-24%) moved within a normal band, all under the 25% threshold. Return on investment is not separately computable on the Company's own disclosure basis.

9. Internal Control Systems and Their Adequacy

The Company maintains an internal control framework commensurate with its size, scale and operational complexity. Internal financial controls are designed to provide reasonable assurance regarding the reliability of financial reporting in accordance with Ind AS and the Companies Act, 2013.

Financial and operational transactions are recorded through the Company's systems with defined access controls and approval workflows, governed by a Board-approved Delegation of Authority framework.

Internal audits are conducted periodically by an independent chartered-accountancy firm covering operational efficiency, financial controls and statutory compliance across manufacturing units, with findings and corrective-action plans reviewed by the Audit Committee, comprising Independent Directors, on a quarterly basis.

The Company Secretary and Compliance function monitor regulatory compliance across SEBI, the Companies Act, and labour, environmental and export-control requirements, with corrective actions tracked to closure. A Vigil Mechanism / Whistleblower Policy and information-security measures over financial and design data are in place.

10. Human Capital

Industrial relations across the Company's manufacturing units in Hyderabad and Pune remained stable during FY26. As at 31 March 2026 the Company employed 545 permanent employees (excluding Directors), against 647 as at 31 March 2025, a reduction of 102 employees, or 15.8 per cent, over the year. This right-sizing tracked the lower activity in the Auto Component division during the designation period (Section 8.3) rather than a broad-based reduction, and employee relations remained cordial throughout, with no material industrial disputes reported.

- **Employee engagement:** structured mechanisms across plant and corporate functions.
- **Learning and development:** continuing upskilling in multi-axis CNC programming, mechatronics and defence-manufacturing quality requirements — directly supporting the technology and human-capital risk mitigations set out in Section 7.
- **Performance management:** periodic appraisal linked to individual and functional objectives, with leadership development and succession planning.
- **Safety:** continued focus on plant safety practices across all manufacturing units.

As the Auto Component relationship with its principal customer is restored from FY27 (Section 2.5) and the order book converts to dispatches (Section 8.5), workforce planning will need to track the pace of that recovery; the shortage of skilled CNC programmers, mechatronics engineers and defence-tooling technicians remains a constraint on how quickly capacity can be scaled back up (Section 7).

11. Research and Development

Research and development remained active across both the Machine Tools and Defence divisions during FY26, with total R&D expenditure of ₹46.50 lakh, entirely recurring in nature with no capital R&D spend incurred during the year. This represented ~0.22 per cent of revenue from operations for FY26 (₹46.50 lakh against ₹208.56 crore).

Machine Tools R&D

Thirteen projects were underway or completed during the year:

- a Thermally Stable 5-Axes Vertical Machining Centre and a CNC Vertical Turning Lathe (1000, Turret version) remained under manufacturing;
- five machines — a 5-axis CNC simultaneous milling machine, a 5-axis CNC turn-mill centre with Y-axis, a Double Turret Vertical Lathe, a CNC vertical machining centre with BT40/BT50 spindle, and vertical machining centres for long-component and blade-machining applications — were fully productionised during the year;
- a CNC Double Column Plano Milling Machine reached design-completion stage;
- a CNC Twin Spindle Vertical Machining Centre remained under design and development; and
- a Hybrid Additive Manufacturing Machine (eHAM3) was commissioned at IIT Indore, developed in partnership with RRCAT.

Defence R&D

Five products — these included a 9x19mm Concealable Carbine, an MMG upgrade kit with mounting tripod, and 7.62x51mm Light, General Purpose and Medium Machine Guns — were productionised during the year, while a 9mm pistol remained under design and development.

R&D Priorities for FY27

The Company's stated priorities are commercialisation of the newly productionised machines; launch of a larger Horizontal Machining Centre (H650) and a Ram-type CNC Vertical Turning Lathe (VTL-1250); launch of the Double Column Plano Miller; and continued development of new weapon platforms — directly supporting both the Machine Tools order-book diversification (Section 2.4) and the Defence division's growth trajectory (Section 4.2).

12. Environmental, Social and Governance

12.1 Environmental

- **Green-belt development and maintenance** across the Hyderabad and Pune campuses.
- **Sewage and Effluent Treatment Plants** supporting recycling of industrial wastewater for facility green belts.
- **Adoption of rooftop solar and variable-frequency drives across** machining centres to reduce energy intensity per unit manufactured will be explode in the foreseeable future.

12.2 Social

- Workforce safety, training and development treated as a top priority across all plants (Section 10).
- Continuing technical skill-development programmes for the manufacturing workforce.

Corporate Social Responsibility spend for the year was ₹5.00 lakh against a statutory obligation of ₹24.02 lakh (2 per cent of average net profit for the preceding three financial years), with the unspent balance of ₹19.02 lakh transferred to the Unspent CSR Account as required under Section 135(6) of the Companies Act, 2013 for allocation to ongoing projects. Full particulars are disclosed in Annexure C to the Board's Report.

12.3 Governance

- Board composition includes Independent Directors chairing the Audit, Stakeholders Relationship, and Nomination & Remuneration committees.
- An active Whistleblower / Vigil Mechanism, together with adherence to the SEBI (Prohibition of Insider Trading) Regulations.
- A Code of Conduct applicable to Board members and senior management, monitored by the Company Secretary.

13. Disclosure of Accounting Treatment

In preparing the financial statements for FY26 the Company followed the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with the relevant rules. There has been no treatment different from that prescribed under any applicable Accounting Standard during the year under review.

14. Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, operational expectations or regulatory matters may constitute "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied due to changes in economic conditions, raw-material prices, government policy, regulatory or judicial decisions (including further developments relating to the OFAC matter described in Section 3), competitive conditions in the machine tools, automotive and defence sectors, and other factors beyond the Company's control. The Company undertakes no obligation to publicly update or revise any forward-looking statement, except as required by applicable law or regulation.

ANNEXURE-C

CORPORATE SOCIAL RESPONSIBILITY REPORT

For the Financial Year Ended 31 March 2026

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 organization which maximizes 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

2. **Composition of CSR Committee (As on 31 March 2026)**

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.	**Meka Yugandhar**	Non- Executive Independent Director/ Chairperson	1	1
2.	**M. Lokeswara Rao**	Managing Director/ Member	1	1
3.	**M. Srinivas**	Whole-time Director / Member	1	1
4.	**M. Srikrishna**	Whole-time Director / Member	1	1
5.	**M. Likhitha**	Non-Executive Director/ Member	1	1

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

4. **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 related to Impact assessment of CSR projects are not applicable to your company.

5. (a) Average Net Profit of the Company as per Section 135(5) of Companies Act, 2013 — 12,00,94,314.00

(b) 2% of Average Net Profit of the last three financial years — 24,01,886.00

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years — 00

(d) Amount required to be set off for the financial year, if any 0.00

(e) Total CSR obligation for the financial year (b+c-d).] 24,01,886.00

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): 5,00,000

(b) Amount spent in administrative overheads: NIL

(c) Amount spent on Impact Assessment, if applicable: NA

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹5,00,000

(e) CSR amount spent or unspent for the Financial Year: ₹19,01,886

Total Amount Spent for the Financial Year. (INR)	Amount Unspent (INR)				
	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.
5,00,000	19,01,886	29.04.2026			

(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	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Not Applicable**

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	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

	Sd/-	Sd/-
Place: Hyderabad	**M Lokeswara Rao**	**Meka Yugandhar**
Date: 12 August 2026	(Managing Director)	(Chairperson CSR Committee)

ANNEXURE-D

REPORT ON CORPORATE GOVERNANCE

I Company's Philosophy on Code of Governance

Our company is committed to upholding a robust system of corporate governance that safeguards the interests of all stakeholders. We believe that transparent business operations and accountable management are crucial for maintaining high standards of governance across all areas of our business.

We are dedicated to continuously enhancing our corporate governance practices. By adopting and adhering to best practices and striving for ongoing improvements, we aim to foster a culture of excellence and integrity throughout our organization.

Your company confirms its compliance with corporate governance, the details of which are given below.

II Board of Directors

Composition, Attendance and Meetings

The Company's policy is to maintain an optimum combination of Executive, Non-executive, and Independent directors on its board. The Directors have a wide range of expertise and experience in diverse fields which bring the company a wide range of skills. The Board of Directors along with its committees provides leadership and guidance to the management.

As on 31 March 2026, the Company's Board comprises 9 directors. Four are Executive Directors who are also promoters of the Company and three are Independent Directors and two are Non-Executive Directors including one Woman Director.

The Company has a Non-Executive and Independent Chairman, a Managing Director and three Whole-time Directors. The Managing Director and Whole-time Directors are responsible for the conduct of the business and the day-to-day affairs of the Company.

Mr. Mullapudi Lokeswara Rao, Mr. Mullapudi Srinivas, Mr. Mullapudi Srikrishna and Ms. Mullapudi Likhitha are related to each other. There is no inter-se relationship among other directors of the Company.

Name of the Director	Inter se Relationship
Mr. Mullapudi Lokeswara Rao	Father of Mullapudi Srinivas & Mullapudi Srikrishna
Mr. Mullapudi Srinivas	Son of Mullapudi Lokeswara Rao & Brother of Mullapudi Srikrishna
Mr. Mullapudi Srikrishna	Son of Mullapudi Lokeswara Rao & Brother of Mullapudi Srinivas
Ms. Mullapudi Likhitha	Daughter of Mullapudi Srinivas & Granddaughter of Mullapudi Lokeswara Rao

During the year under review, Six Board Meetings were held on 28 May 2025, 12 August 2025, 11 November 2025, 29 December 2025, 13 February 2026 and 6 March 2026, with requisite quorum present throughout the meetings. Wherever required, the Company facilitates the participation of the Directors in Board / Committee meetings through video-conferencing or other audio-visual means.

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 31 March 2026, are as follows:

Name of the Director/ (DIN)	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				
Meka Yugandhar DIN: 00012265	Chairman, Independent Non-Executive Director	6	6	Yes	3	5	2
M. Lokeswara Rao DIN :00989447	Promoter, Managing Director	6	6	Yes	1	-	-
B. Kishore Babu DIN: 00840630	Promoter, Whole Time Director	6	6	Yes	1	2	-
M. Srinivas DIN: 00917565	Promoter, Whole Time Director	6	5	Yes	1	1	-
#1 K V Sanil Babu DIN: 11356619	Independent Non-Executive Director	4	4	NA	1	-	-
M. Srikrishna DIN: 00841388	Promoter, Whole Time Director	6	6	Yes	1	1	-
K. Krishna Swamy DIN: 00840887	Promoter, Non-Executive Director	6	5	No	1	-	-
D. Balaji DIN: 01872392	Independent Non-Executive Director	6	6	Yes	1	2	1
M. Likhitha DIN: 08765043	Promoter, Non-Executive Director	6	6	Yes	1	-	-

#Notes:

1. Mr. K V Sanil Babu, Independent Director, was appointed as Additional Director on 11 November 2025 and was appointed as Independent Director by the members through postal ballot on 31 January 2026.

Information on Directors appointment / re-appointment as required under the SEBI Listing Regulations, 2015 with stock exchanges is given in the Explanatory Notes to the notice calling AGM.

To enable better and more focused attention to the affairs of the company, the Board delegates particular matters to the Committees of the Board set up for this purpose. At present the Board has four Committees consisting of 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 Listing 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.

Shareholdings of Non-Executive Directors as on 31 March 2026

Mr. Meka Yugandhar, Mr. K V Sanil Babu and Mr. D. Balaji are the Non-Executive Independent Directors of the company and do not hold any shares in the Company.

Further, Mr. K. Krishna Swamy, Non-Executive Non-Independent director of the Company, holds 12,000 Equity Shares and Ms. M. Likhitha, Non-Executive Non-Independent director of the Company and a member of the Promoter Group of the Company holds 5,54,190 Equity Shares of the Company.

Familiarization Programme

The Company follows a structural orientation and familiarization programme through various internal policies/ reports for all the directors with a view to updating them on the Company's policies and procedures on a regular basis.

The details of the Familiarization Programmes are available on the website of the Company at the following link: https://www.lokeshmachines.com/investment-center.php?key=familiarization-programme-for-independent-directors

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 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,2015, 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.

SKILLS / EXPERTISE / COMPETENCIES IDENTIFIED						
Name of the Director	Financial Management	Business Development	Sales and Marketing	Leadership/ Strategy	Industry and Technology	Governance/ Regulatory
Mr. K V Sanil Babu *	√	√	√	√	√	√
Mr. D. Balaji	√	√	√	√	√	√
Mr. K. Krishna Swamy	√	√	-	√	√	-

SKILLS / EXPERTISE / COMPETENCIES IDENTIFIED						
Name of the Director	Financial Management	Business Development	Sales and Marketing	Leadership/ Strategy	Industry and Technology	Governance/ Regulatory
Mr. Meka Yugandhar	√	√	–	√	–	√
Mr. M. Lokeswara Rao	√	√	√	√	√	√
Mr. M. Srinivas	√	√	√	√	√	√
Mr. M. Srikrishna	√	√	√	√	√	√
Mr. B. Kishore Babu	√	√	√	√	√	√
Ms. M. Likhitha	√	√	√	√	√	√

***Notes:**

1. Mr. K V Sanil Babu, Independent Director, was appointed as Additional Director on 11 November 2025 and was appointed as Independent Director by members on through postal ballot on 31 January 2026.

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.

In the opinion of the Board, the Independent directors of the Company fulfilled the conditions specified in SEBI Listing Regulations, 2015 and are independent of the management.

Resignation of Mr. S. S. Raman as Independent Director

During the year under review, Mr. S.S. Raman, Independent Director of the Company, resigned from the Company effective from 29 April 2025, citing his inability to actively engage in or participate in board activities due to health reasons. He also confirmed that there was no material reason for his resignation other than the above.

Appointment of Independent Director

The Board has recommended the appointment of Mr. Kolkappadam Vadavatah Sanil Babu as an Independent Director of the Company w.e.f 11 November 2025 and the same was approved by the shareholders through postal ballot on 31 January 2026.

III Audit Committee

a) Brief description of terms of reference

The Audit Committee of the Company is constituted in line with the provisions of the SEBI Listing 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 Listing Regulations, 2015 and under the Companies Act, 2013. The Committee provides the Board with additional assurance as to the adequacy of the 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. The Chief Financial Officer, Internal Auditors, Statutory Auditors and Cost Auditors are invitees to this Committee.

As on 31 March 2026, the Committee comprises of

Sl. No.	Name of the Member	Designation
1.	Mr. Meka Yugandhar	Chairperson (Independent and Non-Executive Director)
2.	Mr. D. Balaji	Member (Independent and Non-Executive Director)
3.	Mr. M. Srinivas	Member (Executive Director)

c) Meetings and attendance during the year

During the period under review four Audit Committee Meetings were held dated 28 May 2025, 12 August 2025, 11 November 2025, and 13 February 2026. The gap between the two Audit committee 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. Meka Yugandhar	4	4
2.	Mr. D. Balaji	4	4
3.	Mr. M. Srinivas	4	4

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

IV Nomination and Remuneration Committee

a) Brief description of terms of reference

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel, Senior Management Personnel and employees of the company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act,2013 and the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchanges (as amended from time to time), this policy on Nomination and Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been approved by the Board of Directors of the Company. The Nomination and Remuneration Committee and this Policy is in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules thereto and Regulation 19 under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. The Terms of reference and NRC Policy can be accessed at https://www.lokeshmachines.com/investment-center.php?key=policy

b) Composition

The Nomination and Remuneration Committee comprises of two Independent Directors and one Non-Executive Director, and the details are as under:

As on 31 March 2026, the Committee comprises of:

Sl. No.	Name of the Member	Designation
1.	Mr. D. Balaji	Chairman (Independent and Non-Executive Director)
2.	Mr. Meka Yugandhar	Member (Independent and Non-Executive Director)
3.	Ms. M. Likhitha	Member (Non-Independent and Non-Executive Director)

c) Meetings and attendance during the year

During the period under review, two meetings of the Nomination and Remuneration Committee were held on 12 August 2025 and 11 November 2025.

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	2	2
2.	Mr. Meka Yugandhar	2	2
3.	Ms. M. Likhitha	2	2

d) Performance Evaluation criteria for Independent Directors

The Board conducts an annual performance evaluation of Independent directors and based on that the Board is of the opinion that the independent directors on the Board of the Company possess a high level of qualification and extensive experience across various areas, including governance, business, industry, technology, and administration. Their expertise and presence on the Board are deemed advantageous, contributing significantly to informed and effective business decision-making.

V Stakeholders Relationship Committee

The Stakeholders Relationship committee consists of one Independent Director and two Executive Directors:

As on 31 March 2026, the Committee comprises of:

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

The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates, if any 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 compliance officer and takes proactive steps and actions for resolving complaints/queries of the shareholders/investors.

During the period under review one Stakeholders Relationship Committee Meeting was held on 6 March 2026. 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. M. Srikrishna	1	1
3.	Mr. B. Kishore Babu	1	1

Compliance Officer

Mr. P. Kodanda Rami Reddy was appointed as Company secretary and compliance officer of the Company with effect from 15 August 2025. The designated e-mail id of the grievance redressal division of the company is cosecy@lokeshmachines.com.

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 31 March 2026.	0
2.	Number of complaints not resolved to the satisfaction of shareholders	0
3.	Number of pending complaints at the end of the year	0

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 31 March 2026, the Corporate Social Responsibility Committee consists of Five members namely:

Sl. No.	Name of the Member	Designation
1.	Mr. Meka Yugandhar	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.	Ms. M. Likhitha	Member (Non-Executive Director)

During the period under review one Corporate Social Responsibility Committee Meeting was held on 6 March 2026. 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. M. Lokeswara Rao	1	1
2.	Mr. M. Srinivas	1	1
3.	Mr. M. Srikrishna	1	1
4.	Ms. M. Likhitha	1	1
5.	Mr. Meka Yugandhar	1	1

VII Senior Management:

The Board has designated below-mentioned personnel as Senior Management of the Company:

Sl. No.	Name	Designation
1.	Mr. V. Sudhakar Reddy	Chief Financial officer
2.	Mr. C. Venkatanna	General Manager (P&IR)
3.	Ms. Jhimli Ghosh	Dy. General Manager – HR
4.	Mr. Sandeep Avinash Dorle*	Chief Operating Officer (COO)
5.	Mr. P. Kodanda Rami Reddy	Company Secretary & Compliance Officer

***Notes:**

1. Mr. Sandeep Avinash Dorle, Chief Operating Officer (COO) relieved from the services w.e.f. close of Business hours of 10 July 2026, consequent to his superannuation.

VIII Remuneration of directors

a All pecuniary relationships or transactions of the non-executive directors vis-à-vis the listed entity.

During the year there was no pecuniary relationship or any transaction with the Non-Executive Directors, and they did not receive any remuneration. Furthermore, Non-Executive Independent Directors receive sitting fees for attending the meetings of the Board and Committees thereof.

The details of sitting fees paid to all the Non-Executive Independent Directors for the year 2025-26 is given below:

Name of Director	Sitting Fees paid (₹, in lakh)
Mr. D. Balaji	1.40
Mr. Meka Yugandhar	1.30
Mr. K V Sanil Babu	0.40

***Notes:**

1. Mr. K V Sanil Babu, Independent Director, was appointed as Additional Director on 11 November 2025 and was appointed as Independent Director by members on through postal ballot on 31 January 2026.

b Criteria of making payments to non-executive

Criteria of making payments to non-executive can be accessed on Company website at https://www.lokeshmachines.com/investment-center.php?key=policy

c 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: (₹, in lakh)

Name of the Director	Fixed Salary	Other Allowance	Commission	Total
Mr. M. Lokeswara Rao (Managing Director)	60.00	0	0	60.00
Mr. B. Kishore Babu Whole-time Director	72.00	0	0	72.00
Mr. M. Srinivas Whole-time Director	96.00	0	0	96.00
Mr. M. Srikrishna Whole-Time Director	96.00	0	0	96.00

Notes:

1. The Company provides only remuneration in the form of salary to the Executive Directors of the Company and sitting fees to Non-executive Independent Directors as mentioned above in point no. VIII (a) & (c) of this report.
2. The Company is only paying salary as fixed component and there are no performance-linked incentives.
3. The appointment/re-appointment and other terms and conditions are approved by the Shareholders.
4. During the year ending on 31 March 2026, the company has not granted any stock options to any Director of the Company. However, the Company on 6 May 2026 issued 20,00,000 warrants to the above directors and details are disclosed in the Directors Report along with 7,77,919 Warrants to other promoters and non-promoter of the Company.

IX General Body Meetings:

Details of the location and time of the last three Annual/Extra-ordinary General meetings held are as follows:

Year ended	Type	Venue	Date	Time
31 March 2025	41st AGM	Through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”)	26/09/2025	11:00 A.M.
31 March 2024	40th AGM	Through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”)	27/09/2024	11:00 A.M.
31 March 2023	39th AGM	Through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”)	28/09/2023	11:00 A.M.

Special resolutions

The following are the special resolutions passed at the previous General meetings held in the last three years:

AGM/ held on	Number of Special resolution passed	Summary of the resolution
26/09/2025	1	Approval for continuation of Mr. Kallahalla Krishna Swamy (DIN: 00840887) as Non- Executive Director of the Company
27/09/2024	5	1.Increase in borrowing limits from ₹100 crore to ₹200 crore or the aggregate of the paid-up capital, free reserves and securities premium of the Company, whichever is higher. Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings. Revision in the remuneration of Mr. Mullapudi Lokeswara Rao (DIN: 00989447), Managing Director of the Company. Approval for Continuation of Mr. K. Krishna Swamy (DIN: 00840887) as Non- Executive Director of the Company. Ratification of Remuneration of Cost Auditors.
28/09/2023	5	Increase in borrowing limits from ₹100 crore to ₹200 crore or the aggregate of the paid-up capital, free reserves and securities premium of the Company, whichever is higher. Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings. Revision in the remuneration of Mr. Mullapudi Lokeswara Rao (DIN: 00989447), Managing Director of the Company. Approval for Continuation of Mr. K. Krishna Swamy (DIN: 00840887) as Non- Executive Director of the Company. Ratification of Remuneration of Cost Auditors.

Extraordinary General Meeting

No extraordinary general meeting of the members was held during Financial Year 2025-26

Postal Ballot:

Date of postal ballot notice	Special Resolution(s)	Voting results	Approval date	Scrutinizer
29/12/2025	Appointment of Wg Cdr Kolkappadam Vadavatath Sanil Babu (Retd.) (DIN 11356619) as a Non-Executive Independent Director for a term of five years.	% of Votes in Favour:- 99.99 % of Votes Against:- 0.01	31/01/2026	L.D. Reddy & Co, (Membership No. ACS 13104) (CP No. 3752) Practicing Company Secretaries.

Procedure for Postal Ballot:

The procedure for Postal Ballot was carried out as per the provisions contained in the Companies Act, 2013 and Rules made thereunder, 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.

X 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 and are also uploaded on the website of the Company at https://www.lokeshmachines.com/investment-center.php?key=financial-results.

The quarterly/half-yearly/annual financial results of the Company are generally published in Financial Express (English) and Nava Telangana (Telugu) 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 the Investors Presentation submitted by the Company for the information of shareholders.

XI General Shareholder Information

a.	Registered Office (Address for correspondence)	B-29, EEIE, Stage II, Balanagar, Hyderabad- 500037, Telangana Phone: (040) 23079310 /311/312 /313 Email: cosecy@lokeshmachines.com
b.	Venue of Annual General Meeting	The 42nd AGM shall be held through Video Conferencing / Other Audio-Visual Means on 22 September 2026, at 11:00 A.M.
c.	Financial Year	April 01 to March 31
d.	Financial Calendar (Tentative)	Annual General Meeting: On 22 September 2026 Results for the quarter ending 30 June 2026: 2nd Week of August 2026 Results for the quarter ending 30 September 2026: on or before 2nd Week of November 2026 Results for the quarter ending 31 December 2026: on or before 2nd Week of February 2027 Results for the Year ending 31 March 2027: on or before 30 May 2027
e.	Date of Book Closure (Both days inclusive)	16 September 2026, to 22 September 2026 (Both days inclusive)
f.	Listing on Stock Exchanges	BSE Limited P.J. Towers, Dalal Street, Mumbai – 400001 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.
g.	Liquidity	The shares of the company are listed on BSE and NSE and are frequently traded.
h.	Stock Code/Symbol	532740 (BSE), LOKESHMACH (NSE)

i.	Dematerialization of shares and liquidity	The Company's equity shares are available for dematerialization on both the Depositories i.e. 1. National Securities Depository Ltd Trade World, A wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai - 400013 2. Central Depository Services (India) Ltd Marathon Futurex, A-Wing, 25th Floor, NM Joshi Marg, Lower Parel, Mumbai 400013 The International Securities Identification Number (ISIN) allotted to the Company's Scrip is ISIN: INE397H01017. 99.99% of equity shares are held in dematerialized form as on 31 March 2026.
j.	Outstanding global depository receipts (GDR) or American depository receipts (ADR) or warrants or any convertible instruments, conversion date and likely impact on equity;	As of 31 March 2026, the Company had no outstanding GDRs, ADRs, warrants, or other convertible instruments. Subsequently, on 6 May 2026, the Company issued and allotted the following securities on a preferential basis to Proposed Investors in compliance with Sections 42, 62 and other provisions, if any, of the Companies Act, 2013 and Rules made thereunder and Chapter V of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018: ◆ **13,00,000 Equity Shares** (Face Value: ₹10) at an issue price of ₹181.71 per share. ◆ **27,77,919 Warrants** at a subscription price of ₹45.43 each, convertible into Equity Shares at an exercise/conversion price of ₹136.28 per share (Ratio: 1 Warrant = 1 Equity Share). On 11 July 2026, a warrant holder exercising 5,00,000 Warrants requested conversion into equity shares. Consequently, the Company allotted 5,00,000 Equity Shares upon conversion and has submitted the listing applications to both Stock Exchanges. Trading approval applications will be submitted in due course.
k.	Credit Rating along with revision thereof.	During the year under review your Company has obtained the Credit Rating from Acuite Ratings & Research Limited & CARE Ratings Limited which is as follows: Long-Term Rating: ACUITE BBB- Stable | Downgraded | Removed from Rating Watch. Short-Term Rating: ACUITE A3 | Downgraded | Removed from Rating Watch Long-Term Rating: CARE BBB- | Stable Short-Term Rating: CARE A3 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.

l.	Sanctions	We are happy to inform that the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) has removed Lokesh Machines Limited from the Specially Designated Nationals and Blocked Persons List vide letter dated 30 June 2026. Accordingly, all property and interests in property that had been blocked solely due to the designation are unblocked. Consequent to the aforesaid removal, the Company is permitted, subject to applicable laws and regulations of the United States, to engage in transactions with U.S. persons and access the U.S. financial system. This also facilitates U.S. dollar-denominated transactions, subject to compliance with all applicable legal and regulatory requirements. Further, the Company's removal from the OFAC Specially Designated Nationals and Blocked Persons ("SDN") List is expected to facilitate the normalisation of its international business operations and transactions with domestic MNCs. The Company remains committed to maintaining the highest standards of regulatory compliance. In this regard, we will continue to work closely with our legal counsel, CMS Indus Law, to ensure ongoing compliance with applicable OFAC regulations and other relevant laws, with a view to avoiding any legal or regulatory discrepancies in the future. We further inform you that the Ministry of External Affairs, Government of India, has intimated the Company, vide its letter dated 8 July 2026, confirming that Lokesh Machines Limited has been removed from the United States Department of the Treasury's Office of Foreign Assets Control (OFAC) Specially Designated Nationals and Blocked Persons (SDN) List.
m.	Registrar and Share Transfer Agent's Contact Address	KFin Technologies Ltd. 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.

n.	Share transfer system	SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 dated 8 June 2018, 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 dematerialized form with a depository and came into effect from 1 April 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 1 April 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 the 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.
o.	Details of Compliance Officer	**P. Kodanda Rami Reddy** 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 Email ID: cosecy@lokeshmachines.com
p.	Plant locations	Temple Road, Bonthapally, Medak District, Telangana B-25 & 36, EEIE, Stage II, Balanagar, Hyderabad-500037, Telangana. Plot No 41, IDA, Balanagar, Hyderabad – 500037, Telangana. Ravalkol Village, Medchal Mandal, Rangareddy Dist, Telangana. Sy.No.148, Kallakal Village, Manoharabad Mandal, Medak District, Telangana Plot No. D-260/1, MIDC Ranjangaon Industrial Area, Tal-Shirur, Dist-Pune, PIN-412220, Maharashtra.

Distribution of shareholding with various categories as on 31 March 2026

Category	No of Cases	% of Cases	Total Shares	Shares percentage	Amount	% of Amount
1-5000	20895	89.6704	1944334	9.7232	19443340	9.7232
5001- 10000	1101	4.7249	872982	4.3656	8729820	4.3656
10001- 20000	631	2.7079	939408	4.6978	9394080	4.6978
20001- 30000	207	0.8883	522916	2.615	5229160	2.615
30001- 40000	124	0.5321	439731	2.199	4397310	2.199
40001- 50000	74	0.3176	344085	1.7207	3440850	1.7207
50001- 100000	135	0.5793	975060	4.8761	9750600	4.8761
100001& Above	135	0.5793	13958254	69.8025	139582540	69.8025
Total	**23302**	**99.9998**	**19996770**	**99.9999**	**199967700**	**99.9999**

Commodity price risk or foreign exchange risk and hedging activities

The Foreign Exchange Risks are managed after netting the exports and imports. Commodity Price Risk and hedging thereof is not applicable to the Company.

Un-claimed 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 informed that our Company last declared dividend in the financial year 2015-16 and all the unpaid dividend and underlying shares have been transferred to the account specified by the IEPF Authority.

Details and web-link for the benefit of the Shareholders are mentioned hereunder:

S. No.	Particulars	Web-link
1.	To claim the unclaimed dividend and underlying shares, shareholders are requested to submit Web form IEPF-5 (Kindly note that the above form will be submitted after login on the MCA V3 Portal.)	https://www.mca.gov.in/content/mca/global/en/home.html
2.	Shareholders are also requested to read the instructions provided on the website/ instruction kit along with the Web-form carefully before filling in the form and the same can be accessed at	https://www.mca.gov.in/content/dam/mca-aem-forms/ instructionkits/Instruction__Kit__Form__No__IEPF__5.pdf
3.	Details of shareholders whose unpaid dividend has been transferred to IEPF Authority account can be accessed at	https://www.lokeshmachines.com/investment-center. php?key=unpaidunclaimed-dividend
4.	Details of shareholders whose underlying shares have been transferred to IEPF Authority account can be accessed at	https://www.lokeshmachines.com/investment-center. php?key=shareholder-list-for-transfer-to-iepf
5.	Contact Details of Nodal Officer can be accessed at	https://www.lokeshmachines.com/investment-center. php?key=shareholders-desk05-11-24

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 promoters, management, staff and directors. The code is applicable to all Promoters/promoter groups, directors, designated employees and their dependents.

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 has been appointed as Compliance Officer and is responsible for adherence to the code.

Shareholding pattern as on 31 March 2026

Category	No. of shareholders	No. of Shares	% of Shareholding
Indian promoters	22	10717817	53.6
Resident Individuals	22287	8184455	40.93
Bodies Corporates	121	366929	1.83
H UF	542	419525	2.1
Non-resident Indians	335	242946	1.21
I EPF	1	54098	0.27
Key Management Personnel	1	11000	0.06
Total	**23309**	**19996770**	**100**

XII Other Disclosures

Related Party Transactions

No transaction of a material nature was entered into by the Company with the related parties, i.e., Directors, Promoters or the management or relatives conflicting with the Company's interest. Transactions with the related parties are disclosed in note No. 40 of notes to the financial statements in the Annual Report. Also, Related Party Transactions are approved by the Audit Committee and then ratified by the Board in their duly convened meeting. Policy of dealing with Related Party can be accessed at Company website at https://www.lokeshmachines.com/investment-center.php?key=policy

Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has adopted "IND AS" with effect from 1 April 2017. Accordingly, the financial statements for the year 2025-26 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.	2025-26	During the FY 2025-26, NSE and BSE via communications dated 27 February 2026 levied fine for non-compliance of Regulation 17(1) of SEBI Listing Regulations, 2015.	During the FY 2025-26, BSE- ₹6,13,600 (including GST) NSE-₹6,13,600 (including GST)	As the Company is engaged in the manufacturing of small arms and is subject to the provisions of the Arms Act, 1959 Prior approval of the licensing authority is mandatory for any change in the directorship of the company or any change in the key managerial personnel or any change in the responsible person of the company. Therefore the Company could not appoint Independent Director as per the Regulation 17(1) of SEBI Listing Regulations, 2015. Further, Mr. K V Sanil Babu has been appointed as Independent Director w.e.f. 11 November 2025.

S. No.	Financial Year	Details of Non-compliance	Penalty Levied	Directors Comment
2.	2024-25	-	-	-
3.	2023-24	-	-	-

During the financial year 2025-26, other than the non-compliance mentioned above there is no non-compliance of any of the Corporate Governance requirement under SEBI Listing Regulations, 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.

Whistle Blower /Vigil Mechanism

The Company is committed to adhering to the highest standards of ethical, moral and legal conduct of its business operations. To maintain these standards, the Company has implemented the Whistle Blower Policy/Vigil Mechanism (the Policy"), to provide an avenue for employees to report matters without the risk of subsequent victimization, discrimination or disadvantage. The Policy applies to all employees working for the Company and no personnel have been denied access to the audit committee.

Pursuant to the Policy, whistle blowers can raise concerns relating to matters such as breach of Company's Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, misappropriation of Company's funds/assets etc. A whistleblowing or reporting mechanism, as set out in the Policy, invites all employees to act responsibly to uphold the reputation of the Company. The Policy aims to ensure that serious concerns are properly raised and addressed and are recognized as an enabling factor in administering good governance practices. The details of the Whistle Blower Policy are available on the website of the Company at https://www.lokeshmachines.com/investment-center.php?key=policy.

Utilization of funds raised through preferential allotment

During the year your Company has not raised funds by issuing Equity Shares and Warrants by way of preferential allotment in accordance with the provisions of the Companies Act, 2013 and SEBI (ICDR) Regulations, 2018.

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 disqualified 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

Disclosure of commodity price risks and commodity hedging activities

The Company has not entered into any commodity hedging activities

Fees paid to Statutory Auditor on a consolidated basis

During the financial year ending on 31 March 2026, 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

The Company has formed an Internal complaint committee for reporting the cases of Sexual Harassment in terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The details of the same are as mentioned below:

S. No.	Particulars	Details
1.	Number of complaints filed during the financial year	-
2.	Number of complaints disposed of during the financial year	-
3.	Number of complaints pending at end of the financial year	-

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements;

The Company during the financial year complied with all the mandatory requirements under the Regulations of SEBI Listing Regulations, 2015, further following are the non-mandatory requirements as specified in Part E of Schedule II that were adopted by the Company:

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 2025-26, 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 a Non-executive Independent Director and is not related to the Managing Director.
5.	The internal auditor may report directly to the audit committee.	The Quarterly Internal Audit Report is being directly placed before the Audit Committee and before the same is placed before the Board.

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.

All directors and senior management personnel have affirmed compliance with the code of conduct and submitted declarations on this behalf for the year ended 31 March 2026. The same is attached as **Annexure D3.**

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.**

Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

During the year the Company did not give any loans or advances to any firm/company in which the Directors of the Company are interested.

Details of material subsidiaries of the listed entity

The Company does not have any subsidiaries.

Disclosure of certain types of agreements binding listed entities

There are no agreements that require disclosure under Clause 5A of Paragraph A of Part A of Schedule III of the SEBI Listing Regulations, 2015 which have an impact on the management or control of the listed entity or create any liability on the listed entity during the FY 2025-26.

Committee(s) recommendation not accepted/considered by Board

The Board has accepted / considered all the recommendations(s) made by the Committee(s) to the Board in the relevant financial year under review.

Disclosures of the compliance with corporate governance requirements

The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of SEBI Listing Regulations, 2015.

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. Dhanamjaya 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-29, 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, 2026.

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, I 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, 2026:

List of Directors of the Company as on March 31, 2026:

S.No.	DIN	Full Name	Designation
1.	00989447	LOKESWARA RAO MULLAPUDI	Managing Director
2.	00841388	SRIKRISHNA MULLAPUDI	Whole time Director
3.	00917565	SRINIVAS MULLAPUDI	Whole time Director
4.	00840630	KISHORE BABU BOLLINENI	Whole-time Director
5.	00012265	YUGANDHAR MEKA	Director
6.	01872392	DORAIRAJAN BALAJI	Director
7.	11356619	KOLKAPPADAM VADAVATATH SANIL BABU	Director
8.	00840887	KRISHNA SWAMY KALLAHALLA	Director
9.	08765043	LIKHITHA MULLAPUDI	Director

For **LD Reddy & Co.,**
Company Secretaries

L Dhanamjaya Reddy
(Proprietor)
CP. No.3752
UDIN: A013104G000925895

Date: 04.08.2026
Place: Hyderabad

ANNEXURE-D2

PRACTISING COMPANY SECRETARIES CERTIFICATE ON CORPORATE GOVERNANCE

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, 2026 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, 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, 2026.

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 **LD Reddy & Co.,**
Company Secretaries

L Dhanamjaya Reddy
(Proprietor)
CP. No.3752
M. No. 13104
PR: 1262/2021
UDIN: A013104G000925895

Date: 04.08.2026
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 31 March 2026.

For Lokesh Machines Limited

Sd/-

M Lokeswara Rao

Managing Director/CEO

DIN: 00989447

Date: 31.03.2026

Place: Hyderabad

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 31 March 2026, 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**

		Sd/-
	Sd/-	**M Lokeswara Rao**
Place: Hyderabad	**V Sudhakara Reddy**	MD/CEO
Date: 26 May 2026	CFO	DIN: 00989447

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	16.67
Mr. B Kishore Babu	20.00
Mr. M. Srinivas	26.67
Mr. M. Srikrishna	26.67

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	0.00
Mr. B Kishore Babu	0.00
Mr. M Srinivas	0.00
Mr. M Srikrishna	0.00
Mr. V Sudhakara Reddy	0.00
Mr. P.Kodanda Rami Reddy	0.00

iii. The percentage increase in the median remuneration of employees in the financial year: 17.62%

iv. The number of permanent employees (excluding directors) on the rolls of the company as on 31 March 2026: 541

v. Average percentile 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 ended 31 March 2026, there was no increase in remuneration paid to managerial personnel, so comparison cannot be made.

The Managerial remunerations are generally increased after every three years as compared to the remuneration of non-managerial remuneration. There were no exceptional circumstances for increase in the managerial remuneration.

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

	Sd/-	Sd/-
Place: Hyderabad	**M Srinivas**	**M Lokeswara Rao**
Date: 12 August 2026	(Whole-time Director)	(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. Several measures have been taken in optimizing usage of compressed air and rationalization of power usage.

ii. The steps taken by the company for utilizing alternate sources of energy: NIL.

iii. The capital investment on energy conservation equipment: NIL

B Technology Absorption:

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

C Research and Development (R & D)

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

Machines Tools

a) **Thermally Stable 5-Axes Vertical Machining Center:** is under manufacturing and assembly.

b) **CNC Vertical Turning Lathe - 1000 (Turret version):** Machine is under manufacturing.

c) **5 - Axes CNC Simultaneous Milling Machine (Model: VFL5):** Machine productionised.

d) **5 - Axes CNC Turn Mill Center with Y-axis (Model:L565):** Machine productionised.

e) **Double Turret Vertical Lathe (Model:DTVL 350):** Machine productionised.

f) **CNC Vertical Machining Center with BT40 & BT50 Spindle (Model:VMD1200):** Machine productionised.

g) **CNC Double Column Plano Milling Machine:** Machine design is completed.

h) **Two way U-Drilling Machine (Piston) (Model:LM825):** Machine productionised.

i) **CNC Vertical Drilling & Milling Machine (for 5M long component - Model:VMD5):** Machine productionised.

j) **CNC Vertical Machining Centre (Model:VM15N):** Machine productionised.

k) **CNC Twin Spindle Vertical Machining Centre (Model:VMC6):** Machine is under Design & Development

l) **CNC Vertical Machining Centre (For Blade machining) (Model:VM11 NMXL):** Machine productionised

m) **Hybrid Additive Manufacturing Machine - eHAM3:** Machine commissioned at IIT,Indore

Defense projects

a) **9x19 mm Concealable Carbine (ASMI)**

b) **MMG Upgrade kit with Mounting Tripod**

c) **7.62x51 mm Light Machine Gun (LMG)**

d) **7.62x51 mm General Purpose Machine Gun (GPMG)**

e) **7.62x51 mm Medium Machine Gun (MMG)**

The above products are productionised.

f) **9 mm pistol is under Design & Development**

The above products development is completed and Production ready.

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

a) The addition of **CNC VTL 1000** in VTLs category enhanced Vertical Turning lathe family with more options with Rotary tables size range selection and helps the company to reach out to a new segment of users.

b) The addition of **5 - Axes capable Turn mill center and Milling Machine** showcased the company's capabilities on par with global development in this field.

c) The addition of **Double Turret Vertical Lathe and CNC vertical Machining Center** improved our capability to meet very special market segment with precision and productivity demands.

d) The development and supply of CNC Machines like - L565, VMD1200,LM825,VMD5,VM15N and VM11NMXL

Proves our capability to meet special market requirements with precision and productivity requirements.

All of the above would contribute to an increase in top line and bottom line for the company as they are higher valued machines.

3 Future plan of action

- Commercialization of above new products.
- Launch of Bigger size Horizontal Machining Centers - H650
- Launch of CNC Vertical Turning Lathe (Ram type) - VTL-1250
- Launch of Double column Plano Miller.
- Developing new weapon platforms.

4 Expenditure incurred on R & D (₹ in lakh)

a.	Capital	44.52
b.	Recurring	46.79
	Total	**91.31**
c.	Total R & D expenditure as a percentage of total turnover	

D Foreign Exchange Earnings and Outgo (₹ in lakh)

(i) Foreign Exchange Earnings : 0.00

(ii) Foreign Exchange Outgo:

a For Capital Goods : 0.00

b For Stores & Components on FOB basis : 0.00

c Towards Foreign Travel : 1.79

ANNEXURE-G

Particulars of contracts/arrangements made with related parties

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014 – AOC-2]

This Form pertains to the disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended 31 March 2026, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

There were no material contracts or arrangements or transactions entered into during the year ended 31 March 2026.

For and on behalf of the Board of Directors

	Sd/-	Sd/-
Place: Hyderabad	**Mullapudi Srinivas**	**Mullapudi Lokeswara Rao**
Date: 26 May 2026	(Whole-time Director)	(Managing Director)

LOKESH MACHINES LIMITED

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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, 2026, 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 material 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, 2026, 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 the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Auditor's Response
OFAC Sanctions – Continuing Regulatory Uncertainty and Mitigation As reported in the previous year, on October 30, 2024, the Company was included on the US Department of the Treasury OFAC's Specially Designated Nationals and Blocked Persons (SDN) List. As a continuing consequence, the Company remained unable to enter into any foreign currency transactions throughout the period from October 30, 2024 to March 31, 2026. During the current year, the delisting process advanced through two further rounds of regulatory engagement: We identified this as a key audit matter because:	**Principal audit procedures** Our audit procedures in respect of this matter for the current year included the following: Obtained an understanding of developments in the matter since the previous year, including corroborating the continued restriction on foreign currency transactions through March 31, 2026. ▸ Reviewed the reconsideration application filed with OFAC and the Company's responses to the First and Second Questionnaires received on 06 June 2025 and 23 September 2025 respectively. ▸ Made inquiries of management and, legal counsel regarding the expected timing and likely outcome of OFAC's determination, and evaluated whether this affects the assessment of contingent liabilities or disclosure requirements.

▸ The matter remains unresolved at year end, with the ultimate outcome (delisting, continued designation, or penalties) outside management's control and dependent on a foreign regulator's determination. ▸ The continuing inability to transact in foreign currency, and management's assertions regarding mitigation and recovery, require corroboration through the current year's financial results. ▸ Appropriate disclosure of the status, and of any residual impact on the Company's financial position and performance, requires significant judgement given the prolonged and evolving nature of the matter.	▸ Re-assessed the recoverability of any trade receivables, and the going concern basis of preparation, in light of the current year's results and the continuing regulatory status, updating our conclusions from the prior year as necessary. ▸ Obtained management representations on the completeness of disclosures relating to the matter. We Assessed the adequacy of disclosures in Note 46 to the financial statements.

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

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

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.

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.

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,

   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, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2026 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 disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements.	
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.	
vi.	Based on our examination, which included test checks, the Company has used accounting software systems for maintaining its books of account for the financial year ended March 31, 2026 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.	

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

(K SHRAVAN)
Partner
Membership No. 215798
UDIN: 26215798VNIVRR9099

Place: Hyderabad
Date: 26.05.2026

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 31,2026.,

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.
	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, 2026 for a period of more than six months from the date they became payable.
	b.	According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute except the following.

Name of the Statue	Nature of Dues	Amount (Rs. In lakhs)	Period to which amount related	Forum where dispute is pending
Goods and Service Tax Act, 2017	Goods and Service Tax	145.62	FY 2017-19	First Appellate Authority
Finance Act,1994	Service Tax	83.59	FY 2008-13	CESTAT
Central Excise Act, 1944	Excise Duty	83.18	FY 2017-18, FY 2012-13 and FY 2013-14	CESTAT
Income Tax Act, 1961	Income Tax	1928.39	AY 2016-17 to AY 2020-21	ITAT/CIT Appeals

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

b. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of equity shares upon conversion of warrants to the promoters during the year under review. In our opinion, the Company has complied with the requirements of Sections 42 and 62 of the Companies Act, 2013, to the extent applicable, and the funds so raised have been used for the purposes for which they were raised.

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) and (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.
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.	a.	According to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
	b.	In respect of ongoing projects, the remaining unspent Corporate Social Responsibility (CSR) amount has been transferred to special account, in compliance with the provisions of sub-section (6) of section 135 of the said Act.
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
Membership No. 215798
UDIN: 26215798VNIVRR9099

Place: Hyderabad
Date: 26.05.2026

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, 2026 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, 2026, 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
Membership No. 215798
UDIN: 26215798VNIVRR9099

Place: Hyderabad
Date: 26.05.2026

BALANCE SHEET AS AT 31 MARCH 2026

(₹ in lakh)

PARTICULARS				Note No.	As at 31 March 2026	As at 31 March 2025
ASSETS						
1	NON-CURRENT ASSETS					
	(a)	Property, Plant and Equipment		4A	**19,898.21**	19,930.78
	(b)	Capital Work-in-Progress		4B	**883.92**	583.38
	(c)	Right of Use Asset		5	**376.39**	383.14
	(d)	Intangible Assets		6A	**32.85**	45.50
	(e)	Intangible Assets Under Development		6B	**157.22**	131.66
	(f)	Financial Assets				
		(i) Investments		7	**149.25**	149.25
		(ii) Other Financial Assets		8(a)	**207.81**	206.18
	(g)	Income Tax Assets (Net)		9	**366.90**	356.23
	(h)	Other Non-Current Assets		10	**1,129.47**	955.05
Total Non-Current Assets					**23,202.01**	**22,741.17**
2	CURRENT ASSETS					
	(a)	Inventories		11	**16,918.27**	13,692.23
	(b)	Financial Assets				
		(i) Trade Receivables		12	**6,920.74**	4,039.40
		(ii) Cash and Cash Equivalents		13	**21.93**	17.50
		(iii) Bank Balances other than (ii) above		14	**1,001.38**	915.29
		(iv) Other Financial Assets		8(b)	**41.90**	55.16
	(c)	Other Current Assets		15	**1,482.96**	1,325.78
Total Current Assets					**26,387.18**	**20,045.36**
TOTAL ASSETS					**49,589.19**	**42,786.52**
EQUITY AND LIABILITIES						
1	EQUITY					
	(a)	Equity Share Capital		16	**1,999.68**	1,935.03
	(b)	Other Equity		17	**20,830.54**	19,346.94
Total Equity					**22,830.22**	**21,281.98**
	LIABILITIES					
2	NON-CURRENT LIABILITIES					
	(a)	Financial Liabilities				
		(i) Borrowings		18(a)	**7,184.16**	5,118.75
	(b)	Provisions		19	**376.16**	356.25
	(c)	Deferred Tax Liabilities (Net)		20	**1,289.29**	1,164.22
Total Non-Current Liabilities					**8,849.60**	**6,639.23**
3	CURRENT LIABILITIES					
	(a)	Financial Liabilities				
		(i) Borrowings		18(b)	**9,759.30**	8,254.70
		(ii) Trade Payables		21		
			a) Total outstanding dues of Micro and Small Enterprises		**262.36**	291.62
			b) Total outstanding dues of other than Micro and Small Enterprises		**5,142.28**	3,332.06
		(iii) Other Financial Liabilities		22	**692.95**	875.17
	(b)	Other Current Liabilities		23	**1,904.50**	2,019.85
	(c)	Provisions		24	**147.98**	91.93
Total Current Liabilities					**17,909.36**	**14,865.32**
TOTAL EQUITY AND LIABILITIES					**49,589.19**	**42,786.52**
Material Accounting Policies See accompanying notes to the financial statements				1-3		

As per our report of even date attached

For Brahmayya & Co
Chartered Accountants
Firm's Registration No: 000513S

For and on behalf of the Board

K Shravan
Partner
Membership No.:215798

M LOKESWARA RAO
Managing Director
DIN: 00989447

M SRINIVAS
Director
DIN: 00917565

Place: Hyderabad
Date: 26 May 2026

V SUDHAKARA REDDY
Chief Financial Officer

P Kodanda Rami Reddy
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2026

(₹ in lakh)

	Particulars	Note No.	For the year ended 31 March 2026	For the year ended 31 March 2025
INCOME				
I	Revenue from Operations	25	**20,856.43**	22,832.16
II	Other Income	26	**105.29**	144.22
III	**Total Income (I+II)**		**20,961.72**	**22,976.39**
IV	**EXPENSES**			
	Cost of Material Consumed	27	**11,832.83**	13,454.92
	Changes in Inventories of Finished Goods and Work in Progress	28	**(2,755.53)**	(1,776.95)
	Other Manufacturing Expenses	29	**2,106.41**	2,661.22
	Employee Benefits Expense	30	**4,345.15**	5,315.92
	Finance Cost	31	**1,838.23**	1,517.92
	Depreciation and Amortization Expenses	32	**1,561.48**	1,387.07
	Other Expenses	33	**1,656.98**	1,673.08
			20,585.54	24,233.19
	Less: Capitive Consumption		**154.72**	1,345.81
	Total Expenses		**20,430.82**	**22,887.38**
V	**Profit before exceptional items and tax (III-IV)**		**530.90**	**89.01**
VI	**Exceptional items: (Income) /Expense -Net**			
VII	**Profit before tax**		**530.90**	**89.01**
VIII	**Tax Expenses**			
	- Current Tax		**0.00**	0.00
	- Income Tax for Earlier Years		**13.89**	0.00
	- Deferred Tax (credit)/ charge		**130.87**	35.33
	Total Tax Expenses		**144.75**	35.33
IX	**Profit for the year (VII-VIII)**		**386.15**	**53.68**
X	**Other Comprehensive Income**			
	i Items that will not be reclassified subsequently to profit or loss		**(23.05)**	99.73
	ii Income tax relating to items that will not be reclassified to profit or loss		**5.80**	(28.01)
	Other Comprehensive Income for the year		**(17.25)**	71.73
	Total Comprehensive Income for the year (XIII + X)		**368.90**	**125.41**
	Earning per equity share (Amount in Rs.)			
	Basic & Diluted	34	**1.95**	0.28
	Material Accounting Policies	1-3		
	See accompanying notes to the financial statements			

As per our report of even date attached

For Brahmayya & Co
Chartered Accountants
Firm's Registration No: 000513S

For and on behalf of the Board

K Shravan
Partner
Membership No.:215798

M LOKESWARA RAO
Managing Director
DIN: 00989447

M SRINIVAS
Director
DIN: 00917565

Place: Hyderabad
Date: 26 May 2026

V SUDHAKARA REDDY
Chief Financial Officer

P Kodanda Rami Reddy
Company Secretary

STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2026

A. Equity Share Capital

(₹ in lakh)

As at 1 April 2024	1,849.68
Changes in equity share capital during the year	85.36
As at 1 April 2025	1,935.03
Changes in equity share capital during the year	64.64
As at 31 March 2026	**1,999.68**

B. Other Equity

Particulars	Capital Redemption Reserve	Security Premium	General Reserves	Retained Earning	Money Received against Share warrants	Remeasurement of defined benefit plan	Total
Balance as at 01 April 2024	**150.00**	**8,780.94**	**425.00**	**7,596.55**	**912.19**	**(115.18)**	**17,749.50**
Profit for the Year				53.68			53.68
Addition during the year		1,990.85			1,557.22		3,548.07
Conversion of warrants into equity shares					(2,076.29)		(2,076.29)
Other Comprehensive Income for the year						71.99	71.99
Balance as at 31 March 2025	**150.00**	**10,771.79**	**425.00**	**7,650.23**	**393.12**	**(43.20)**	**19,346.94**
Profit for the Year				**386.15**			**386.15**
Addition during the year		**1,507.82**			**1,179.35**		**2,687.16**
Conversion of warrants into equity shares					**(1,572.46)**		**(1,572.46)**
Other Comprehensive Income for the year						**(17.25)**	**(17.25)**
Balance as at 31 March 2026	**150.00**	**12,279.61**	**425.00**	**8,036.38**	**0.00**	**(60.45)**	**20,830.54**

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

i. Capital Redemption Reserve: Created on redemption of preference shares and it can be utilized as per section 63 of the Company Act.

ii. Security premium: Premium received on issue of equity shares credited to security premium and it can be utilized as per section 63 of the Company Act.

iii. General reserve: Reserve is created from time to time by transfer of profits from retained earnings and it can be utilized as per section 63 of the Company Act.

iv. Retained earnings: Retained earnings are accumulation of profits earned by the company and it can be utilized as per section 63 of the Company Act.

Material Accounting Policies **Note 1-3**

See accompanying notes to the financial statements

As per our report of even date attached

For Brahmayya & Co
Chartered Accountants
Firm's Registration No: 000513S

For and on behalf of the Board

K Shravan
Partner
Membership No.:215798

M LOKESWARA RAO
Managing Director
DIN: 00989447

M SRINIVAS
Director
DIN: 00917565

Place: Hyderabad
Date: 26 May 2026

V SUDHAKARA REDDY
Chief Financial Officer

P Kodanda Rami Reddy
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2026

(₹ in lakh)

Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**530.90**	89.01
Adjusted for		
Depreciation	**1,561.48**	1,387.07
Finance Cost	**1,838.23**	1,517.92
(Profit)/Loss on Sale of Property, Plant & Equipment	**3.85**	(0.11)
Fair value changes of financial instruments	-	(19.25)
Bad Debts / Provision for ECL	**90.56**	75.77
Interest Income	**(80.28)**	(106.01)
Operating profit before working capital changes	**3,944.73**	**2,944.40**
Adjustment for changes in		
Decrease/(Increase) in Receivables & Other advances	**(3,569.36)**	935.77
Decrease/(Increase) in Inventories	**(3,226.04)**	(1,947.02)
Decrease/(Increase) in Trade and other payables	**1,536.30**	555.14
Cash generated from operations	**(1,314.38)**	**2,488.29**
Direct taxes paid	**(24.56)**	(397.63)
Net Cash Flow from Operating Activity (A)	**(1,338.93)**	**2,090.66**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including CWIP and capital advances	**(1,588.89)**	(3,734.37)
Proceed from sale of Property, Plant and Equipment	**13.68**	0.51
Interest received	**93.55**	119.32
Movement in other bank balances	**(86.09)**	(87.65)
Net Cash Flow from Investing Activity (B)	**(1,567.75)**	**(3,702.20)**
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Bank Borrowings	**3,555.12**	1,570.12
Proceeds from issue of shares with premium	**1,179.35**	1,557.13
Interest paid	**(1,823.35)**	(1,519.38)
Net Cash Flow from Financing Activity (C)	**2,911.12**	**1,607.87**
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)	**4.43**	(3.67)
Add: Cash/Cash equivalents at the beginning of the year	**17.50**	21.17
Cash/Cash equivalents at the end of the year	**21.93**	17.50

As per our report of even date attached

For Brahmayya & Co
Chartered Accountants
Firm's Registration No: 000513S

For and on behalf of the Board

K Shravan
Partner
Membership No.:215798

M LOKESWARA RAO
Managing Director
DIN: 00989447

M SRINIVAS
Director
DIN: 00917565

Place: Hyderabad
Date: 26 May 2026

V SUDHAKARA REDDY
Chief Financial Officer

P Kodanda Rami Reddy
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2026

1. CORPORATE INFORMATION

Lokesh Machines Limited ("the Company") was incorporated on 17 December 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 were approved by the Board of Directors and authorized for issue on – 26 May 2026.

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.

Functional and Presentational currency:

The financial statements are presented in INR which is the functional currency of the company and all the values are rounded off to the decimals to the nearest lakhs as per the requirement of Schedule III of The Companies Act, 2013 except where otherwise indicated.

3. MATERIAL ACCOUNTING POLICIES

a) Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules 2015 with effect from 1 April 2016.

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 realized or intended to be sold or consumed in normal operating cycle;

ii. Expected to be realized 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 realization 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 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 a substantial period to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to use.

The Company adopted the cost model as its accounting policy, in recognition of the property, plant and equipment and recognizes 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 derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized 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 out on the lease hold land/property are recognized 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 recognized at cost and is amortized over the useful life as estimated by the Management which is about 3 years for all the intangible computer software assets.

Other Intangible Assets

Internally generated intangible assets

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from the development phase of an internal project is recognized, if and only if, the conditions under the Ind AS 38 - Intangible Asset, are fulfilled. If the conditions are not fulfilled the same is recognized in profit and loss in the period in which it is incurred.

f) **Impairment of non-financial assets**

i. 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 recognized 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.

ii. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized 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:

a) The contract involves use of an identified asset;

b) The Company has substantially all the economic benefits from the use of the asset through the period of lease; and

c) The Company has the right to direct the use of an asset.

At the date of commencement of lease, the Company recognizes 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 Company recognizes 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 amortized 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 realizable value. Costs are assigned to individual items of inventory and are determined based on a first in first out basis (FIFO).

The 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 realizable 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 recognized 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 lower cost or net realizable value.

i) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and is recognized 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 recognized when a performance obligation in a customer contract has been satisfied by transferring control over the promised goods to the customer. Control over the promised goods refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, those goods. Control is usually transferred upon shipment, delivery to, upon receipt of goods by the customer, in accordance with the individual delivery and acceptance terms agreed with the customers. The amount of revenue to be recognized (transaction price) is based on the consideration expected to be received in exchange for goods, excluding amounts collected on behalf of third parties such as goods and services tax or other taxes directly linked to sales.

Revenue from rendering of services is recognized over time as and when the customer receives the benefit of the Company's performance and the Company has an enforceable right to payment for services transferred.

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 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 recognized 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 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. This 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 recognized 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 to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are incurred 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 recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by the Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized 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 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 recognized when there is a present legal or constructive obligation that can be estimated reliably, because 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 realized.

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 realized. 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 consist 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 recognized 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 recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

Subsequent Measurement

For subsequent measurement financial assets are classified as measured at:

1) Amortized Cost
2) Fair value through profit and loss (FVTPL)
3) Fair value through other comprehensive income (FVTOCI)

Financial Asset measured at amortized cost.

Financial Assets held within a business model whose objective is to hold financial assets 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 amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized 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 amortized 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 recognized in the other comprehensive income (OCI). Interest income is measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized 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 amortized cost or at FVTOCI. All fair value changes are recognized in the statement of profit & loss.

De-recognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the 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 amortized 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. The 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 recognized during the period is recognized as income or expense in the statement of profit and loss. In the case of a balance sheet, it is shown as reduction from the specific financial asset.

b. **Financial Liabilities**

Initial recognition and measurement

Financial liabilities are recognized initially at fair value plus any transaction cost that is 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 amortized 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 recognized in the Statement of Profit and Loss.

Financial Liabilities at amortized cost

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

De-recognition of Financial Liabilities

Financial liability shall be derecognized 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 offset 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 realize the asset and settle the liability simultaneously.

4A. PROPERTY, PLANT AND EQUPMENT

(₹ in lakh)

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture and Fixtures	Vehicles	Misc. Equipment	Office Equipment	Computers	Total Property, Plant and Equipment
Gross Carrying Amount									
At 1 April 2024	2,047.47	4,951.40	19,519.66	144.29	675.18	2,697.58	93.02	391.00	30,519.61
Additions	-	1,437.41	3,047.53	5.86	-	147.84	-	7.45	4,646.09
Disposals	-	-	-	-	8.00	-	-	-	8.00
At 31 March 2025	**2,047.47**	**6,388.80**	**22,567.19**	**150.16**	**667.19**	**2,845.42**	**93.02**	**398.45**	**35,157.70**
Additions	-	-	**1,242.58**	**16.23**	**41.73**	**212.48**	**2.26**	**11.76**	**1,527.03**
Disposals	-	-	**103.90**	-	-	**195.56**	-	-	**299.46**
At 31 March 2026	**2,047.47**	**6,388.80**	**23,705.86**	**166.38**	**708.92**	**2,862.34**	**95.28**	**410.21**	**36,385.27**
Accumulated Depreciation									
At 1 April 2024	-	1,540.02	9,346.68	114.10	451.89	1,990.83	83.73	347.06	13,874.31
Charge for the year	-	160.65	962.86	7.92	65.97	135.13	2.27	25.41	1,360.21
Disposals	-	-	-	-	7.60	-	-	-	7.60
At 31 March 2025	-	**1,700.66**	**10,309.54**	**122.02**	**510.27**	**2,125.96**	**86.00**	**372.47**	**15,226.93**
Charge for the year	-	**201.33**	**1,127.08**	**8.78**	**45.41**	**143.08**	**2.26**	**14.12**	**1,542.07**
Disposals	-	-	**94.11**	-	-	**187.82**	-	-	**281.94**
At 31 March 2026	-	**1,901.99**	**11,342.51**	**130.80**	**555.67**	**2,081.22**	**88.27**	**386.60**	**16,487.06**
Net book value									
At 31 March 2025	**2,047.47**	**4,688.14**	**12,257.65**	**28.14**	**156.92**	**719.46**	**7.02**	**25.98**	**19,930.78**
At 31 March 2026	**2,047.47**	**4,486.81**	**12,363.35**	**35.59**	**153.24**	**781.12**	**7.01**	**23.61**	**19,898.21**

4B. CAPITAL WORK IN PROCESS

(₹ in lakh)

Particulars	Freehold Land	Buildings	Plant & Machinery	Furniture and Fixtures	Vehicles	Misc. Equipment	Office Equipment	Computers	Total Property, Plant and Equipment
At 31 March 2025	2.30	6.21	574.87						583.38
At 31 March 2026	2.30	281.96	599.66						883.92

Ageing of CWIP as on 31-03-2026:-

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	300.53	505.79	77.60		883.92
ii. Projects temporarily suspended		-	-	-	-

Ageing of CWIP As on 31-03-2025:-

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	505.79	77.60	-		583.38
ii. Projects temporarily suspended		-	-	-	-

5. RIGHT OF USE ASSET

(₹ in lakh)

Particulars	Free hold Land	Total Right of Use Assets
Gross Carrying Amount		
At 1 April 2024	422.73	422.73
Additions		
Disposals		
At 31 March 2025	**422.73**	**422.73**
Additions		–
Disposals		–
At 31 March 2026	**422.73**	**422.73**
Depreciation/Amortization @ 1 April 2024	33.04	33.04
	–	
Charge for the year	6.56	6.56
Disposals		–
At 31 March 2025	**39.60**	**39.60**
Charge for the year	6.75	6.75
Disposals	–	–
At 31 March 2026	**46.35**	**46.35**
Net book value		
At 31 March 2025	**383.14**	**383.14**
At 31 March 2026	**376.39**	**376.39**

6A – INTANGIBLE ASSETS

(₹ in lakh)

Particulars	Computer software	Total Intangible assets
Gross Carrying Amount		
At 1 April 2024	155.97	155.97
Additions	10.14	10.14
Disposals		–
At 31 March 2025	**166.10**	**166.10**
Additions		–
Disposals		–
At 31 March 2026	**166.10**	**166.10**
Amortization @ 1 April 2024	100.30	100.30
	–	
Charge for the year	20.30	20.30
Disposals		–
At 31 March 2025	**120.60**	**120.60**
Charge for the year	12.66	12.66
Disposals	–	–
At 31 March 2026	**133.26**	**133.26**
Net book value		
At 31 March 2025	**45.50**	**45.50**
At 31 March 2026	**32.85**	**32.85**

6B. INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
Intangible Assets Under Development	**157.22**	131.66
Total	**157.22**	**131.66**

Ageing of Intangible Assets Under Development as on 31 March 2026:-

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	**25.56**	**79.79**	**-**	**51.87**	**157.22**
ii. Projects temporarily suspended	**-**	**-**	**-**	**-**	**-**

Ageing of Intangible Assets Under Development as on 31 March 2025:-

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	79.79	-	51.87	-	131.66
ii. Projects temporarily suspended	-	-	-	-	-

7. INVESTMENTS-NON CURRENT

(₹ in lakh)

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number	**Amount**	Number	Amount
Non Current (Un-Quoted)				
Investments				
Equity Investments - measured at Fair value through profit or loss				
in MLR Motors Limited	**5.00**	**50.00**	5.00	50.00
	-	**-**	-	-
in MLR Auto Limited	**5.00**	**99.25**	5.00	99.25
Total	**10.00**	**149.25**	**10.00**	**149.25**
Aggregate value of Investments		**149.25**		149.25
Aggregate book value of quoted investments		**-**		-
Aggregate market value of quoted investments		**-**		-
Aggregate book value of unquoted investments		**149.25**		149.25
Aggregate amount of impairment in value of investments		**-**		-

8. OTHER FINANCIAL ASSETS

(₹ in lakh)

Particulars		As at 31 March 2026	As at 31 March 2025
8 (A)	**NON CURRENT**		
a.	Security Deposits	**207.81**	206.18
Total Non Current Financial Assets		**207.81**	**206.18**
8 (B)	**CURRENT**		
a.	Interest Accrued	**41.90**	55.16
Total Current Financial Assets		**41.90**	**55.16**
		249.71	**261.35**

9. INCOME TAX ASSET (NET)

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
Income Tax Asset (Net)	**366.90**	356.23
Total	**366.90**	**356.23**

10.OTHER NON CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
(Un secured - considered good)		
a. Advances for purchase of Capital goods	**1,129.47**	955.05
Total	**1,129.47**	**955.05**

Capital advances includes Rs. 547.25 lakh (Previous year Rs. 547.25 lakh) given to key management personnel towards purchase of Land (Refere Note 39 for details)

11. INVENTORIES

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
(At cost and certified by the Management)		
a) Raw Materials & Components	**2,934.66**	2,464.15
b) Finished Goods	**1,227.65**	1,597.44
c) Work-in-Progress	**12,755.95**	9,630.63
Total	**16,918.27**	**13,692.23**

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 realizable value on full absorption cost basis.

12. TRADE RECEIVABLES

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
Trade Receivables		
i) Undisputed Trade Receivables considered good -secured	-	-
ii) Undisputed Trade Receivables considered good -un secured	**7,011.30**	4,086.90
iii) Trade Receivables which have significant increase in risk	-	-
iv) Trade Receivables -Credit impiared	-	-
v) Disputed Trade Receivables considered good -secured	-	-
vi) Disputed Trade Receivables considered good -unsecured	-	-
Less: Provision for Exepected Credit Loss (E C L Provision)	**(90.56)**	(47.51)
Total	**6,920.74**	**4,039.40**

Ageing Trade Receivables as on 31.03.2026

Particulars	Outstanding for following periods form due date of payments					
	< 6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	Total
i. Undisputed trade recivables considered good	4,492.64	187.51	1,276.22	789.17	265.77	7,011.30
ii. Undisputed trade recivables considered Doubtful						0.00
iii. Disputed trade recivables considered good						0.00
iv. Disputed trade recivables considered doubtfull						0.00
TOTAL	**4,492.64**	**187.51**	**1,276.22**	**789.17**	**265.77**	**7,011.30**
Less: Provision for Doubtful Debts					**90.56**	**90.56**
Net Trade Receivables					**175.21**	**6,920.74**

Ageing Trade Receivables as on 31.03.2025

Particulars	Outstanding for following periods form due date of payments					
	< 6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	Total
i. Undisputed trade recivables considered good	2,430.41	310.35	519.77	597.67	228.69	4,086.90
ii. Undisputed trade recivables considered Doubtful						0.00
iii. Disputed trade recivables considered good						0.00
iv. Disputed trade recivables considered doubtfull						0.00
TOTAL	**2,430.41**	**310.35**	**519.77**	**597.67**	**228.69**	**4,086.90**
Less: Provision for Doubtful Debts					**47.51**	**47.51**
Net Trade Receivables					**181.19**	**4,039.40**

13. CASH AND CASH EQUIVALENTS

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
(a) Balances with banks		
Current accounts	**19.75**	15.07
(b) Cash on hand	**2.18**	2.43
Total	**21.93**	**17.50**

14. OTHER BANK BALANCES

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
(a) Margin Money Deposits (On LC's and BG's)	**936.59**	890.29
(b) Fixed Deposit	**64.79**	25.00
Total	**1,001.38**	**915.29**

15. OTHER CURRENT ASSETS

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
(Un secured - considered good)		
Advances against Materials and services	**1,243.68**	1,155.63
Balance with authorities	**55.17**	17.58
Other advances	**81.06**	93.04
Prepaid expenses	**103.05**	59.52
Total	**1,482.96**	**1,325.78**

16. EQUITY SHARE CAPITAL

(₹ in lakh)

Particulars		As at 31 March 2026	As at 31 March 2025
a.	**Authorised Share Capital**		
	2,20,00,000 Equity Shares of Rs.10 each	**2,200.00**	2,000.00
		2,200.00	2,000.00
b	**Issued, Subscribed and Paid-Up**		
	1,99,96,770 Equity Shares of Rs.10 each (1,93,50,332 Equity Shares of Rs.10 each)	**1,999.68**	1,935.03
	Total	**1,999.68**	**1,935.03**

c. Reconciliation of the shares outstanding at the beginning and the end of respective years

(₹ in lakh)

Particulars	As at 31 March 2026		As at 31 March 2025	
	No of Shares	Amount	No of Shares	Amount
No. of shares at the beginning of the year	193.50	1,935.03	184.97	1,849.68
Add: Shares issued during the year	6.46	64.64	8.54	85.36
No. of shares at the end of the year	199.97	1,999.68	193.50	1,935.03

d. Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a face value of Rs. 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 ensuring Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining asset of the compnay, after distribution of all preferential amounts. The distribition will be in proportion to the number of equity shares held by the shareholders.

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

M.Srinivas	- In Nos.	2,616,005	2,427,415
	- In %	13.08	12.54
M.Srikrishna	- In Nos.	2,394,742	2,394,742
	- In %	11.98	12.38
B.Kishore babu	- In Nos.	1,345,209	1,145,209
	- In %	6.73	5.92
M Lokeswara Rao	- In Nos.	1,078,360	820,512
	- In %	5.39	4.24

f. Convertible Share Warran

During the year ended on 31 March 2026, the Company has converted 6,46,438 warrants out of 15,00,000 warrants allotted to the Promoters of the Company.

g. Details of Share holding of Promoters

S No	Name of the Promoter	As at 31 March 2026		As at 31 March 2025		% of Change
		No.of Shares Held	% of holding	No.of Shares Held	% of total Shares	
1	Lokeswara Rao Mullapudi	**1,078,360**	**5.39**	820,512	4.24	1.15
2	Kishore Babu Bollineni	**1,345,209**	**6.73**	1,145,209	5.92	0.81
3	Srikrishna Mullapudi	**2,394,742**	**11.98**	2,394,742	12.38	(0.40)
4	Srinivas Mullapudi	**2,616,005**	**13.08**	2,427,415	12.54	0.54
5	Bollineni Vijaya Lakshmi	**140,939**	**0.70**	140,939	0.73	(0.02)
6	Mullapudi Kanakadurga	**700,372**	**3.50**	700,372	3.62	(0.12)
7	Naga Satya Swaroopa Rani. M	**54,269**	**0.27**	54,269	0.28	(0.01)
8	Srirekha Cherukuri	**227,152**	**1.14**	227,152	1.17	(0.04)
9	(Late) Mullapudi Vijayalakshmi	**519,617**	**2.60**	519,617	2.69	(0.09)
10	G Kamala Devi	**7,777**	**0.04**	7,777	0.04	0.00
11	Ganne Annapurna	**0**	**0.00**	0	0.00	0.00
12	*Sudha Rani Ganne	**0**	**0.00**	27,330	0.14	(0.14)

S No	Name of the Promoter	As at 31 March 2026		As at 31 March 2025		% of Change
		No.of Shares Held	% of holding	No.of Shares Held	% of total Shares	
13	Mullapudi Vasantha Lakshmi	**14,004**	**0.07**	14,004	0.07	0.00
14	Krishna Swamy Kallahalla	**12,000**	**0.06**	12,000	0.06	0.00
15	Bollineni Sri Harsha	**32,819**	**0.16**	32,819	0.17	(0.01)
16	Ajay Kumar Mullapudi	**3,269**	**0.02**	3,269	0.02	0.00
17	Sai Kiran Cherukuri	**290,100**	**1.45**	290,100	1.50	(0.05)
18	Mullapudi Rama Mohan Rao	**21,995**	**0.11**	21,995	0.11	0.00
19	Asha Kiran Cherukuri	**560,100**	**2.80**	560,100	2.89	(0.09)
20	Bollineni Shilpa	**104,810**	**0.52**	104,810	0.54	(0.02)
21	Mullapudi Likhitha	**554,190**	**2.77**	554,190	2.86	(0.09)
22	Sairam Prasad Gutta	**7,359**	**0.04**	7,359	0.04	0.00
23	Mullapudi Siddharth	**32,729**	**0.16**	32,729	0.17	(0.01)
	TOTAL	**10,717,817**	**53.60**	**10,098,709**	**52.19**	**1.41**

*Not promotor since 24 July 2025.

17. OTHER EQUITY

(₹ in lakh)

	Particulars	As at 31 March 2026	As at 31 March 2025
(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	**10,771.79**	8,780.94
	Additions during the year (Net of Trasaction cost)	**1,507.82**	1,990.85
		12,279.61	10,771.79
(c)	**General Reserve**		
	At the beginning and at the end of the year	**425.00**	425.00
(d)	**Money Received Against Share warrants**	**-**	393.12
(e)	**Surplus in Statement of Profit & Loss**		
	At the beginning of the year	**7,650.23**	7,596.55
	Profit for the year	**386.15**	53.68
		8,036.38	**7,650.23**
	Appropriations		
	Less: Equity Dividend		
	Closing Balance	**8,036.38**	**7,650.23**
(f)	**Other Comprehensive Income**		
	On Acturial Gain/(loss) on post employement benefits		
	At the beginning of the year	**(43.20)**	(115.18)
	Add: Additions for the year	**(17.25)**	71.99
	At the end of the year	**(60.45)**	(43.20)
	Total	**20,830.54**	**19,346.94**

18. BORROWINGS

(₹ in lakh)

PARTICULARS				As at 31 March 2026	As at 31 March 2025
18(a)	NON-CURRENT BORROWINGS				
1	Term Loans from Banks				
	b)	State Bank of India GECL-2. Rs.3.81 Cr		**77.13**	172.61
	d)	Punjab National Bank GECL-2. Rs.0.95 Cr		**13.12**	36.95
	f)	Indusind Bank GECL-2. Rs. 1.125 Cr		**30.47**	58.59
	g)	State Bank of India TL. Rs.25.00 Cr		**1,444.73**	1,849.68
	h)	Punjab National Bank TL. Rs.8.60 Cr		**437.36**	532.59
	i)	Punjab National Bank TL.12.70 Cr		**802.18**	952.42
	j)	State Bank of India TL. Rs.26.00 Cr		**2,146.45**	739.78
2	Term Loans from other parties				
	k)	Mahindra & Mahindra Finance Ltd		**0.00**	8.17
	l)	Axis Finance Limite		**272.95**	354.92
	m)	Oxyz Financial Services Ltd		**207.42**	306.51
	n)	Aditya Birla Finance Limited		**1,668.42**	0.00
3	Vehicle Hire Purchase Loans			**83.92**	106.52
		Total Non Current Borrowings		**7,184.16**	**5,118.75**
18(b)	CURRENT BORROWINGS				
1	Current Maturities of Long Term Debt				
	a)	State Bank of India GECL-1. Rs.7.62 Cr		-	131.60
	b)	State Bank of India GECL-2. Rs.3.81 Cr		**95.25**	95.25
	c)	Punjab National Bank GECL-1. Rs.1.90 Cr		-	38.80
	d)	Punjab National Bank GECL-2. Rs.0.95 Cr		**23.75**	23.75
	e)	Indusind Bank GECL-1. Rs. 2.25 Cr		-	51.56
	f)	Indusind Bank GECL-2. Rs. 1.125 Cr		**28.13**	28.13
	g)	State Bank of India TL. Rs.25.00 Cr		**440.00**	300.00
	h)	Punjab National Bank TL. Rs.8.60 Cr		**95.56**	95.56
	i)	Punjab National Bank TL.12.70 Cr		**148.99**	148.99
	j)	State Bank of India TL. Rs.26.00 Cr		**200.00**	200.00
2	**Term Loans from other parties**				
	k)	Mahindra & Mahindra Finance Ltd		**8.17**	95.34
	l)	Axis Finance Limited		**81.97**	73.32
	m)	Oxyz Financial Services Ltd		**95.16**	317.44
	n)	Aditya Birla Finance Limited		**55.04**	-
3	**Vehicle Hire Purchase Loans**			**23.57**	26.69
			(a)	**1,295.57**	**1,626.42**
4	**Cash Credit from Banks**				
	State Bank of India			**5,062.12**	4,820.54
	Punjab National Bank			**1,654.66**	854.84
	Indusind Bank			**1,181.29**	948.63
			(b)	**7,898.08**	6,624.01
5	Unsecured Loans from Directors		(c)	**546.50**	-
6	Interest accured but not due on borrowings		(d)	**19.15**	4.27
	Total Current Borrowings		**(a+b+c+d)**	**9,759.30**	**8,254.70**
	Total Borrowings			**16,943.46**	**13,373.45**

1 The Loans referred at (a to f) 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.

2 The Loans referred at (g) & (j) 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.

3 The Loans referred at (h & i) 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.

	Particulars	Sanction date	Rate of Interest	Frequency of Repayments	No of Installments
a)	State Bank of India GECL-1	28.01.21	6 months MCLR +100 bps	Monthly	48
b)	State Bank of India GECL-2	14.01.22	6 months MCLR +100 bps = 8.35%	Monthly	48
c)	Punjab National Bank GECL-1	03.02.21	1 yr MCLR +1% subject to max 9.25%	Monthly	48
d)	Punjab National Bank GECL-2	25.11.21	1 yr MCLR 7.25% subject to max 9.25%	Monthly	48
e)	Indusind Bank GECL-1	16.12.20	9.25%	Monthly	48
f)	Indusind Bank GECL-2	23.03.22	9.25%	Monthly	48
g)	State bank of India TL 1	03.02.22	5% above 6 month MCLR	Quarterly	27
h)	State bank of India TL 2	19.09.24	1.05% above 6 month MCLR	Quarterly	30
i)	Punjab National Bank TL 1	16.09.22	10.10%	Monthly	108
j)	Punjab National Bank TL 2	16.09.22	1 year MCLR+2.65-1.00%	Quarterly	36
k)	Axis Finance Limited	31.10.23	11.00%	Monthly	72
l)	Oxyzo Financials Services Limited	24.12.24	12.20%	Monthly	48
m)	Aditya Birla Capital Limited	25.07.25	10.50%	Monthly	180

4 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.

5 Loan From Axis Finance Ltd are secured by hypothecation land of promoters at Medchel.

6 Loan From Oxyz Financial Services Ltd are secured by hypothecation land of promoters at Medchel.

7 Loan from Aditya Birla Capital Ltd., secured by way of registered mortgage of Plot No D-260/1, Ranjangaon Industrial area, Koregaon Taluka, District Shirur, Pune 412220

8 Working capital limits from consortium banks are secured by way of:

Primary: Pari-passu first charge by way of hyphothecation 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 Mortage 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 Mortage of fixed assets of the Company.

19. PROVISIONS - NON CURRENT

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
Non Current Employee Benefit Obligation		
Gratuity	**300.57**	279.90
Leave Encashment	**75.58**	76.35
Total	**376.16**	**356.25**

20. DEFERRED TAX LIABILITIES (NET)

(₹ in lakh)

	Particulars	As at 31 March 2026	Recognised in statement of profit & loss	Recognised in Other Comprehensive Income	As at 31 March 2025
Deferred Tax Liability					
	Property, Plant & Equipment & Intangible assets	**1,580.33**	22.11	0.00	1,558.21
	Gross Deferred Tax Liability	**1,580.33**	22.11	0.00	1,558.21
Deferred Tax Asset					
a.	Employee Benefits & Statutory				
	liabilities allowed on payment basis	**152.53**	9.94	5.80	136.79
b.	Unused Tax Losses	**138.51**	(118.69)	0.00	257.21
	Gross Deferred Tax Asset	**291.04**	**(108.76)**	**5.80**	**393.99**
	Net Deffered Tax Liability/ Asset	**1,289.29**	**130.87**	**(5.80)**	**1,164.22**

21. TRADE PAYABLES -CURRENT

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
For supplies and Services		
Current		
a) Trade Payables: Micro and Small Enterprises	**262.36**	291.62
b) Trade Payables: Other than Micro and Small Enterprises	**5,142.28**	3,332.06
c) Disputed Trade Payables: Micro and Small Enterprises	**-**	-
b) Disputed Trade Payables: Other than Micro and Small Enterprises	**-**	-
Total	**5,404.64**	**3,623.68**

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.

Particulars	As at 31 March 2026	As at 31 March 2025
Principle Amount due	**262.36**	291.62
Interest due on above	**3.35**	2.77
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 accured and remaining unpaid as at year end	-	-
Amount of further interest remaining due and payable in the succeeding year	-	-
Total	**265.71**	**294.39**

Trade Payables aging schedule as at 31st March , 2026

	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	**262.36**	-	-	-	**262.36**
(ii)	Others	**4,153.29**	**870.02**	**118.97**	-	**5,142.28**
(iii)	Disputed dues—MSME	-	-	-	-	
(iv)	Disputed dues—Others					
		4,415.65	**870.02**	**118.97**	-	**5,404.64**

Trade Payables aging schedule as at 31st March, 2025

	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	291.62	-	-	-	291.62
(ii)	Others	3,117.65	143.01	71.40	-	3,332.06
(iii)	Disputed dues—MSME	-	-	-	-	-
(iv)	Disputed dues—Others	-	-	-	-	-
		3,409.26	**143.01**	**71.40**	-	**3,623.68**

22. OTHER FINANCIAL LIABILITES

(₹ in lakh)

	Particulars	As at 31 March 2026	As at 31 March 2025
1	Employee related payables	**347.48**	362.07
2	Capital creditors	**162.94**	369.27
3	Other payables	**182.52**	143.83
Total		**692.95**	**875.17**

23.OTHER CURRENT LIABILITIES

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
Other payables-Statutory	**366.66**	286.63
Other payables	**30.35**	10.56
Advances received against sales	**1,507.49**	1,722.65
Total	**1,904.50**	**2,019.85**

24. PROVISIONS – CURRENT

(₹ in lakh)

Particulars	As at 31 March 2026	As at 31 March 2025
Gratuity – Current	**128.96**	81.32
Provision for CSR Expenditure	**19.02**	10.61
Total	**147.98**	**91.93**

25. REVENUE FROM OPERATIONS

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Machine Tools – Indigenous	**22,881.86**	16,567.26
Machine Tools – Exports	–	858.86
Components	**1,726.05**	9,513.01
Total Gross Sales	**24,607.90**	**26,939.12**
Less: GST	**3,751.47**	4,106.96
Total Net Sales	**20,856.43**	**22,832.16**

26. OTHER INCOME

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Interest Income		
– Margin Money	**67.80**	64.82
– Others	**12.48**	41.19
Foreign Exchange gain	**25.01**	6.24
Profit on sale of Asset	–	0.11
Fairvalue gain on Investments Measured at FVTPL	–	19.25
Miscellaneous Income	–	12.61
Total	**105.29**	**144.22**

27. COST OF MATERIAL CONSUMED

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Inventory at the beginning of the year	**2,464.15**	2,294.08
Add: Purchase of Materials	**12,303.34**	13,625.00
	14,767.49	**15,919.08**
Less: Inventory at the end of the year	**2,934.66**	2,464.15
Total	**11,832.83**	**13,454.92**

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

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

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Inventory at the beginning of the year		
Finished Goods	**1,597.44**	554.76
Work-in-Progress	**9,630.63**	8,896.37
	11,228.07	**9,451.13**
Inventory at the end of the year		
Finished Goods	**1,227.65**	1,597.44
Work-in-Progress	**12,755.95**	9,630.63
	13,983.61	**11,228.07**
Total	**(2,755.53)**	**(1,776.95)**

29. OTHER MANUFACTURING EXPENSES

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Consumable Stores	**177.23**	173.79
Job works (processing charges)	**790.83**	835.59
Packing material	**193.60**	231.66
Freight and cartage	**317.50**	388.30
Power and fuel	**528.64**	789.90
Testing charges	**12.11**	20.16
Unloading Charges	**2.93**	2.79
Repairs and Maintenance - Plant and Machinery	**83.55**	219.03
Total	**2,106.41**	**2,661.22**

30. EMPLOYEE BENEFITS EXPENSES

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Salaries, Wages and Bonus	**4,024.70**	4,988.99
Contribution to PF,ESI and Other Funds	**189.77**	182.64
Staff Welfare expenses	**130.67**	144.29
Total	**4,345.15**	**5,315.92**

31. FINANCE COSTS

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Interest on Borrowings	**1,712.44**	1,401.17
Bank charges	**125.79**	116.75
Total	**1,838.23**	**1,517.92**

32. DEPRECIATION AMORTISATION EXPENSES

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
On Property, Plant and Equipment	**1,542.07**	1,360.21
On Right of Use Asset	**6.75**	6.56
On intangible Assets	**12.66**	20.30
Total	**1,561.48**	**1,387.07**

33. OTHER EXPENSES

(₹ in lakh)

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
Rent	**76.30**	74.34
Rates and Taxes	**90.31**	75.88
Insurance	**67.38**	60.17
Travelling and Conveyance	**241.60**	360.82
Printing and Stationery	**38.51**	48.57
Postage and Telephones	**19.75**	23.56
Vehicles Maintanance	**113.83**	107.60
Sales Commission	**107.28**	110.83
Professional Charges	**284.12**	226.18
Auditor's Remuneration		
- As Auditors	**5.00**	5.00
Business Promotion Expenses	**24.81**	43.56
Advertisement	**3.67**	6.48
Donations	**0.23**	0.05
I T Service Charges	**29.63**	32.50
Folio Maintanance charges	**17.39**	10.44
Subscriptions	**10.79**	13.45
Tender Charges	**15.87**	5.35
Documentation and other charges	**17.65**	12.26
Miscellaneous Expenses	**55.92**	36.76
Security Charges	**162.57**	145.76
Exhibition expenses	**1.96**	18.47
Service charges	**87.69**	40.91
C S R Expenditure (Refer Note 43)	**24.02**	29.62
Liquidity Damages	**18.85**	28.39
Bad Debts written off / Provision for ECL	**90.56**	75.77
Loss on sale of Asset	**3.85**	-
R & D Expenditure	**1.25**	0.74
Factory Maintenance	**46.23**	79.62
Total	**1,656.98**	**1,673.08**

34. EARNINGS PER EQUITY SHARE

(₹ in lakh)

	Particulars	Year ended 31 March 2026	Year ended 31 March 2025
a	Profit for the year	**386.15**	53.68
b	Weighted average number of equity shares of Rs. 10/- each		
	Basic & Diluted		
c	Earning per share		
	Basic & Diluted	**1.95**	0.28

35. INCOME TAXES

(₹ in lakh)

	Particulars	Year ended 31 March 2026	Year ended 31 March 2025
i)	**Tax Expense/(Credit) recognised in Statement of Profit and Loss**		
	Current tax	0.00	0.00
	Deferred Tax	130.87	35.33
	Income tax of earlier years	13.89	0.00
	Total	**144.76**	**35.33**
ii)	**Effective Tax Reconciliation**		
	Profit/ (Loss) before tax	530.90	89.01
	Applicable tax rate	25.17%	26.00%
	Tax Expense/(Credit) at applicable tax rate in India	**133.62**	**23.14**
	Increase / (decrease) in tax expenses on account of:		
	i) Non-deductible expenses for tax purpose	17.61	7.70
	ii) Income tax of earlier years	(13.89)	0.00
	iii) Other adjustments	7.42	4.49
	Tax Expense/(Credit) as per Statement of Profit and Loss	**144.76**	**35.33**

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.

A fair value measurement of a non-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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

a. Level 1 – Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

b. Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

c. Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(₹ in lakh)

Particulars	As at		
	Fair value hierarchy Level	Year ended 31 March 2026	Year ended 31 March 2025
Financial Assets measured at FVTPL			
Investments in Equity instruments	2	**149.25**	149.25
Total	**2**	**149.25**	**149.25**

37. Contingent Liabilities & Commitments

Contingent Liabilities and commitments not provided for on account of:

(₹ in lakh)

S. No	Particulars	Year ended 31 March 2026	Year ended 31 March 2025
a	Letter of credit	**908.85**	879.90
b	Bank Guarantees	**2,385.39**	754.05
c	Under Excise and Service Tax	**166.78**	166.78
d	Under GST Act	**145.62**	187.23
e	Damages U/s 14B of EPF Act	**0.00**	21.18
Income Tax disputed orders/demands amounting to ₹1,928.39 lakh are pending before the appellate ITAT/CIT pertaining to year AY 2016-17 to AY 2020-21.			

38. EMPLOYEE BENEFITS PLAN

a) Defined contribution plans

Refer Note 30 for the Company's contribution to the defined contribution plans with respect to employee benefit funds i.e Provident Fund and Employees' State Insurance Scheme.

b) Defined benefit plan

The Company has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service, managerial grade and salary at retirement age.

(₹ in lakh)

S. No	Particulars	Year ended 31 March 2026	Year ended 31 March 2025
A	**Table showing changes in present value of obligations**		
	Present value of obligations as at beginning of year	**416.38**	502.29
	Interest cost	**28.13**	34.88
	Current Service Cost	**36.03**	31.43
	Benefits Paid	**(21.68)**	(43.56)
	Actuarial gain / (Loss) on obligations	**23.50**	(108.66)
	Present value of obligations as at end of year	**482.36**	**416.38**

(₹ in lakh)

S. No	Particulars	Year ended 31 March 2026	Year ended 31 March 2025
B	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	**55.16**	13.09
	Expected return on plan assets	**3.61**	2.81
	Contributions	**4.47**	33.36
	Benefits Paid	**(10.85)**	(4.64)
	Actuarial gain / (Loss) on Plan assets	**0.45**	10.55
	Fair value of plan assets at the end of year	**52.84**	**55.17**
C	**Key Assumptions**		
	Discount Rate	**7.65%**	6.94%
	Salary Escalation	**2%**	2%

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) P Kodanda Rami Reddy – Company Secretary

(B) Non-Executive Directors

i) M. Yugandhar – Independent Director
ii) D. Balaji – Independent Director
iii) K V Sanil Babu – Independent Director
iv) M. Likhitha – Non-Independent Director
v) K. Krishna Swamy – Non-Independent Director

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

i) M L R Motors Limited

2. **Transactions during the year**

(₹ in lakh)

Name of the party	Nature of transaction	Year ended 31 March 2026	Year ended 31 March 2025
M. Lokeswara Rao	Remuneration	60.00	60.00
	Unsecured Loan received	436.00	0.00
	Unsecured loan repaid	90.50	0.00
B. Kishore Babu	Remuneration	72.00	63.00

(₹ in lakh)

Name of the party	Nature of transaction	Year ended 31 March 2026	Year ended 31 March 2025
M. Srinivas	Remuneration	96.00	87.00
	Unsecured Loan received	161.00	0.00
	Unsecured loan repaid	10.00	0.00
M. Srikrishna	Remuneration	96.00	87.00
	Unsecured Loan received	50.00	0.00
	Unsecured loan repaid	0.00	0.00
V. Sudhakara Reddy	Remuneration	42.00	36.00
Gurprith Singh	Remuneration	5.07	13.20
P Kodanda Rami Reddy	Remuneration	11.99	0.00
M. Srinivas & M. Srikrishna	Rent for Land & Building	51.60	51.60
M L R Motors Limited	Advance for purchase of Capital Asset	0.00	5.10
	Purchase of Capital Asset	0.00	230.10

* Post Employee Benefits are actuarially determined on overall basis and hence not seperately provided

3. Balances for the year ended

(₹ in lakh)

Name of the party	Nature of transaction	Year ended 31 March 2026	Year ended 31 March 2025
M. Lokeswara Rao	Remuneration payable	5.00	5.00
B. Kishore Babu	Remuneration payable	6.00	6.00
M. Srinivas	Remuneration payable	8.00	8.00
M. Srikrishna	Remuneration payable	8.00	8.00
V. Sudhakara Reddy	Remuneration payable	7.00	6.00
Gurprith Singh	Remuneration payable	0.00	2.20
P Kodanda Rami Reddy	Remuneration payable	2.62	0.00
M. Srinivas & M.Srikrishna	Rent for Land & Building	4.30	4.30
M. Likhitha	Advance for purchase of Asset	547.25	547.25
M L R Motors Limited	Advance for purchase of Capital Asset	0.00	0.00

40. SEGMENT INFORMATION

(a) The primary reporting of the company has been performed on the basis of business segment. The company is organized 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 organization 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 lakh)

Particulars	Machine Division	Components Division	Un allocated	Total
Revenue				
External sales	**19,391.40**	**1,465.02**		20,856.42
	(14,899.87)	(7,932.29)	-	(22,832.16)
Intersegment sales	-	-	-	-
Total Revenue	**19,391.40**	**1,465.02**		**20,856.42**
	(14,899.87)	(7,932.29)	-	(22,832.16)
Segment Results	**2,794.35**	**26.84**		**2,821.19**
	(2,029.45)	(968.67)		(2,998.12)
Corporate Expenses (net)			**2,290.29**	**2,290.29**
			(2,909.11)	(2,909.11)
Profit/loss before tax				**530.90**
				(89.01)
Segment Assets	**32,145.54**	**17,443.65**		**49,589.19**
	(27,072.09)	(15,714.44)		(42,786.53)
Segment Liabilities	**16,189.51**	**10,569.46**		**26,758.97**
	(13,216.60)	(8,287.94)		(21,504.54)
Capital Employed	**15,956.03**	**6,874.19**		**22,830.22**
	(13,855.48)	(7,426.49)		(21,281.97)
Segment depreciation	**1,204.92**	**356.56**		**1,561.48**
	(577.35)	(809.72)		(1,387.07)

(Amounts in brackets represent previous year figures)

(b) Geographic information

i) Revenue from external customers

Particulars	For the Year Ended 31 March 2026	For the Year Ended 31 March 2025
Within India	**20,856.43**	21,973.30
Outside India	**0.00**	858.86
Total	**20,856.43**	**22,832.16**

ii) Segment Assets

Non-Current Operating Assets*	For the Year Ended 31 March 2026	For the Year Ended 31 March 2025
Within India	**49,589.18**	42,786.52
Outside India	**0.00**	0.00
Total	**49,589.18**	**42,786.52**

*Other than financial assets, deferred tax assets, Income Tax Asset

(c) Information about major customers

Two customers individually accounted for more than 10% of the revenue for the year ended 31 March 2026, while one customer accounted for more than 10% of the revenue for the year ended 31 March 2025

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 minimize 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.

a. 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.

b. 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

(₹ in lakh)

S. No	Particulars	As at	
		31 March 2026	**31 March 2025**
a)	Debt Obligations	**16,943.46**	13,373.45
b)	Cash and Cash equivalents & Other bank balances	**1,023.31**	932.79
c)	Net Debt (a-b)	**15,920.15**	12,440.66
d)	Total Equity	**22,830.22**	21,281.97
	Net Debt Equity Ratio (c/d)	**0.70**	**0.58**

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March, 2026 and 31 March, 2025

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

(₹ in lakh)

S. No	Particulars	Year ended 31 March 2026	Year ended 31 March 2025
i)	Gross amount required to be spent by Company during the year	24.02	29.62
ii)	Amount spent during the year on construction/acquisition of any asset	0.00	0.00
iii)	Amount spent during the year other than (iii) above	5.00	6.00
iv)	Set off of previous years carry forward amount against the shortfall	0.00	13.00
v)	Shortfall at the end of the year transferred to unspent CSR Account	19.02	10.62
	Reason for shortfall of expenditure		
vi)	Excess Spent Proposed to be Carried Forward for Set off	0.00	0.00
vii)	Nature of CSR activities	Society for Public Safety	
	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	FY 2026	FY 2025	% Variance	Reason for variance
(a) Current Ratio	Current Assets	Current Liabilities	1.47	1.35	9%	Not Applicable
(b) Debt-Equity Ratio	Debt	Equity	0.74	0.63	18%	Not Applicable
(c) Debt Service Coverage Ratio	EBITDA	Interest + Principal	1.05	1.08	-3%	Not Applicable
(d) Return on Equity Ratio	PAT	Average equity	1.75%	0.26%	567%	Refer Note i)
(e) Inventory turnover ratio	Revenue From Operations	Average Inventory	1.36	1.80	-24%	Refer Note ii)
(f) Trade Receivables turnover ratio	Net sales	Average trade receivable	3.81	5.14	-26%	Refer Note iii)
(g) Trade payables turnover ratio	Net Purchases	Average trade payable	2.73	3.74	-27%	Refer Note iv)
(h) Net capital turnover ratio	Net sales	Working capital	2.46	4.41	-44%	Refer Note v)
(i) Net profit ratio	PAT	Net sales	1.85%	0.24%	687%	Refer Note vi)
(j) Return on Capital employed	EBIT	Average capital employed	6.17%	4.71%	31%	Refer Note vii)
(k) Return on investment	PAT	Average equity	NA	NA		

i) The PAT margin improved during FY 2025-26, primarily on account of a favorable shift in product mix and stringent expense control measures implemented during the year.

ii) The inventory turnover ratio declined during FY 2025-26. This was primarily due to Reduced sales volumes following the imposition of OFAC sanctions and Higher inventory levels maintained to ensure timely fulfillment of urgent customer requirements.

iii) The trade receivables turnover ratio declined from 5.14 times in FY 2024-25 to 3.81 in FY 2025-26 due to reduction in sales revenue during the year on account of OFAC sanctions and increase in trade receivables due to extended credit terms and delayed collections.

iv) The trade payables turnover ratio declined from 3.74 times in FY 2024-25 to 2.73 times in FY 2025-26 due to reduction in purchases during the year on account of lower sales volumes and increase in trade payables due to extended credit periods availed from suppliers.

v) The Net Capital Turnover ratio declined during FY 2025-26 due to a reduction in sales and an increase in working capital.

vi) The Net Profit margin improved during FY 2025-26, primarily on account of a favorable shift in product mix and stringent expense control measures implemented during the year.

vii) ROCE improved during FY 2025-26, primarily driven by higher earnings before interest and tax (EBIT) resulting from stringent expense control measures and a favorable product mix.

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

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. OFAC SANCTIONS

The Company, soon after becoming aware that its name was featured in the sanctions list published by the United States Department of Treasury on 30 October 2024, informed the Stock Exchanges vide letter dated 02 November 2024, stating that the Company is not aware of any machines being sold to, or having dealt with, any sanctioned entities or individuals which may have led to the inclusion of the Company's name in the list.

Consequent to the aforesaid designation, the Company has been unable to enter into foreign currency transactions with effect from 30 October 2024. This restriction continued throughout the financial year ended 31 March 2026 and remains in force as on the date of approval of these financial statements.

The Company is in the process of getting its name removed from the Specially Designated Nationals and Blocked Persons ("SDN") list maintained by the United States Department of the Treasury. In this regard, the Company, through its US-based legal counsel, filed an application before the Office of Foreign Assets Control ("OFAC") on 31 January 2025 (EST) for expedited removal/reconsideration of its designation, and intimated the Stock Exchanges vide letter dated 01 February 2025 (IST).

On 06 June 2025, OFAC's Reconsideration Team issued a questionnaire ("First Questionnaire") seeking follow-up information in relation to the Company's delisting petition. The Company, through Blank Rome, submitted comprehensive responses to the First Questionnaire on 20 August 2025.

On 23 September 2025, OFAC issued a further questionnaire ("Second Questionnaire"), to which the Company submitted comprehensive responses on 05 November 2025. As on the date of these financial statements, the application for removal/reconsideration remains pending before OFAC, and no formal outcome has been received.

In view of the OFAC sanctions and prevailing macroeconomic conditions, the Company undertook certain cost-cutting initiatives during the year, which enabled it to minimise the impact of the sanctions on its operations. The Company also undertook renewed strategic initiatives to recoup its business, which have yielded positive outcomes, evidenced by the emergence of new business opportunities and the onboarding of new customers.

47. 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 lakh.

As per our report of even date attached

For Brahmayya & Co
Chartered Accountants
Firm's Registration No: 000513S

K Shravan
Partner
Membership No.:215798

Place: Hyderabad
Date: 26 May 2026

For and on behalf of the Board

M LOKESWARA RAO
Managing Director
DIN: 00989447

M SRINIVAS
Director
DIN: 00917565

V SUDHAKARA REDDY
Chief Financial Officer

P Kodanda Rami Reddy
Company Secretary

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42nd ANNUAL GENERAL MEETING

NOTICE

NOTICE is hereby given that the 42nd Annual General Meeting ("AGM") of the Members of Lokesh Machines Limited ("the Company") will be held on Tuesday, the 22nd day of September 2026 at 11:00 A.M. IST through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") to transact the following business:

Ordinary business

1. **Adoption of financial statements**

   To consider and adopt the audited financial statements of the Company for the financial year ended 31 March 2026, and the reports of the Board of Directors and the auditors thereon.

2. **Appointment of Mr. K. Krishna Swamy (DIN: 00840887) as a director, liable to retire by rotation**

   To appoint a director in place of Mr. K. Krishna Swamy (DIN: 00840887), who retires by rotation and being eligible offers himself for re-appointment.

Special business

3. **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 up to ₹10,000 (Rupees Ten Thousand Only) excluding GST and other applicable taxes, to M/s Naval & Associates, Cost Accountants (Firm Reg. No. 002419) to audit the cost records maintained by the Company for the financial year ending 31 March 2027;

   RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee thereof) 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."

By Order of the Board

For **LOKESH MACHINES LIMITED**

Place: Hyderabad

Date: 12 August 2026

Sd/-

P Kodanda Rami Reddy

Company Secretary

A45822

Registered Office:

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

NOTES:

1 An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 Ordinary & Special Business i.e., item No. 3, 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 thereunder.

2 Pursuant to the General Circular No. 03/2025 dated 22 September 2025, issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3 October 2024, issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.

3 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 the AGM is being held in accordance with the Circulars through VC, the facility for the appointment of proxies by the members will not be available. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Scrutinizer by email to ldreddy2016@gmail.com with a copy marked to evoting@nsdl.com.

4 The Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

5 The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, 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.

6 In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13 April 2020, the Notice calling the AGM has been uploaded on the website of the Company under Investors Section at https://www.lokeshmachines.com/. The Notice can also be accessed from the 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 the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

7 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 en-cashed 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 www.lokeshmachines.com. The concerned members/investors are requested to refer to page No. 125 of this Annual Report or contact our RTA M/s KFin Technologies Limited for instructions on lodging claims for refund of shares and /or dividend from the IEPF Authority.

8 Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

9 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 16 September 2026, to 22 September 2026 (both days inclusive).

10 Members must quote their Folio Number/ Demat Account number and contact details such as email address, contact number etc. in all correspondence with the Company/Registrar and Share Transfer Agents.

11 Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company.

12 Members are requested to 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

13 Shareholders are requested to immediately notify the Registrars and Share Transfer Agents or the Depository participants (in case of shares which have been dematerialized) 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.

14 Pursuant to SEBI notification dated 8 June 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 to convert their 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.

15 Members holding shares in physical form, in their own interest, are requested to dematerialize 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 3 November 2021 and SEBI/HO/MIRSD/MIRSD__RTAMB/P/CIR/2021/687 dated 14 December 2021 read with SEBI/HO/MIRSD/MIRSD__RTAMB/P/CIR/2022/8 dated 25 January 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

Type of holder	Process to be followed	
	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.	

16 Effective 1 April 2024, SEBI has mandated that the shareholders, who hold shares in physical mode and whose folios are not updated with any of the KYC details [viz., (i) PAN (ii) Choice of Nomination (iii) Contact Details (iv) Mobile Number (v) Bank Account Details and (vi) Signature], shall be eligible to get dividend, if declared only in electronic mode. Accordingly, payment of any dividend, if declared is subject to approval at the AGM and shall be paid to physical holders only after the above details are updated in their folios. Shareholders are requested to complete their KYC by writing to the Company's RTA, KFin Technologies Limited, at einward.ris@kfintech.com. The forms for updating the same are available at https://www.lokeshmachines.com/investment-center.php?key=updates-and-downloads-for-shareholders11-18-24

17 An electronic copy of the Annual Report and the Notice of the 42nd 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.

18 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 Tuesday, 15 September 2026, through email on cosecy@lokeshmachines.com. The same will be replied by the Company suitably.

19 As per the green initiatives issued by the Ministry of Corporate Affairs, all companies are allowed to send official documents to their shareholders electronically. Henceforth, we propose to send documents like notice convening the general meetings, financial statements etc. to the email address registered with the company.

20 The Scrutinizer will submit his report to the Chairman of the Company ("the Chairman") or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, NSDL and RTA, and will also be displayed on the Company's website, www.lokeshmachines.com.

21 Since the AGM will be held through VC / OAVM, the route map is not annexed in this notice.

Explanatory Statement

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

Note: For the ease of understanding and information of the shareholders, the detailed disclosures as required under Companies Act, 2013 read with SEBI (LODR) Regulations, 2015 are provided in a consolidated form in the latter part of this Notice of AGM.

Item # 3

Subject to the ratification of remuneration by the shareholders, 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 31 March 2027, at a remuneration of ₹1,00,000 (Rupees One Lakh Only) plus out of Pocket expenses up to ₹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 to pass an Ordinary Resolution as set out at Item No. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2027.

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.3 of the Notice.

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

By Order of the Board

For **LOKESH MACHINES LIMITED**

Place: Hyderabad

Date: 12 August 2026

Sd/-

P Kodanda Rami Reddy

Company Secretary

A45822

Registered Office:

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

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:

The remote e-voting period begins on Friday, 18 September 2026, at 09:00 A.M. and ends on Monday, 21 September 2026, at 05:00 P.M. 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. 15 September 2026, 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 15 September 2026.

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 and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated 9 December 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 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.	1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.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 or joining virtual meeting & voting during the meeting. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. 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. 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 digitdemat 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. NSDLand you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. 

Individual Shareholders holding securities in demat mode with CDSL	1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on 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 able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
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 or joining virtual meeting & voting during the meeting.

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.com or call at 022 - 4886 7000
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 toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for 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 user 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.com 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.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting 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 and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
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.

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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to ldreddy2016@gmail.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. 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.
3. 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.: 022 - 4886 7000 or send a request to Mr. Swapneel Puppala at evoting@nsdl.com

Process for those shareholders whose email ids are not registered with the depositories 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.
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 Individual shareholders 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 and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively, shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated 9 December 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 Ltd. 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 Ltd. 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 in 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 FOR 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" placed under **"Join meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join 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.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop 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.

5. 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 PAN, Name, demat account number/ folio number, email id and mobile number at cosecy@lokeshmachines.com at least 10 days in advance before the start of the meeting i.e., by 12 September 2026, by 5.00 P.M. (IST). The same will be replied to 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.

General Guidelines for shareholders

1. The Company has appointed Mr. L.D. Reddy, Practicing Company Secretary, Hyderabad (M. No.13104, CP No. 3752) as the Scrutinizer for conducting the E-voting process in a fair and transparent manner.

2. 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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail ldreddy2016@gmail.com with a copy marked to evoting@nsdl.co.in.

3. 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.

4. 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.

5. 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

6. The Scrutinizer 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 scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such report shall then be sent to the Chairman or a person authorized 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.

7. The results declared along with the report of the Scrutinizer 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 authorized by him. There results shall also be immediately forwarded to BSE Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai.

8. 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 2025-26, 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 2025-26 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	By Order of the Board
Date: 12 August 2026	For **LOKESH MACHINES LIMITED**
	Sd/-
Registered Office:	**P Kodanda Rami Reddy**
B-29, EEIE, Stage- II, Balanagar	Company Secretary
Hyderabad-500037, Telangana	A45822

PROFILE OF DIRECTORS

(Details of Directors proposed to be appointed/ re-appointed)

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/ re-appointed and/or whose remuneration is proposed to be increased at the 42nd Annual General Meeting, are given below:

The details of Board and Committee Meetings attended by these Directors during the year 2025-26 are stated in the Corporate Governance Report.

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

Particulars	Mr. K. Krishna Swamy
Age / DOB	85 years (DOB: 25 December 1940)
Brief resume of the Director including nature of expertise in specific functional areas	Mr. K. Krishna Swamy has over 46 years of extensive experience in the design of various machine tools. He started his career with HMT in the year 1964 and after a tenure across its divisions, became the Chief Engineer in charge of its design department from 1978 to 1983. He has designed several notable machines, including Rotary Indexing Machines, Linear Transfer Machines, Line Boring Machines. Mr. Krishna Swamy is currently associated with the Company as a Promoter, Non-Executive Director, where his experience and expertise are crucial for the growth & development of new talent in the company design department.
Date of First appointment on the Board	28 July 1995
Directorship held in other companies (excluding foreign companies & section 8 companies)	NIL
Membership/ Chairmanships of Committees of other public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL

Place: Hyderabad
Date: 12 August 2026

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

Sd/-
P Kodanda Rami Reddy
Company Secretary
A45822

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

LOKESH
MACHINES LIMITED

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LOKESH
MACHINES LIMITED

Corporate Office
Lokesh Machines Limited
B-29, EEIE Stage II, Balanagar
Hyderabad 500037
Telangana, India

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