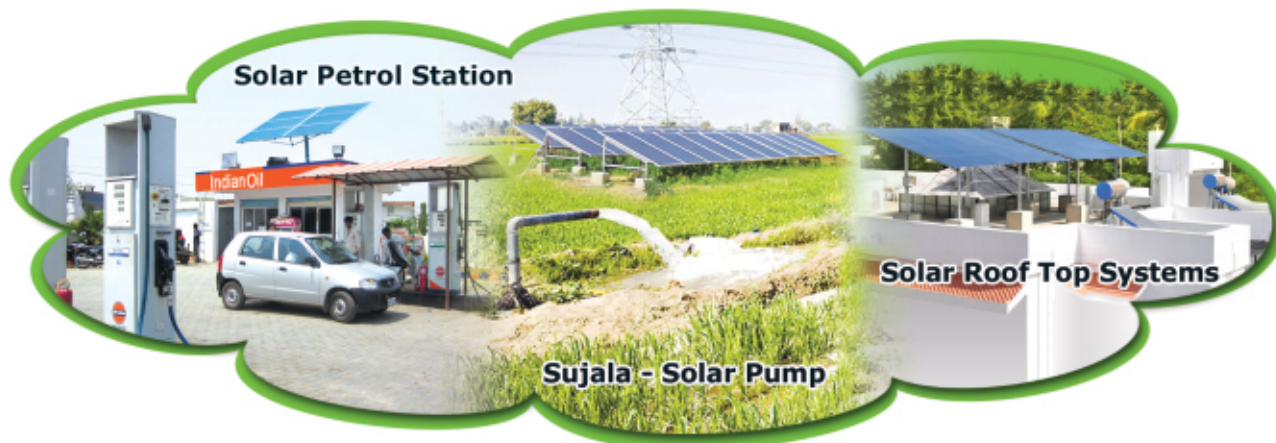


# 27<sup>th</sup> Annual Report

2012 - 13

## HBL Green Initiatives



HBL Power Systems Limited

[www.hbl.in](http://www.hbl.in)

## Contents

---

	Page No.
Notice .....	3
Directors' Report.....	5-9
Report on Corporate Governance .....	10-19
Management Discussion and Analysis .....	20
Auditors' Report on Standalone Financial Statements .....	21-25
Balance Sheet .....	26
Statement of Profit & Loss.....	27
Cash Flow Statement .....	28
Notes forming part of Standalone Financial Statements .....	29-57
Auditors' Report on Consolidated Financial Statements .....	58-59
Consolidated Balance Sheet .....	60
Consolidated Statement of Profit & Loss .....	61
Consolidated Cash Flow Statement .....	62
Notes forming part of Consolidated Financial Statements .....	63-93
Statement under Section 212(8).....	94
Attendance Slip and Form of Proxy .....	95



## Financial Year 2012 - 13

### Board of Directors

Dr. A J Prasad, Chairman & Managing Director  
Mr. M S S Srinath  
Mrs. Kavita Prasad  
Mr. P Ganapathi Rao  
Mrs. Preeti Khandelwal  
Mr. V V S Ravindra  
Mr. Sanjiv Singhal  
Mr. Ajay Bhaskar Limaye

---

### Audit Committee

Mr. P Ganapathi Rao, Chairman of the Committee  
Mrs. Kavita Prasad  
Mr. V V S Ravindra  
Mrs. Preeti Khandelwal

---

### Company Secretary

Mr. M V S S Kumar

---

### Registered Office

8-2-601, Road # 10  
Banjara Hills  
Hyderabad – 500 034

---

### Auditors

M/s Satyanarayana & Co.,  
Chartered Accountants  
Amar Mansion, Ranigunj,  
Secunderabad-500 003

M/s. Rao & Kumar  
Chartered Accountants  
10-19-15, Soudamani, Seripuram,  
CBM Compound, Visakhapatnam - 530003.

---

### Cost Auditors

M/s. Narasimha Murthy & Co.  
Cost Accountants, Hyderabad

---

### Bankers

State Bank of India  
State Bank of Hyderabad  
IDBI Bank Ltd.  
Axis Bank Ltd  
ICICI Bank Ltd

---

### Registrar and Share Transfer Agents

M/S Karvy Computershare Private Limited  
17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081  
Phone nos. 040-23420815-20  
Fax: 040-23420859



## NOTICE

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting of the Members of HBL POWER SYSTEMS LIMITED will be held at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 on Saturday, the 28<sup>th</sup> day of September, 2013 at 4.00 p.m. to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March 2013 and the Profit and Loss Account for the year ended on 31st March 2013, together with the Directors' Report and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31st March 2013.
3. To appoint a Director in place of Mr. MSS Srinath, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the year 2013-14 till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

"RESOLVED THAT M/s. Satyanarayana & Co, Chartered Accountants, Secunderabad, and M/s. Rao & Kumar Chartered Accountants, Visakhapatnam, retiring auditors be and are hereby appointed as Joint Auditors for the financial year 2013-14 to hold office till the conclusion of the next Annual General Meeting at a remuneration and reimbursement of out-of pocket expenses, if any, as may be decided by the Board".

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Ajay Bhaskar Limaye, who was appointed as an Additional Director of the Company on 14th February, 2013 and is eligible to hold office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director liable to retiring by rotation."

For and on behalf of the Board

Place: Hyderabad.

Date : 14th August, 2013

**MVSS Kumar**

Company Secretary

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member.
2. Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office or Investor Service Department of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 in respect of item No.5 set out above is annexed hereto.
4. The Register of Members and Share transfer books of the Company shall remain closed from 23<sup>rd</sup> September, 2013 to 28<sup>th</sup> September, 2013 (both days inclusive).
5. The dividend, if any, declared would be paid to those members whose names appear on the Register of Members in case of electronic holding as on 23<sup>rd</sup> September, 2013 and for the members holding in physical mode as on 28<sup>th</sup> September, 2013.
6. Members desirous of making nomination in respect of their shareholding may approach the Company for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.
7. Members are requested to intimate immediately their change of address to the Company, quoting Registered Folio Number, Change in the address, if any, with the Pin Code Number.
8. Members attending the meeting are requested to bring with them the Attendance slip attached to the Annual Report duly filled in and signed and hand over the same at the entrance of the hall.
9. As a part of a Green Initiative in the Corporate Governance, the Ministry of Corporate Affairs, vide its Circular No.17/2011 dated 21<sup>st</sup> April 2011 permitted service of notices and documents in electronic mode. Hence, members are requested to register their e-mail ID's with the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited at the address given in the Corporate Governance section.



## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### ITEM NO. 5

Mr. Ajay Bhaskar Limaye has been appointed as an Additional Director on the Board of the Company w.e.f. 14<sup>th</sup> February, 2013. He has 18 years of experience in the investment industry in India. During this period, he has been involved in managing various types of funds including Private Equity Fund (diversified growth capital), Venture Capital fund, Technology Fund, Infrastructure Fund and Special Situations Fund, besides listed market investments. Mr. Limaye is a CFA Charter holder with prior qualification as an Engineer with an MBA in Finance.

In accordance with the provisions of the Companies Act, 1956 his name has been proposed for appointment as Director of the Company at this Annual General Meeting. Hence, your Directors recommend acceptance of the proposed resolution in the best interest of the Company.

Mr. Ajay Bhaskar Limaye is concerned or interested in the aforesaid resolution.

For and on behalf of the Board

Place: Hyderabad.

Date : 14th August, 2013

**MVSS Kumar**

Company Secretary

## BRIEF PARTICULARS OF DIRECTORS PROPOSED FOR RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

(In pursuant to clause 49 of the Listing Agreement)

Name of the Director	<b>Mr. M S S Srinath</b>
Date of Birth	23.04.1969
Date of first appointment	24.11.1997
Qualification	BA (Economic Hons)
Expertise in specific functional area	Overall the Marketing activities and other administrative affairs of the company.
Details of other Directorships	Beaver Engineering & Holdings Limited Kairos Engineering Limited Naval Systems and Technologies Private Limited Igarashi Motors India Limited
Details of Committee and membership status	NIL

Name of the Director	<b>Mr. Ajay Bhaskar Limaye</b>
Date of Birth	20.05.1969
Date of first appointment	14.02.2013
Qualification	CFA Charter holder with prior qualification as an Engineer with an MBA in Finance
Expertise in specific functional area	Over 18 years of experience in the investment industry in India. During this period, he has been involved in managing various types of funds including Private Equity Fund (diversified growth capital), Venture Capital fund, Technology Fund, Infrastructure Fund and Special Situations Fund, besides listed market investments.
Details of other Directorships	Data Patterns (India) Private Limited
Details of Committee and membership status	NIL

## DIRECTORS' REPORT

Dear Members

Your Board of Directors take pleasure in presenting the 27th Annual Report for the financial year ended on 31st March 2013. The financial performance is presented below (stand-alone basis).

(Rs. In Lacs)

S.No.	Particulars	2012-13	2011-12
1	Net Sales	<b>1,19,741.69</b>	1,08,952.93
2	Other Income	<b>913.19</b>	1,647.21
3	Total Income	<b>1,20,654.88</b>	1,10,600.15
4	Total Expenditure	<b>1,04,773.27</b>	96,013.28
5	Profit before interest, depreciation and tax (PBIDT)	<b>15,881.61</b>	14,586.87
6	Finance Cost	<b>9,339.84</b>	8,980.87
7	Depreciation & Amortisation expenses	<b>4,008.50</b>	3,436.12
8	Profit before tax (PBT)	<b>2,533.26</b>	2,169.88
9	Provision for tax & tax adjustment	<b>488.84</b>	1,209.73
10	Net Profit after Tax (PAT)	<b>2,044.42</b>	960.15
11	Transfer to General Reserve	<b>500.00</b>	500.00
12	Earnings Per Share (Diluted EPS of Rupees)	<b>0.81</b>	0.38
13	Proposed Dividend (on face value of share Re 1 each)	<b>15%</b>	15%

### Performance Review 2012-13:

Overall Income of the Company for the year 2012-13 was recorded at Rs. 120654.88 lacs as compared to previous year income of Rs.110600.15 lacs showing an increase of 9.09% compared to previous year. This has resulted in an increase in PBIDT for the year which stood at Rs.15881.61 lacs compared to Rs. 14586.89 lacs in the previous year. In spite of an increase in finance cost, after suitable provision for depreciation and amortization expenses, PBT for the year was Rs.2533.26 lacs compared to Rs. 2169.90 lacs in the previous year. This showed a marginal growth. However, after making a provision of Rs. 488.84 lacs for tax and tax adjustments for the year; the net profit (PAT) for the year was Rs.2044.42 lacs as compared to Rs.960.17 lacs in the previous year.

### Current year's performance:

Though demand from telecom sector increased marginally, due to macro economic factors overall markets have not shown a significant growth. Your Board has taken necessary safe guards to increase sales from other non-telecom areas. The efforts are giving returns and barring unforeseen circumstances, it is believed that the current year's operations will be satisfactory. The Management Discussion and Analysis section of the Annual Report envisages future areas of business growth.

### Dividends:

Your Directors are pleased to recommend a dividend of Rs.0.15/- per equity share of Re.1/-fully paid up share @15% (Previous Year 15%) for the Financial Year 2012-13, subject to the approval of the members at the ensuing Annual General Meeting. The proposed dividend including Corporate Dividend Tax will absorb Rs.441.06 lacs.

### Investment/divestments in Subsidiary/ Joint Venture/Associate Companies/LLP's:

#### Agile Electric Sub-Assembly Private Limited:

During the year your Company continued to hold its shares in Agile Electric Sub-assembly Private Limited during 2012-13. However, since the date of Balance sheet, the Board of the Company decided to sell the entire stake held by the Company in its subsidiary, Agile Electric Sub Assembly Private Limited to certain Private Equity investors in order to mobilize cash resources for its core operations. The transaction is expected to be completed shortly.

#### HBL America Inc:

During the year, your company has invested an amount of Rs. 28.11 lacs (USD 50,000) in its Wholly Owned Subsidiary in USA under the name HBL America Inc. and the total investment was Rs.223.99 lacs.

**SCIL Infracon Private Limited (SIPL):**

During the financial year 2012-13 the performance of the company was affected by an unjustified stoppage of workmen of the company from October 2012. After exhausting all means of fair discussion and negotiations, the matter was referred to Labour Department, Government of Andhra Pradesh. The conciliation proceedings convened by the Deputy Labour Commissioner and Joint Commissioner have failed. The matter is pending before the Authorities.

Operations in 2012-13 reflected only first six months compared to a full year in 2011-12. Even during the first six months, severe power shortages in the state, order availability on time resulted in production and supply below break-even. As a result, financial results for the year showed a down trend. Presently there are no operations in SIPL and the Board of SIPL is considering various alternative options.

A legal suit was filed by Mr. K Gyan Sagar (Promoter of SCIL) and Shakti Concrete Industries Limited (SCIL) against HBL and Others in City Civil Court, Hyderabad for an arbitration petition. Claim of Petitioners is non-receipt of a consideration of Rs 188.30 lacs for shares sold by them. As informed by HBL's legal counsel, the claim prima facie is not tenable as the petitioners are making a claim for consideration already received. The case is pending before the Honourable Court.

**Autotec Systems Private Limited**

During the year, your company disinvested its shareholding of 171216 shares in Autotec Systems Private Ltd (ATS), Bangalore, bought back by its (ATS) promoters.

**Interest Free Unsecured Loan from Holding Company, Beaver Engineering & Holdings Ltd. (BEHL)**

During the year, the Holding Company (BEHL) raised Equity and Preference Shares aggregating to Rs.150 crore including a premium of Rs.149.74 crore. The Company requested its Holding Company to make an Inter Corporate Loan of Rs. 120 crore for the purpose of Working Capital/repayment of Term Loans. As the funds raised by BEHL are non interest bearing, the Holding Company placed Rs.120 crore with the Company as Interest Free Inter Corporate Loan for a period of 5 years.

**Events after Balance Sheet date**

Subsequent to the date of Balance Sheet, on 7-4-2013, there was a fire accident in one of the factories of the company resulting in immense damage to Factory Building, Plant & Machinery and loss of property in the nature of Furniture & Fixtures, Inventories etc., and also the records relating to Production/Finance & Accounts. The loss was provisionally estimated at Rs.393 lacs. However, the risk is fully covered by Industrial All Risks Policy and the claim was lodged and the insurance company made an 'on account' payment of Rs.100 lacs. In the opinion of the Management, this accident has no impact on the financial position as on 31.3.2013 as it had occurred subsequent to the Balance Sheet date.

**Directors' Responsibility Statement:**

In compliance with the Provisions of Section 217(2AA) of the Companies Act, 1956, your Directors wish to place on record -

1. That in preparing the Annual Accounts, all applicable Accounting Standards have been followed;
2. That the Accounting Policies adopted are consistently followed and the judgments and estimates made 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 and the Profit and Loss Account of the Company for the Financial Year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities; and
4. That the Annual Accounts have been prepared on a Going Concern basis.

**Corporate Governance:**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled "Report on Corporate Governance" is attached to the Annual Report.

**Consolidation of Accounts**

In accordance with the requirements of Accounting Standards AS 21 read with AS 27 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the company and its Subsidiaries/ JVs are annexed in this Annual Report.



In view of general exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 vide its General Circular No.2/2011 dated 8th February 2011, companies are exempted from the provisions of section 212 of the Companies Act 1956 subject to fulfillment of conditions therein. Accordingly, the Board has passed required resolution in respect thereof for not attaching the Balance sheets of the following subsidiary companies:

1. Agile Electric Sub-Assembly Private Limited
2. SCIL Infracon Private Limited
3. HBL Suntech LLP
4. HBL America Inc.
5. HBL Germany GmBH, Germany

Hence, in this annual report, the audited financial statements (standalone and consolidated) prepared in compliance with the applicable Accounting Standards, Listing Agreements prescribed by SEBI, have been attached and no individual Balance sheet or other information of subsidiaries is attached or disclosed except to the extent of the information as required to be disclosed under the condition (iv) of the Circular No.2/2011 dated 8th February 2011.

The Company undertakes that the Annual Accounts of the subsidiary Companies and the related detailed information will be made available to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary companies will also be kept open for inspection during business hours at the registered office of the Company.

#### **Auditors' Report:**

The Board has considered the observations/ queries as raised by the Statutory Auditors and the explanations are as under.

##### **Our comments on the financial statements for the year are as under:**

*Reference is drawn to Note No.30. The year end balances appearing under the heads referred to therein are subject to confirmation / reconciliation and consequential adjustments, the impact of which is not quantifiable by us.*

**Our reply:** The Company has a practice of sending confirmatory letters every year to all parties. The company has circulated confirmatory letters to various parties during the year. Some of them have not responded in time. Such letter says that the balance is deemed accepted or confirmed if no reply was received in stipulated time.

*Reference is drawn to Note No.8.1 regarding disclosure made under section 22 of the MSMED Act, 2006 which is as compiled by the management. Further, the company has neither paid nor provided the applicable interest on such dues from the date the MSMED Act came into force and the amount of which is not ascertained.*

**Our reply:** Some of the vendors who come under the MSMED Act 2006 have been associated with the company for a long time and have a continuous business relationship. The company is usually prompt in servicing these vendors as per mutually agreed payment terms. In view of such longstanding relationship, no claims were received by Company. Interest payment if any will be treated on cash basis. We believe there will not be any impact of this non-provision.

*Reference is drawn to Note No. 31.9. The Company has not complied with the requirement of disclosures to be made in terms of the Accounting Standard - AS-27 in respect of Company's interest in Assets, Liabilities, Income and Expenditure in the Joint Venture Company*

**Our reply:** The JV Company has since given audited balance sheet for the year ended 31 December 2012 (which is financial year of the company in that country) and unaudited financial reports for quarter ended 31 March 2013. These reports have been used to prepared Consolidated Financial Statements.

#### **Directors:**

Mr. MSS Srinath, Director retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. Ajay Bhaskar Limaye was appointed as Additional Director with effect from 14th February, 2013.

Pursuant to the provisions of the Companies Act, 1956 Mr. Ajay Bhaskar Limaye holds office upto the date of ensuing Annual General Meeting of the Company. The Board recommends his name for appointment as a Director at ensuing Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 1956.



**Auditors:****Statutory Auditors:**

Joint Statutory Auditors M/s Satyanarayana & Co., Chartered Accountants, Secunderabad and M/s. Rao & Kumar Chartered Accountants, Visakhapatnam, retire at the forthcoming Annual General Meeting and are eligible for re-appointment. Audit Committee has recommended for the re-appointment of Joint Statutory Auditors at the ensuing Annual General Meeting. The Company has received a letter from the respective auditors to the effect that their appointment, if made, by the Company for the year 2013-14 will be within the limit prescribed under Section 224(1-B) of the Companies Act, 1956.

The Board of Directors recommends their re-appointment.

**Cost Auditors:**

Your company proposes to re-appoint the cost auditors M/s K. Narashima Murthy & Co., Hyderabad, subject to the approval from Central Government.

**Personnel & Industrial Relations:**

Your Company continues to enjoy cordial relations with the employees.

No employee of the Company was in receipt of remuneration during the financial year 2012-13 in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended from time to time.

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo:**

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure hereto.

**Acknowledgements:**

Your Directors take this opportunity to thank all the Company's Bankers and Financial Institutions, the concerned Central and State Government Departments, Agencies for their support and co-operation to the Company. The Board has special appreciation for the employees for their dedicated services.

The Board of Directors also thanks all its Shareholders for the confidence reposed in the Management.

For and on behalf of the Board

Place: Hyderabad  
Date : 14th August 2013

**Dr. A J Prasad**  
Chairman and Managing Director



## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR 2012-13

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

- A. Conservation of Energy:** Energy saving devices such as re-cycling of heat and use of alternate sources of energy like solar energy/fuel oil are being implemented wherever possible.
- B. Technology Absorption:** We have in-house R&D facilities. We may avail the Consultancy Services from overseas experts for strengthening our technology, as and when needed. We are in the process of absorbing the technology so developed and improved further.
- C. Foreign Exchange Earnings and Outgo:**

(Rs. lacs)

Sl.No.	Particulars	2012-13	2011-12
<b>1</b>	Value of Imports on C.I.F.		
	Raw Materials, Components & Spares	<b>31988.43</b>	22410.58
	Capital items/ Equipment	<b>523.76</b>	1365.75
<b>2</b>	Expenditure in Foreign Currency		
	Commission	<b>202.64</b>	281.50
	Traveling expenses	<b>92.37</b>	109.68
	Royalty	<b>56.73</b>	42.83
	Professional charges	<b>76.66</b>	33.76
	Technical Know How	<b>0.00</b>	79.35
	Marketing Expenses	<b>43.88</b>	79.79
	Others	<b>32.21</b>	18.22
<b>3</b>	Investment in subsidiary	<b>28.11</b>	195.88
<b>4</b>	Foreign Exchange Earnings		
	Export sales	<b>25963.24</b>	22604.89
	Services	<b>944.71</b>	40.33

For and on behalf of the Board

Place: Hyderabad  
Date : 14th August 2013

**Dr. A J Prasad**  
Chairman and Managing Director



## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2012-13

### Company's Philosophy:

The Company's follows the Principles of Corporate Governance:

1. **VISION:** HBL's vision is to organize India's engineering talent into a globally competitive business, whether in manufacturing or services. We want to become a learning organization to export technology from India. Our choice is for businesses with technological barriers and /or engineering intensity.
2. **VALUES:**
  - ◆ Fairness to all
  - ◆ Innovative spirit
  - ◆ Craftsmanship
  - ◆ Entrepreneurial opportunism
  - ◆ Development of individuals
  - ◆ Harmonious coexistence
3. **THE HBL WAY:**
  - ◆ To initially try to achieve the very best we can do, and then improve further.
  - ◆ Self-learning, like Ekalavya.
  - ◆ Compensation based on value added rather than seniority or qualifications.
  - ◆ Unconventional when convention comes in the way of business sense.
  - ◆ Pride in being Indian.

### Board of Directors Composition and Category of Directors

In pursuance of Clause 49 of the Listing Agreement the Board consists of 8 Directors of which 5 are Independent Directors and 3 are Executive Directors, which includes the Chairman and Managing Director.

Name & Designation	Category	No of Meetings Held during 2012-13	No of Meetings Attended during 2012-13	No of other Director-ships	Attendance at last AGM
Dr. A J Prasad Chairman & Managing Director	Promoter & Executive Director	4	4	2	Yes
Mr. MSS Srinath Whole Time Director	Executive Director	4	3	4	Yes
Mrs. Kavita Prasad Whole Time Director	Executive Director	4	4	5	No
Mr. P Ganapati Rao Director	Independent Director	4	4	Nil	Yes
Ms. Preeti Khandelawal Director	Independent Director	4	3	Nil	No
Mr. V V S Ravindra Nominee Director of IDBI Bank Limited w.e.f. 25th June 2012	Independent Director	4	3	1	Yes
Mr. Sanjiv Singhal w.e.f. 14th August 2012	Independent Director	4	0	5	No
Mr. Ajay Bhaskar Limaye w.e.f. 14th February 2013	Independent Director	4	0	1	NA

The Company shall continue to comply with the code of Corporate Governance in respect of Composition of the Board.

## Meetings of the Board of Directors:

During the financial year 2012-13, there were four meetings of the Board of Directors:

i	30.05.2012	ii	14.08.2012	iii	14.11.2012	iv	14.02.2013
---	------------	----	------------	-----	------------	----	------------

## Audit Committee

Terms of reference of this committee cover the matters under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee consists of four Members out of which three are Independent Directors. Vice President – Finance, Mr. K. Mahidhar was an invitee to the meetings. The Company Secretary of the Company is the Ex-Officio Secretary of the Audit Committee. The Committee met five times (4 meetings) during year on 30th May, 2012, 14th August, 2012, 14th November, 2012 and 14th February, 2013 respectively.

The table lists the members of the Audit Committee, changes therein and attendance particulars:

Name of the Director	Status	Membership Status	No. of meetings attended during 2012-13
Mr. P Ganapati Rao	Member & Chairman of the Committee	Independent Director	4
Mrs. Kavita Prasad	Member	Executive Director	4
Mr. V V S Ravindra wef 25th June, 2012	Member	Independent Director Nominated by IDBI	3
Ms. Preeti Khandelwal	Member	Independent Director	3

The Chairman of the Committee and other three members are professionals in their respective field of activity with vast experience, having in-depth financial and accounting knowledge.

The terms of reference of the Audit Committee are broadly as under:

- ◆ Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- ◆ Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- ◆ Discussion with external auditors before the audit commences of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ◆ Reviewing the financial statements including quarterly/half yearly financial information.
- ◆ Reviewing management and annual financial statements before submission to the Board, focusing primarily on:
  - \* Changes in accounting policies and practices;
  - \* Major accounting entries based on exercise of judgment by management;
  - \* The method of Capitalization of the Capital WIP/Assets
  - \* Significant adjustments arising out of audit;
  - \* Compliance with accounting standards;
  - \* Compliance with stock exchanges and legal requirement concerning financial statements;
  - \* Related party transactions as per Accounting Standard 18
- ◆ Reviewing the company's financial and risk management policies.
- ◆ Disclosure of contingent liabilities.
- ◆ Reviewing with the management, external and internal auditors, and the adequacy of internal control system.
- ◆ Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit report, approval of audit plan and its execution, staffing and seniority of the official heading the department, report structure, coverage and frequency of internal audit.
- ◆ Discussion with internal auditors of any significant findings and follow-up-thereon.
- ◆ Reviewing the utilization of issue proceeds as per the objects as envisaged, raised through private placement.



### Share Transfer/ Investors Grievances Committee

The Investors' Grievance Committee comprises Mrs. Kavita Prasad as the Chairperson, Mr P Ganapathi Rao and Mrs. Preeti Khandelwal as members of the Committee. The Investors' Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transmission (with and without legal representation) of shares and other miscellaneous complaints. During the year under review, Twelve Investors' Grievance Committee meetings were held on 16.04.2012, 30.04.2012, 31.05.2012, 15.06.2012, 20.07.2012, 31.07.2012, 20.10.2012, 30.10.2012, 09.11.2012, 20.11.2012, 10.01.2013 and 30.01.2013.

The composition of the Investors' Grievance Committee and attendance at its meeting is as follows. Mr. MVSS Kumar, Company Secretary is the Compliance Officer.

Composition	Mrs. Kavita Prasad	Mr. P. Ganapati Rao	Mrs. Preeti Khandelwal
Meetings Attended	12	12	12

Details of Investor Complaints/ Queries during the year 2012-13

Sl. No.	Nature of Complaints /Query	Opening Balance	During the year		Closing Balance
			Received	Resolved	
1	Non-receipt of Dividend Warrants	Nil	12	12	Nil
2	Non-receipt of Securities	Nil	19	19	Nil
3	Non-receipt of Share Certificates after Transfer	Nil	Nil	Nil	Nil
4	Non-receipt of Refund Orders	Nil	Nil	Nil	Nil
	TOTAL	Nil	31	31	Nil

### Remuneration Committee:

The Remuneration Committee of the Company is empowered to review the remuneration of the Chairman and Managing Director and the Executive Director, retirement benefits to be paid to them, recommending on the amount and distribution of commission based on criteria fixed by the Board and approved by the members, if any.

The Remuneration Committee was reconstituted with three Non-Executive Independent Directors (including the Chairman of the Committee Mr. VVS Ravindra, who replaced Mr. VV Rao from 25th June 2012). There is no revision in remuneration during the year. The composition of the Remuneration Committee and attendance at its meeting is as follows:

Name of the member	Status	Number of meetings held	Number of Meeting attended
Mr. P Ganapati Rao	Member	1	1
Ms. Preeti Khandelwal	Member	1	1
Mr. V V S Ravindra	Chairman (w.e.f. 25th June 2012)	0	0

Directors' Remuneration for the year 2012-13

Name of the Director	Designation	Remuneration Paid for the year (Rs.)	Commission on profits (Rs.)
Dr. A J Prasad	Chairman and Managing Director	41,28,000	56,16,000
Mr. MSS Srinath	Whole-Time-Director	18,36,000	00.00
Mrs Kavita Prasad	Whole-Time-Director	18,36,000	00.00
<b>Total</b>		<b>78,00,000</b>	<b>56,16,000</b>

Mrs. Kavita Prasad, Director has been paid Rs.4.80 lakhs as rental charges for the premises owned by her, which was under lease to the Company.

Non-Executive and Independent Directors were paid sitting fees for the Board meetings in 2012-13.

Name of Directors	Meetings Held	Meetings Attended	Sitting Fees Paid. In Rupees
Mr. P.Ganapathi Rao	4	4	16,000
Mr. V V Rao	4	1	4,000
Ms. Preeti Khandelwal	4	3	12,000
Mr. V V S Ravindra	4	3	12,000
<b>Total</b>			<b>44,000</b>

Venue and Time of the last three Annual General Meetings

Date	Venue	Time	No. of Special Resolution
December 24, 2012	Federation of AP Chambers of Commerce & Industry, Red Hills, Hyderabad-500 004	4.00 pm	1
September 05, 2011			1
September 27, 2010			NIL

The resolutions were passed on show of hands with requisite majority.

### Postal Ballot

No resolution has been passed by postal ballot during the reporting period.

### Risk Management

The Board has been very meticulous in making aware all the members about the potential hazards that the company can be exposed to. It is this meticulous functioning and close monitoring that the company has a distinct advantage of reducing the hazards be it a Business or Financial risk or Legal and Statutory risk or a Management risk. In fact the very Philosophy of the Corporate Governance vouches the effort in imparting the right education and management practices at functional level.

### Prevention of Insider Trading - Code of Conduct

The Company has framed a Code for Prevention of Insider Trading based on SEBI [Insider Trading] Regulations, 1992. This code is applicable to all Directors, Designated Senior Management personnel of the Company. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

### Disclosures:

#### Related Party Transactions:

There are no materially significant related party transactions having potential conflict with the interests of the Company. However all the related party transactions required to be disclosed as per AS 18 are given in the annual accounts for the year under review.

### Shareholding of Non Executive Directors

No non-Executive Director has any shares in the Company.

### Compliances by the Company:

The company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters related to capital market. There were no non-compliance issues raised either by SEBI or Stock Exchanges for the transactions of the Company during last three years.

### Whistle Blower Policy:

The Company has a general Whistle Blower Policy.

### Non-Mandatory Requirement:

The company has not adopted the non-mandatory requirements as specified in annexure 1D of clause 49 of the Listing Agreement.

### Means of Communications

The Company displays its financial results on websites at [www.hbl.in](http://www.hbl.in) for the information of shareholders and public.



The financial results of the Company are usually published in Business Line in English version and Andhra Prabha or other vernacular papers in Telugu.

In accordance with Clause 51 of the Listing Agreement the Company has displayed the Shareholding pattern, Quarterly/ Annual Financial results, Annual report and other compliances as required under the corporate governance guidelines on the Electronic Data Information Filing and Retrieval (EDIFAR) System website at: [www.sebidifar.nic.in](http://www.sebidifar.nic.in) maintained by National Informatics Centre (NIC) up to 31.03.2013.

### General Shareholder Information

1.	Forthcoming Annual General Meeting Date, Time & Venue	:	28th September, 2013 at 4.00 p.m. KLN Prasad Auditorium, Federation of AP Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004
2.	Financial Calendar Year	:	Financial year 2012-13
	Financial Reporting:	:	
	First quarter ending 30/6/12	:	14th August, 2012
	Half-year ending 30/9/12	:	14th November, 2012
	Third quarter ending 31/12/12	:	14th February, 2013
	Audited Annual Results	:	Standalone : 27th May, 2013
		:	Consolidated : 14 August, 2013
3.	Dates of Book-Closure	:	23.09.2013 to 28.09.2013 (Both days inclusive)
4.	Dividend	:	Dividend on equity share Capital @15%
5.	Registered Office	:	8-2-601, Road No. 10, Banjara Hills, Hyderabad- 500034
6.	Secretarial Office	:	Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015 Contact person: Company Secretary Phone: 040-27791641, Fax: 040-27795419 E-Mail: <a href="mailto:contact@hbl.in">contact@hbl.in</a> ; <a href="mailto:investor@hbl.in">investor@hbl.in</a>
7.	Registrars for Electronic Transfer and Physical Transfer of Shares	:	M/S Karvy Computershare Private Limited 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081 Contact Person: Mr. S Krishnan, Senior Manager Phone nos. 040-23420815-20 Fax: 040-23420859 E-mail : <a href="mailto:mailmanager@karvy.com">mailmanager@karvy.com</a>
8.	Plant Locations	:	Aliabad(V), Shameerpet(M), RR Dist., AP Nandigoan(V), Kothur(M), Mahabubnagar Dist., AP Seripally (V), Bhoothpur,(M) Mahabubnagar Dist., AP Kandivalasa(V), Posapatirega(M), Vizainagaram Dist., AP VSEZ, Visakhapatnam, AP Thumkunta(V), Shameerpet(M), RR Dist, AP Haridwar, Uttarakhand IMT, Manesar, Haryana
9.	Listing on Stock Exchanges	:	BSE Limited National Stock Exchange of India Limited
10.	Stock Code-BSE :	:	
	BSE/ NSE Trading name	:	517271/ HBLPOWER
	Demat ISIN number:	:	INE 292BO1021



11. Distribution of Shareholding as on 31st March 2013 is as follows:

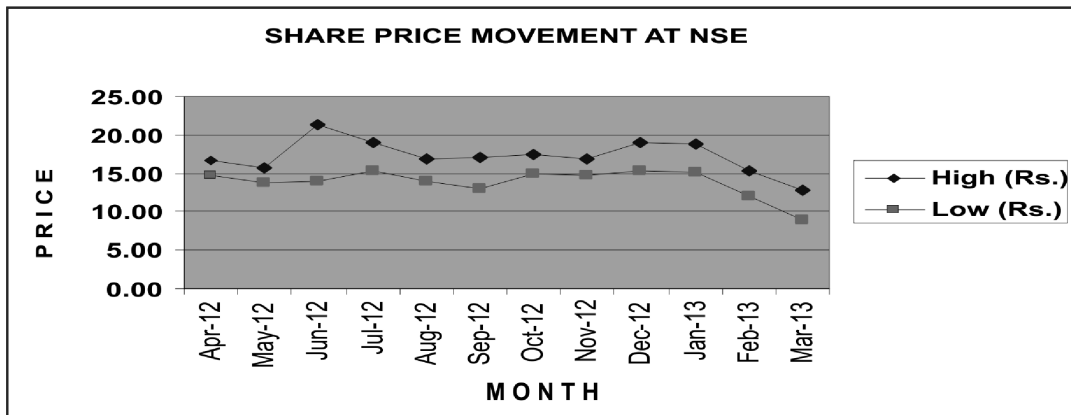
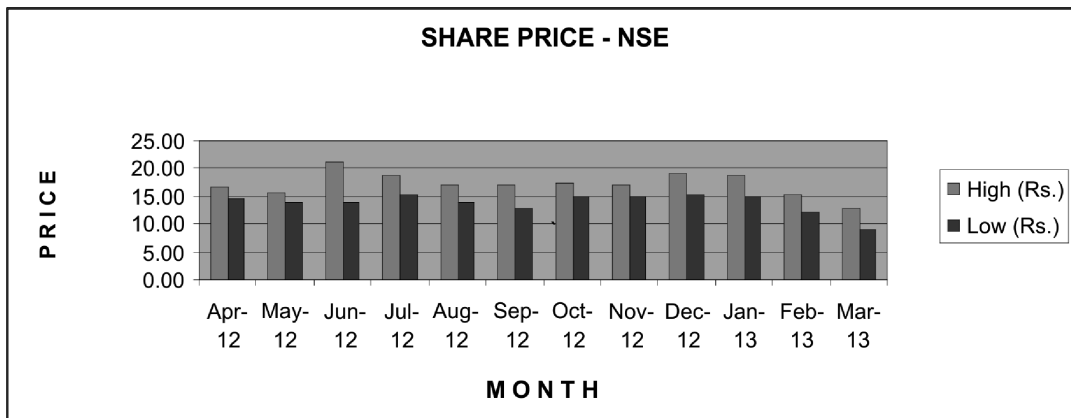
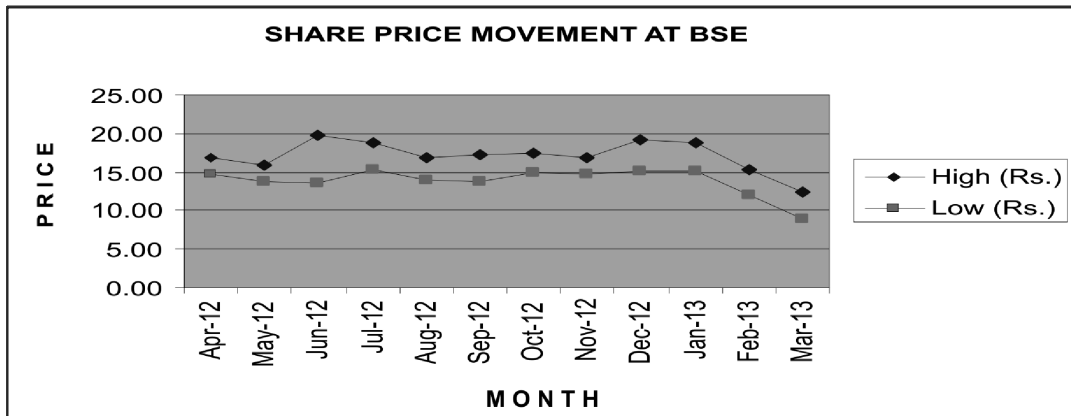
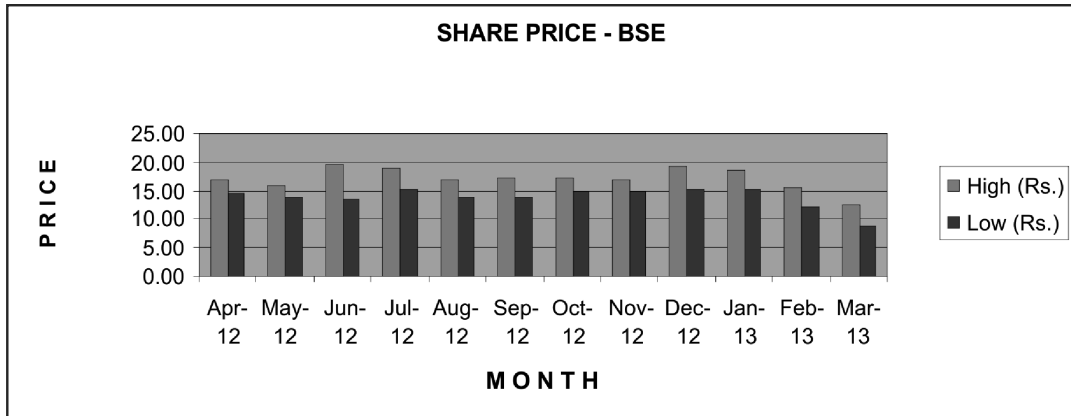
S.No	Category	No of Shareholders	% of Shareholders	Amount Rs	% Amount
1	Upto 1 - 5000	20,152	96.51	1,46,50,847	5.79
2	5001 - 10000	386	1.85	29,97,144	1.18
3	10001 - 20000	163	0.78	24,10,819	0.95
4	20001 - 30000	58	0.28	14,61,962	0.58
5	30001 - 40000	27	0.13	9,76,042	0.39
6	40001 - 50000	17	0.08	7,92,841	0.31
7	50001 - 100000	31	0.15	23,42,903	0.93
8	100001 & ABOVE	46	0.22	22,73,67,442	89.86
	Total:	20,880	100.00	25,30,00,000	100.00

Distribution of Shareholding as on 31st March 2013:

Shareholder Category	No. of Shares held	% of Shares held
a. Indian Promoters and relatives	18,67,84,565	73.83
b. Foreign Promoters	Nil	Nil
c. Foreign Collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	6,62,15,435	26.17
<b>Total</b>	<b>25,30,00,000</b>	<b>100.00</b>

12. Stock Market Price Data during 2012-13

Month	Bombay Stock Exchange			National Stock Exchange		
	High Price (Rs.)	Low Price (Rs.)	No. of Shares traded	High Price (Rs.)	Low Price (Rs.)	No. of Shares traded
April 2012	16.80	14.65	2,38,919	16.70	14.70	6,21,694
May 2012	15.90	13.85	1,80,295	15.75	13.85	4,90,394
June 2012	19.74	13.59	6,22,221	21.35	14.05	9,74,649
July 2012	18.80	15.25	2,73,756	18.90	15.40	4,47,741
August 2012	16.95	14.00	1,56,895	16.90	14.00	1,84,880
September 2012	17.25	13.85	15,15,828	17.05	13.00	23,61,028
October 2012	17.35	15.00	4,00,971	17.35	14.90	9,39,509
November 2012	16.95	14.75	3,30,459	16.85	14.80	6,59,837
December 2012	19.15	15.15	9,14,908	18.95	15.25	23,96,980
January 2013	18.75	15.10	4,27,212	18.75	15.10	11,76,586
February 2013	15.40	12.05	3,27,176	15.40	12.00	5,84,471
March 2013	12.40	8.94	14,53,839	12.80	8.95	29,83,570



### 13. Unclaimed Dividend:

During the year, the Company has transferred the balance of unclaimed dividend amount of Rs.2,78,426/- for Financial Year 2004-2005 to the Central Government's Investor Education and Protection Fund (IEPF) account on 22nd December, 2012. We insist the members to claim, as early as possible, the dividend amount remain in the Company's unpaid dividend accounts for the respective years mentioned hereunder. Please note that upon expiry of the statutory period of Seven years as indicated in the last column of the table below, the amount shall be liable for transfer to IEPF, Government of India, thus the entitlement for any such claims would have to be forfeited thereafter.

AGM in which Declared	Date of Declaration of Dividend	Rate of Dividend	Total Dividend in Rs.	Book Closure / Record Date	Unclaimed Dividend as on 31.03.2013 in Rs.	Due for transfer to IEPF
20th	30.09.2006	15%	3,64,19,662	25.09.2006 to 30.09.2006	2,72,261	13.11.2013
21st	26.09.2007	15%	3,64,19,662	20.09.2007 to 26.09.2007	2,17,579	09.11.2014
22nd	04.09.2008	15%	3,64,19,833	01.09.2008 to 04.09.2008	3,03,549	14.10.2015
23rd	17.09.2009	30%	7,28,38,665	10.09.2009 to 17.09.2009	5,53,271	04.10.2016
24th	27.09.2010	30%	7,59,00,000	22.09.2010 to 27.09.2010	5,45,510	25.10.2017
25th	05.09.2011	10%	2,53,00,000	31.08.2011 to 05.09.2011	2,64,193	04.10.2018
26th	24.12.2012	15%	3,79,50,000	18.12.2012 to 24.12.2012	4,78,230	23.11.2019

### 14. Share Transfer System

Share Transfers in physical form can be lodged with Karvy Computershare Private Limited at the above mentioned addresses. The transfers are normally processed within 10-12 days from the date of receipt if the documents are complete in all respects.

#### Dematerialization of shares and liquidity as on 31.03.2013:

Form of existence	Agency	No of Share Holders	No of shares	% of Total Issued Capital
Dematerialized	Central Depositories Securities Limited	6,500	3,13,28,094	12.38
-do-	National Securities Depositories Limited	11,113	20,72,50,142	81.92
Physical		3,267	1,44,21,764	5.70
Total		21,859	25,30,00,000	100.00

In case of enquiries relating to shareholders accounting records, share transfers, transmissions of shares, change of addresses for physical shares, or non receipt of dividend warrants, loss of share certificates etc. should be addressed to the Company's offices mentioned above or its Registrars.

15. There are no outstanding GDRs, ADRs, Warrants or Convertible Instruments etc. as on 31st March, 2013

### 16. CEO and Finance Head Certification

The certificate from CEO and Vice President Finance of the Company regarding Compliance under clause 49 of the Listing agreement is annexed.

### 17. Compliance Certificate:

The Certificate on Compliance with Corporate Governance by the Company from Statutory Auditor as required under Clause 49 of the Listing Agreement is annexed.

For and on behalf of the Board

Place: Hyderabad  
Date : 14th August 2013

**Dr. A J Prasad**  
Chairman and Managing Director



## IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Reports can be sent by an e-mail to its members. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website i.e. **www.hbl.in** for download by the shareholders.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses by writing an e-mail to **hblpower\_cs@karvy.com** with subject as E-mail for Green Initiative' mentioning their Folio No./Client ID. Members holding shares in electronic form may register / update their e-mail addresses with the Depository through their concerned Depository Participant(s).

## DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management personnel have affirmed to the compliance with Code of Conduct for the year ended 31st March, 2013.

For and on behalf of the Board

Place: Hyderabad  
Date : 14th August 2013

**Dr. A J Prasad**  
Chairman and Managing Director

## CEO AND FINANCE HEAD CERTIFICATION

We, A J Prasad, Chairman and Managing Director and Mr. K. Mahidhar, Vice President - Finance, responsible for the financial functions certify that:

- a) We have reviewed the financial statements and cash flow statement and to the best of our knowledge and belief;
  - i) These statements do not contain any material untrue statements or omit any material fact or contain statements that might be misleading;
  - ii) 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) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2013 are fraudulent, illegal or violate of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Statutory Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant changes in internal control over financial reporting during the year under reference.
  - ii) There has not been any significant changes in accounting policies requiring disclosure in the note forming part of financial statement; and
  - iii) We are not aware of any instance during the year of any significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad  
Date 14th August 2013

**K Mahidhar**  
Vice-President - Finance

**Dr A J Prasad**  
Chairman and Managing Director



## **AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To  
The Members of  
M/s HBL Power Systems Limited

We have examined the compliance of conditions of corporate governance by HBL Power Systems Limited for the year ended 31st March 2013 as stipulated under Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Satyanarayana & Co.**  
Chartered Accountants  
Firms' Registration Number 036805

**For Rao & Kumar**  
Chartered Accountants  
Firms' Registration Number 030895

Place: Hyderabad  
Date: 14th August, 2013

**Ch. Seshagiri Rao**  
Partner  
Membership Number 18523

**V.V. Ram Mohan**  
Partner  
Membership Number 18788



## MANAGEMENT DISCUSSION AND ANALYSIS 2012 – 13

1. This year's annual report cover illustrates HBL's opportunities in Solar Photovoltaic Systems. While companies only making modules /panels have faced serious problems, HBL's plan all along was to offer complete systems with batteries and electronics and modules all made in-house. This business model takes time to establish but has less competition.
2. **Performance Summary FY 13 :**  
Total Income has grown to Rs. 1206 crores in FY 13, Versus Rs. 1106 crs in FY 12, and Rs 1006 crs in FY 11.  
Profit after tax was Rs. 20.4 cr in FY 13, Versus Rs. 9.6 cr in FY 12, and Rs. 16.45 crs in FY 11.
3. **Lead Batteries :**
  - ◆ Telecom sector demand has increased due to need for essential replacements at cellular towers.
  - ◆ Export demand has increased and is promising for thin plate pure lead batteries, which are only made by very few companies globally.
  - ◆ Approval from Indian Navy has been obtained for Submarine Propulsion batteries.
4. **Spun Pre-stressed Reinforced Concrete Products :**  
This is a new product which was commercialized in FY 13. HBL is the only Indian manufacturer of piles used for foundations, electricity distribution poles, and power transmission applications.
5. **Railway Signaling**  
In October, 2012 HBL demonstrated to the Railway Board, a low cost, in-house developed, Train Collision Avoidance System (TCAS). This was a pioneering achievement and an example of Indian Innovation. Live trials were conducted using trains in SC Railway. The market for this will be significant but is a few years away. We believe that there are overseas markets for several of HBL's products in Rail Signaling, because these products comply with European Standards.
6. **Solar Photovoltaic Systems:**
  - ◆ Agricultural water pumps are being promoted by many states as a solution to inadequate grid supply. HBL is a leader in this business in using existing AC Pumps.
  - ◆ Rooftop Solar Systems are becoming popular. Apart from Government projects, consumers having or planning to use, "domestic inverters" realize that adding solar panels is a good idea. HBL finds this to be a steadily growing demand.
7. **Defence Projects :**  
The Ministry of Defence gave HBL a Rs. 260 cr contract for manufacture, supply and installation of communications equipment in over 6000 armoured vehicles. The bid was made 8th March, 2007 and contract signed on 23rd May, 2013. Product Delivery to be completed by 23rd May, 2015 and installation by 31st March, 2017.
8. **HBL America**  
HBL America has received its first contract for Metro Rail batteries, and seen sales as well as profitability growing. South America too has contributed to growth as HBL has appointed new distributors and agents.
9. **Rupee Depreciation :**  
The fall in the value of the Rupee hurts HBL in several areas. As one example, margins on the defence project cited above will be low. However, margins on exports (which are about 20% of our sales) have improved. The impact on profitability from increased cost of imported raw materials will be higher at first, later, cost pass through will lead to a new equilibrium.
10. **The Near Future :**  
The global economic situation, and particularly the Indian economy did not look as bad a year ago, as they do now. Consequently, the improvement in HBL financial performance has also been slower than was expected a year ago. Nevertheless, management is convinced that progress will henceforth be much faster, unless the environment deteriorates further.  
  
One measure of management's confidence is due to the fact that the Promoters (who never sold a share) continue to acquire shares of the company, subject to the SEBI limit.

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**HBL Power Systems Limited**, Hyderabad

### Report on the Financial Statements

We have audited the accompanying financial statements of HBL Power Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

1. *Reference is drawn to Note No.30. The year end balances appearing under the heads referred to therein are subject to confirmation / reconciliation and consequential adjustments, the impact of which is not quantifiable by us.*
2. *Reference is drawn to Note No.8.1 regarding disclosure made under section 22 of the MSMED Act, 2006 which is as compiled by the management. Further, the company has neither paid nor provided the applicable interest on such dues from the date the MSMED Act came into force and the amount of which is not ascertained.*
3. *Reference is drawn to Note No. 31.9. The Company has not complied with the requirement of disclosures to be made in terms of the Accounting Standard - AS-27 in respect of Company's interest in Assets, Liabilities, Income and Expenditure in the Joint Venture Company.*

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.





## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Satyanarayana & Co.**  
Chartered Accountants  
Firms' Registration Number 03680S

**For Rao & Kumar**  
Chartered Accountants  
Firms' Registration Number 03089S

**Ch. Seshagiri Rao**  
Partner  
Membership Number 18523

**V.V. Ram Mohan**  
Partner  
Membership Number 18788

Place: Hyderabad  
Date: 27th May, 2013

**Annexure referred to in Paragraph 1 of 'Report on Other Legal and Regulatory Requirements' in our report of even date :**

- (i) (a) The Company has maintained year wise details of fixed assets acquired showing the relevant particulars including original cost at the time of acquisition. Based on such record of year wise additions the Company has compiled and built up the Fixed Assets Register showing original costs incurred, identification details etc., location-wise.
- (b) The management has carried out physical verification of assets in accordance with a designed programme. During the course of such physical verification certain discrepancies / differences, unserviceable items, scrapped items and non traceable items were noticed and have been properly dealt with in the books of account.
- (c) During the year under review, the company had not disposed off any substantial part of its fixed assets affecting the Going Concern.
- (ii) (a) The Inventories within the factory premises/stores and at branches have been physically verified by the management during the year and also at the year end. For materials lying with ancillary parties confirmations have been obtained in some cases. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed, upon verification, between physical stocks and book records were not material and such differences have been properly dealt with in the books of account.
- (iii) (a) The company has, in the previous years, granted unsecured loans to two of its subsidiaries, the details of which, as on 31-3-2013, are as under:

(Rs. in Lakhs)

Sl. No.	Name of the Subsidiary Company	Balance on 31.03.2013	Balance on 31.03.2012	Maximum amount outstanding at any time during the year
(1)	Agile Electric Drives Technologies & Holdings (P) Ltd. (AGILE)	Nil	2,400.00	2,400.00
(2)	SCIL Infracon (P) Ltd. (SIPL)	728.80	706.84	728.80

- (b) According to the information and explanation given to us, the rate of interest and other terms and conditions on which the Company granted the above loans, are not prima facie prejudicial to the interest of the Company.
- (c) The Loan given to AGILE, along with interest has been recovered in full. In respect of Loan to SIPL, the period of repayment of which, was initially due by 31-3-2012, has been extended and as on date the Loan amount of Rs. 623.95 lakhs together with an interest amount of Rs. 104.85 lakhs is still due. We are informed that, the period for repayment of the said Loan together with interest, is again extended up to a further period of 3 years.
- (d) In view of the explanations given as above, we are of the opinion that there were no overdue Principal and interest amounts as on 31-03-13.
- (e) The Company has taken unsecured loans from its Holding Company and from three of its Director, the details of which are as under:

(Rs. in Lakhs)

Sl No.	Name of the Subsidiary Company	Balance on 31.03.2013	Balance on 31.03.2012	Maximum amount at any time during the year
(1)	Beaver Engineering & Holdings Ltd. (Holding Company)	12,000.00	626.00	12,000.00
(2)	From 3 Directors	276.00	205.00	276.00

- (f) The Loan taken from the Holding Company during the current year amounting to Rs.12000 Lakhs is Unsecured and Interest Free. In respect of the other loans taken the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.



- (g) The Company is regular in repayment of principal and interest thereon as per the terms and conditions.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. However, there is scope for improving the internal control procedures in the areas relating to review of Vendors / Customers' Balances and Periodical Reconciliation of quantities of trading and service stocks at branches. During the course of our audit, no major weaknesses in internal control have been noticed.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at mutually agreed prices having regard to the explanation that (a) certain items purchased / sold are of special nature for which suitable alternatives do not exist to compare with prevailing market prices and (b) certain transactions are based on commercial considerations.
- (vi) The company has not accepted any deposits from public.
- (vii) The Company has engaged the services of external agencies to carry out the internal audit function of the transactions of the Company and the scope and coverage of which is found to be adequate and commensurate with the size of the Company and nature of its business. In view of the increase in volume of business and transactions at branches, there is scope to enlarge and strengthen the internal audit coverage in that area. We also suggest that 'Systems Audit' of the Company's Accounting Package be carried out.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory duties applicable to it with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable under the respective statutes in respect of Provident fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty were in arrears, as at 31.03.13 for a period more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following demands have not been deposited on account of disputes.

Name of the Statute	Nature of the dues	Amount in Rs. lakhs	Forum where the Dispute is pending
Excise Act	Duty on Intermediate goods emerged out of job works and used in the manufacture of exempted finished goods.	94.85	Departmental Appeal before High Court, Mumbai
Excise Act	Department objected Cenvat Credit taken and the same was reversed under protest and interest also was paid. Penalty levied by the Commissioner which is disputed.	5.00	Appeal Before CESTAT, Bengaluru.
Excise Act	Audit objection for non-maintenance of separate CEVAT Account.	186.28	Pending before Commissioner, Hyderabad.
Excise Act	Dispute with regard to Refund granted .	24.37	Appeal being filed. CESTAT
Service Tax Act	Dispute with regard to Penalty levied	2.17	Pending before Commissioner Appeals, Vizag.

Service Tax Act	Dispute with regard to irregular availment of Input	8.51	Pending before Commissioner Appeals, Vizag.
Customs Act	Classification of goods	31.96	Dy. Commissioner, Chennai
Customs Act	Differential Duty Demanded	1.89	CEGAT, Bengaluru.
Sales Tax Act	Dispute with regard to Rate of Tax	4.84	Pending before Appellate Dy. Commissioner, Hyderabad.
Sales Tax Act	Dispute in Taxable Turnover relating to 3rd party exports	35.49	Case pending before APSTAT.
Sales Tax Act	Dispute with regard to Penalty for stock difference	12.04	Appeal filed before Dy. Commissioner (Appeals), Ernakulam.
Sales Tax Act	Dispute regarding Input VAT availed on Capital Goods which were sold.	46.05	Appeal filed before Appellate Deputy Commissioner(C), Chennai
Income Tax Act	For Asst. Year 2009-10, disallowance made and demand raised	65.08	Appeal before Commissioner of Income Tax (Appeals). Pending Dispute total tax was paid.

- (x) The company has no accumulated losses and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and Banks.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or Nidhi / Mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures or other investments. Therefore, the provisions of Clause 4(xiv) of the Companies (Auditor's report) order, 2003 are not applicable to the Company.
- (xv) The Company has given corporate guarantee to ICICI Bank to the extent of Rs.7600 lakhs to cover the loan facility sanctioned to M/s. Igarashi Motors India Limited, a step-down subsidiary Company. In our opinion, the terms and conditions are prima facie not prejudicial to the interest of the Company.
- (xvi) Based on review of the records of the term loan drawn and utilization thereof on an overall basis, the loan funds have been applied for the purpose for which the loans were obtained.
- (xvii) Based on review of the records on an overall basis, funds raised on Short Term Basis have not been used for Long Term Investment.
- (xviii) During the year under review, the company has not made any preferential allotment of shares.
- (xix) The company has not issued any debentures.
- (xx) The Company has not raised any money by public issue, during the recent past.
- (xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For Satyanarayana & Co.**  
Chartered Accountants  
Firms' Registration Number 036805

**For Rao & Kumar**  
Chartered Accountants  
Firms' Registration Number 030895

**Ch. Seshagiri Rao**  
Partner  
Membership Number 18523

**V.V. Ram Mohan**  
Partner  
Membership Number 18788

Place: Hyderabad  
Date: 27th May, 2013



## Balance Sheet as at March 31, 2013

₹ in Lakhs

Particulars	Note	As at March 31, 2013		As at March 31, 2012	
<b>I) EQUITY AND LIABILITIES</b>					
<b>A Share Holders' Funds</b>					
Share Capital	2	2,530.00		2,530.00	
Reserves and Surplus	3	52,076.60	54,606.60	50,473.24	53,003.24
<b>B Non Current Liabilities</b>					
Long Term Borrowings	4	33,531.63		33,390.10	
Deferred Tax Liabilities	5	2,251.42		1,951.42	
Long-term Provisions	6	158.72	35,941.77	158.67	35,500.19
<b>C Current Liabilities</b>					
Short Term Borrowings	7	32,172.39		32,633.60	
Trade Payables	8	19,221.44		13,797.68	
Other Current Liabilities	9	20,999.67		21,358.38	
Short Term Provisions	6	1,378.59	73,772.10	1,172.38	68,962.04
<b>Total</b>			<b>1,64,320.47</b>		<b>1,57,465.47</b>
<b>II) ASSETS</b>					
<b>A Non Current Assets</b>					
Fixed Assets					
Tangible Assets	10	47,363.72		49,396.46	
Intangible Assets	11	1,260.61		1,580.06	
Capital Works in Progress	12	4,469.88		3,517.44	
Intangible Assets under development	13	2,314.72	55,408.93	2,020.84	56,514.80
Non Current Investments	14	14,953.14		15,124.55	
Long Term Loans and Advances	15	985.73	15,938.86	1,907.80	17,032.35
<b>B Current Assets</b>					
Inventories	16	43,302.69		28,775.41	
Trade Receivables	17	39,423.82		38,087.42	
Cash and Bank Balances	18	3,347.12		5,072.87	
Short Term Loans and Advances	15	6,899.04	92,972.67	11,982.63	83,918.32
<b>Total</b>			<b>1,64,320.47</b>		<b>1,57,465.47</b>
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 35				

As Per Our Report of even date annexed

**for M/s Satyanarayana & Co.**  
Chartered Accountants  
FRN No. 036805

**for M/s Rao & Kumar**  
Chartered Accountants  
FRN No. 030895

On Behalf of the Board

**Ch Seshagiri Rao**  
Partner  
M.No: 18523

**V V Ram Mohan**  
Partner  
M.No: 18788

**Dr A J Prasad**  
Chairman & Managing Director

**M Kavita Prasad**  
Director

Place : Hyderabad  
Date : 27th May, 2013

Place : Hyderabad  
Date : 27th May, 2013

Place : Hyderabad  
Date : 27th May, 2013

**M V S S Kumar**  
Company Secretary

# Statement of Profit & Loss for the year ended March 31, 2013

₹ in Lakhs

Particulars	Note	Year Ended March 31, 2013		Year Ended March 31, 2012	
<b>A Revenue</b>					
Revenue from Operations	19		<b>1,27,638.64</b>		1,16,357.58
Less : Excise Duty			<b>7,896.95</b>		7,404.65
Revenue from Operations (Net)			<b>1,19,741.69</b>		1,08,952.93
Other Income	20		<b>913.19</b>		1,647.21
<b>Total Revenue ( A )</b>			<b>1,20,654.88</b>		1,10,600.15
<b>B Expenses</b>					
Cost of Material Consumed	21		<b>73,036.73</b>		59,694.25
Purchase of Traded goods			<b>1,025.16</b>		2,924.15
(Increase) / Decrease in Inventory	22		<b>(7,185.40)</b>		97.99
Employee Benefits Expense	23		<b>11,788.76</b>		11,600.08
Finance Cost	24		<b>9,339.84</b>		8,980.87
Depreciation and Amortisation Expense	25		<b>4,008.50</b>		3,436.12
Other Expenses	26		<b>26,886.57</b>		21,018.69
<b>Total Expenses ( B )</b>			<b>1,18,900.17</b>		1,07,752.15
<b>C Profit/(loss) before Exceptional and Extra-ordinary items and Tax ( A-B )</b>			<b>1,754.70</b>		2,848.00
D Exceptional Items	27		<b>(778.56)</b>		678.12
<b>E Profit/(loss) before tax ( C-D )</b>			<b>2,533.26</b>		2,169.88
F Tax Expense					
- Current Tax (MAT)		<b>513.00</b>		435.00	
- Less : MAT Credit Entitlement		<b>(378.00)</b>	<b>135.00</b>	(435.00)	-
- Deferred Tax Changes/(Credit)			<b>300.00</b>		1,209.00
- Income Tax & Wealth Tax relating to Previous Years			<b>53.84</b>		0.73
<b>G Profit for the period (E-F)</b>			<b>2,044.42</b>		960.15
H Earnings per Equity Share	31.7				
- Basic			<b>0.81</b>		0.38
- Diluted			<b>0.81</b>		0.38
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 35				

As per our report of even date

**for M/s Satyanarayana & Co.**  
Chartered Accountants  
FRN No. 036805

**for M/s Rao & Kumar**  
Chartered Accountants  
FRN No. 030895

On Behalf of the Board

**Ch Seshagiri Rao**  
Partner  
M.No: 18523

**V V Ram Mohan**  
Partner  
M.No: 18788

**Dr A J Prasad**  
Chairman & Managing Director

**M Kavita Prasad**  
Director

Place : Hyderabad  
Date : 27th May, 2013

Place : Hyderabad  
Date : 27th May, 2013

Place : Hyderabad  
Date : 27th May, 2013

**M V S S Kumar**  
Company Secretary



**Cash Flow Statement for the year ended March 31, 2013 (As per Clause 32 of the Stock Exchange Listing Agreement)** (₹ in Lakhs)

	31-Mar-13		31-Mar-12	
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and extraordinary items		2,533.26		2,169.88
Depreciation	3,557.88		3,217.48	
Interest income	(555.77)		(839.63)	
Interest expense	4,829.42		6,177.00	
Loss on sale of fixed assets			6.54	
Profit on sale of fixed assets	(628.63)		(52.87)	
Profit on sale of Investments	(140.00)		(12.82)	
Amortisation of Intangible Assets	415.62		166.30	
Assets written off	127.12		743.82	
Deposits Written off	13.34		1.20	
Provisions	52.75	7,671.73	13.26	9,420.29
Operating Profit before working capital changes		10,204.99		11,590.16
(Increase)/Decrease in Sundry debtors	(1,350.80)		(7,079.68)	
(Increase)/Decrease in Inventories	(14,527.28)		(1,958.82)	
(Increase)/Decrease in Loans & advances*	7,221.12		276.18	
Increase/(Decrease) in Current Liabilities	4,609.30	(4,047.65)	9,584.92	822.60
Cash generated from Operations		6,157.34		12,412.76
Expenditure on employee VEBF			(3.50)	
Income taxes paid	(747.57)	(747.57)	(889.67)	(893.17)
Net Cashflow from Operating activities		5409.76		11,519.59
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(2,223.94)		(12,152.06)	
Sale of fixed assets	784.43		1640.34	
Purchase of Investments	(207.05)		(1,022.75)	
Sale of Investments	518.46		32.86	
Interest received	555.77		839.63	
Net Cash flow from investing activities		(572.34)		(10,661.97)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long-term borrowings			5,904.00	
Repayment of long-term borrowings	(11,464.43)		(8,508.01)	
Proceeds from working capital borrowings	(659.46)		2,670.05	
Increase(+)/Decrease(-) in unsecured loans	12,427.88		711.00	
Payment of Dividend	(441.06)		(294.04)	
Interest Paid	(4,829.42)		(6,177.00)	
Net cash flow used in financing activities		(4,966.50)		(5,694.01)
NET INCREASE IN CASH and CASH EQUIVALENTS (A+B+C)		(129.07)		(4,836.39)
Cash and Cash equivalents beginning of the period		632.15		5,468.54
Cash and Cash equivalents end of the period		503.08		632.15
Cash and Cash equivalents				
Cash on hand		19.46		21.97
Balances with Banks(in current accounts & term deposits)		483.62		610.18
Total		503.08		632.15

**NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR 2012-13**

1 This statement is prepared in accordance with Accounting Standard (AS-3) (indirect method)

2 \*Including Bank Balances but other than Cash and Cash Equivalents

3 Previous year's figures were re-grouped wherever necessary.

As per our report of even date annexed

**for M/s Satyanarayana & Co.**

Chartered Accountants

FRN No. 036805

**Ch Seshagiri Rao**

Partner

M.No: 18523

Place : Hyderabad

Date : 27th May, 2013

**for M/s Rao & Kumar**

Chartered Accountants

FRN No. 030895

**V V Ram Mohan**

Partner

M.No: 18788

Place : Hyderabad

Date : 27th May, 2013

On Behalf of the Board

**Dr A J Prasad**

Chairman & Managing Director

Place : Hyderabad

Date : 27th May, 2013

**M Kavita Prasad**

Director

**M V S S Kumar**

Company Secretary



## Notes to Financial Statements for the year ended March 31, 2013

### Note: 1 Significant Accounting Policies

#### A Basis for preparation of financial statements:

The financial statements have been prepared under the Historical Cost convention and on a Going Concern basis to comply, in all material aspects, with Generally Accepted Accounting Principles in India, the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) prescribed by the Central Government and the relevant provisions of the Companies Act, 1956.

#### B Use of Estimates:

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as of the date of the financial statements. Examples of such estimates and assumptions include the useful lives of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, warranties, etc. Differences between the actual results and estimates are recognised in the period in which the results are known.

#### C Tangible Assets and Depreciation:

Tangible Assets are stated at original cost, net of recoverable taxes and duties, less cumulative depreciation and impairment. Administrative and other general overheads including borrowing costs that are specifically attributable to acquisition of Assets or bringing Fixed Assets into their working condition are allocated / apportioned and capitalised as part of cost of the Asset.

##### Depreciation:

Depreciation on Tangible Assets is provided under straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except in respect of Dies and Moulds used and 'Secured Land Filling' (used for disposal of Lead slag) which are depreciated at 20% and 10% respectively on Straight Line Method. Assets costing less than Rs.5,000/- are fully depreciated in the year of purchase.

#### D Intangible Assets and Amortisation:

Intangible Asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Expenditure incurred for creating infrastructure facilities where the ownership does not rest with the company and where the benefits from it accrue over a future period is also considered as Intangible Asset.

Expenditure capitalised under 'Intangible Assets' is amortised over a period of 60 months from the month of commencement of commercial production/utilisation of facility.

Amortisation on impaired intangible assets is adjusted in the future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

#### E Capital Work in Progress (CWIP):

CWIP includes Plant and Equipment under erection, Civil works in progress and preoperative expenses pending allocation on the assets to be acquired/commissioned, capitalised. Also include payments made for technical know-how fee and for development of prototypes including for related software, pending to be capitalised upon absorption of technology and completion of development/commercial production.

#### F Intangible Assets Under Development

New Product Development expenditure, where development is completed and awaiting commercial production or where development is in progress, is classified as 'Intangible Assets under development' to be capitalised and amortised upon commencement of commercial production.

#### G Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is recognised when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there is a change in the estimate of recoverable amount.



## H Foreign Currency Transactions:

Transactions relating to non-monetary items and Purchase and Sale of goods/services denominated in foreign currency are recorded at the exchange rate prevailing or that approximates actual rate on the date of transaction. Assets & Liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at prevailing exchange rates at the Balance sheet date. Income or expense arising on account of exchange rate difference either on settlement or on translation is recognised in the Statement of Profit & Loss.

## I Investments:

- Investments classified as "Long Term Investments(Non-Current)" are carried at cost and provision for diminution is made to recognise the decline, other than temporary, in the value of the Investments. Such reduction is determined and made for each investment individually.
- Investment classified as 'Current Investments' are carried at the lower of cost and fair value determined on individual investment basis.

## J Income Recognition:

- Sales Revenue is recognised on dispatch to customers as per the terms of the order. Gross sales are net of returns/trade discounts and inclusive of Excise duty billed to customers. Inter Divisional Transfers are not recognised as turnover.
- Service Income is recognised on the basis of bills submitted as per the terms of the order.
- Short Term contracts involving Supply and Service where price breakup is available, Revenue in respect of Supplies are recognised when goods are delivered to customers unconditionally and Service income is recognised on completion of Service and bills submitted.
- In case of contracts (Long Term) of complex equipment/systems/development order where the normal cycle time for completion is spreading over two or more accounting periods, revenue is recognised, subject to provision of anticipated losses, based on percentage completion as certified by technical committee/customers acceptance wherever applicable.
- Dividends are recognised as income when the right to receive the dividend is established.
- Income from interest bearing deposits with Banks and others is recognised on accrual basis.
- Interest on Income tax refunds, if any, is recognised on determination or on receipt basis whichever is earlier.
- Subsidies from Government are recognised when received.

## K Inventories:

Inventories at the year end are valued as under:

Raw Materials, Components, Consumables and Stores & Spares.	At lower of weighted average cost and net realisable value.
Work In Progress and Finished goods.	At lower of net realisable value and weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition.
Long Term contract work in progress (where the income its not eligible for recognition as per Income recognition policy stated above).	At direct and attributable costs incurred in relation to such contracts .
Stock In Trade	At lower of cost and net realisable value
Consumable Tools	At cost less amount charged off (which is at 1/3rd of value each year).

- \* Cost of Material is net of Cenvat/VAT availed on all items.
- \* Excise/Custom Duty payable on Stock of Finished Goods and Bonded Stocks is provided for and included in the value of stocks.
- \* Stocks at Branches are inclusive of Duty paid at the time of dispatch from Factories.
- \* Inventory arising out of inter divisional transfers is valued at cost to the transferring division after eliminating unrealised profit, if any.

## **L Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event
  - b) a probable outflow of resources is expected to settle the obligation and
  - c) the amount of obligation can be reliably estimated
- Reimbursement expected in respect of expenditure is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is not provided for but is disclosed in the case of :

- a) present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
  - b) a possible obligation, unless the probability of outflow of resources is remote.
- Contingent assets are neither recognised nor disclosed.

Provisions and contingent liabilities are reviewed at each Balance sheet date.

## **M Taxes on Income/Deferred Tax:**

Current Tax on Income is determined and provided on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961. In the year in which 'Minimum Alternative Tax ' (MAT) on book profits is applicable and paid, eligible MAT credit equal to the excess of MAT paid over and above the normally computed tax, is recognised as an asset to be carried forward for set off against regular tax liability when it is probable that future economic benefit will flow to the Company within the MAT credit Entitlement period as specified under the provisions of Income Tax Act, 1961.

Deferred tax resulting from timing differences between accounting Income and taxable Income is recognised and accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The Deferred tax Asset is recognised and carried forward only to the extent that there is reasonable certainty that the Asset will be realised in future. The carrying amount of 'Deferred Tax Asset' is reviewed at each Balance Sheet date

## **N Assets taken under leases:**

- a) In respect of Equipment taken under finance leases, the fair value of the leased asset is recognised as an asset and corresponding liability is created. The finance charges are allocated to the period over the lease term and are charged off.
- b) In respect of Equipment taken under operating lease, lease payments are recognised as expense on a straight line basis over the lease term.

## **O Employee Benefits:**

### **a) Short term Benefits:**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The cost of the benefits like salaries, wages, medical, leave travel assistance, short term compensated absences, bonus, exgratia, etc. is recognised as an expense in the period in which the employee renders the related service.

### **b) Post-employment benefits:**

#### *(i) Defined contribution plans:*

The contribution paid/payable under Provident Fund Scheme, ESI Scheme and Employee Pension Scheme is recognised as expenditure in the period in which the employee renders the related service.

#### *(ii) Defined benefit plans:*

The Company's obligation towards Gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit method. Actuarial gains and losses are recognised immediately in the Profit & Loss statement. The contribution made is recognised as expense.

### **c) Long Term employee benefits:**

The obligation for long term employee benefits such as long term compensated absences, is determined and recognised in the similar manner stated in the defined benefit plan.



**P Cash Flow statement:**

Cash Flow statement is reported using indirect method as per Accounting Standard, AS-(3).

**Q Prior period and Extra-ordinary items/Exceptional items:**

Items of Prior period Income and Expenditure are disclosed distinctly.

Items of Income/ Expense/Loss which are exceptional and non recurring in nature are considered as Exceptional/ Extraordinary items and are disclosed distinctly for determination of net profit/loss for the period.

**Note : 2**

**Share Capital**

(₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Authorised</b>		
30,00,00,000 Equity shares of ₹1 each (Previous Year 30,00,00,000 Equity shares of ₹1 each)	3,000.00	3,000.00
<b>Issued , Subscribed and fully paid-up</b>		
25,30,00,000 Equity shares of ₹1 each (Previous Year 25,30,00,000 Equity shares of ₹1 each)	2,530.00	2,530.00
	2,530.00	2,530.00

**2.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31 March 2013		31 March 2012	
<b>Equity Shares</b>	<b>No.of Shares</b>	<b>Value</b>	<b>No.of Shares</b>	<b>Value</b>
At the beginning of the period	25,30,00,000	2,530.00	25,30,00,000	2,530.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	25,30,00,000	2,530.00	25,30,00,000	2,530.00

**2.2 Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**2.3 Shares held by holding/ultimate holding company**

Out of equity shares issued by the company, details of shares held by its holding company is as below :

Name of the Shareholder	31 March 2013	31 March 2012
	No.of Shares	No.of Shares
Beaver Engineering & Holdings Limited	14,30,59,443	14,31,37,848

**2.4 Details of shareholders holding more than 5% shares in the company**

Name of the Shareholder	31 March 2013		31 March 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of ₹1 each fully paid</b>				
Beaver Engineering & Holdings Limited	14,30,59,443	56.55	14,31,37,848	56.57
Dr. A J Prasad	2,76,54,500	10.93	2,76,54,500	10.93
Citigroup Global Markets Mauritius Private Limited	1,67,01,761	6.60	1,67,01,761	6.60
Reliance Capital Limited	1,43,60,000	5.68	1,43,60,000	5.68

**Note : 3 Reserves and Surplus**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
Capital Reserve		1.02		1.02
Investment Subsidy from State Government		55.77		55.77
Securities Premium Account		10,437.77		10,437.77
General Reserve				
Opening Balance	35,500.00		35,000.00	
Add: Transferred from Profit & Loss Statement	500.00	36,000.00	500.00	35,500.00
Surplus as per Profit & Loss Statement		5,582.04		4,478.68
		52,076.60		50,473.24

**3.1 Surplus/(deficit) in the statement of profit and loss**

	31 March 2013		31 March 2012	
Balance as per last financial statements	4,478.68		4,459.60	
Profit for the Period	2,044.42	6,523.11	960.15	5,419.75
Less : Dividend on Equity Shares	379.50		379.50	
Tax on Dividend	61.56		61.56	
Transfer to General Reserve	500.00	941.06	500.00	941.06
		5,582.04		4,478.68

**Note : 4 Non-Current Liabilities**

	31 March 2013		31 March 2012	
	Non-current	Current	Non-current	Current
<b>Long-Term Borrowings</b>				
<b>A) Secured Loans from</b>				
IDBI Bank Limited	4,085.20	2,371.60	6,456.80	2,371.60
State Bank of India	3,611.01	1,620.00	5,231.01	1,620.00
State Bank of Hyderabad	1,955.83	1,100.00	3,055.83	1,100.00
Exim Bank Ltd	177.94	258.82	436.76	258.82
Axis Bank Ltd	5,254.94	4,280.00	9,535.00	3,644.00
ICICI Bank Ltd	4,600.00	2,300.00	6,900.00	2,300.00
	19,684.93	11,930.42	31,615.41	11,294.42
<b>B) Secured Loans from Others</b>				
HDFC Ltd	-	-	-	3.72
Against Vehicles from HDFC Bank	24.04	72.33	95.88	115.57
Against Equipment from FLCIL	-	-	-	51.15
	24.04	72.33	95.88	170.44
<b>C) Unsecured Loans</b>				
Interest Free Sales Tax Loan (Deferred Payment Liability)	1,636.37	42.43	1,678.81	-
Loan from HPFSIPL	123.10	28.83	-	-
Finance Lease Obligations from HPFSIPL	63.19	14.51	-	-
Loan from Holding Company	12,000.00	-	-	-
	13,822.66	85.77	1,678.81	-
	33,531.63	12,088.53	33,390.10	11,464.86

#### 4.1 Term Loans :

The particulars of loans drawn, nature of security, terms of repayment, rate of interest, instalments due and loan wise outstanding are as under.

##### 4.1.1 Current Maturities of Long Term Loans

instalments due within 12 months from the date of Balance Sheet classified as current as shown above are disclosed under " Other Current Liabilities"

##### 4.1.2 Term Loan from IDBI, SBI, SBH and SB Indore :

The Term Loans from IDBI, State Bank of Hyderabad, State Bank of India and State Bank of Indore (since merged with SBI), are secured by a first charge on the movable and immovable assets (both present and future) of the company, (save and except exclusive charges already created if any) situated (a) at Lalgadi Malakpet and Aliabad Villages, Shameerpet Mandal, Ranga Reddy Dist, (b) at Nandigaon Village, Mahbubnagar Dist, (c) at Bhootpur Village, Mahaboobnagar Dist, (d) at Kandivalasa Village, Vijayanagaram Dist, and (e) at VSEZ, Visakhapatnam Dist. The loans are also secured by a second charge on the current assets of the company. These loans are also guaranteed by Managing Director and a Director in their personal capacity.

(₹ in Lakhs)

Name of the Bank	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2013	No of Instalments Due
IDBI BANK LIMITED					
- Term Loan I	6,000.00	24	13.00	2,000.00	8
- Term Loan II	7,200.00	21	13.50	4,456.80	13
STATE BANK OF INDIA					
- Term Loan I	3,000.00	24	13.45	831.38	7
- Term Loan II	7,200.00	26	13.65	4,399.63	16
STATE BANK OF HYDERABAD					
- Term Loan I	3,000.00	24	13.65	805.83	7
- Term Loan II	3,600.00	24	14.05	2,250.00	15

##### 4.1.3 Term Loan I & II from Axis Bank

The Term Loans from Axis Bank are secured by exclusive charge on the movable and immovable assets of the Company situated (a) at Tumkunta Village, Ranga Reddy Dist, (b) at IMT Manesar, Gurgaon, Haryana, (c) at Goverdhanpuri Colony, Yaprul, GHMC, (d) at IIE, Ranipur, BHEL, Haridwar (Uttaranchal), (e) at Selaqui, Dehradun (Uttaranchal), and (f) at MIDC, Navi Mumbai. These loans are also guaranteed by Managing Director and a Director in their personal capacity.

(₹ in Lakhs)

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2013	No of Instalments Due
Term Loan I	4,000.00	20	14.25	1,600.00	8
Term Loan II	1,987.00	18	14.25	1,434.94	10

##### 4.1.4 Term Loan III from Axis Bank

The Term Loan is secured by a first pari passu charge on Fixed Assets (excluding vehicles and assets exclusively charged to other term lenders) and a second charge on Current Assets. Also guaranteed by the Managing Director and a Director in their personal capacity.

(₹ in Lakhs)

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2013	No of Instalments Due
Term Loan III	10,000.00	14	13.75	6,500.00	9

##### 4.1.5 Term Loan from EXIM Bank of India

The Term Loan to part finance Equity contribution in Gulf Batteries Company, a Joint Venture in Kingdom of Saudi Arabia (KSA) is secured by first pari passu charge on the entire fixed assets of the company except exclusive charges, if any, and also by pledge of Company's share holding in Joint Venture and is also guaranteed by the Managing Director of the Company in his personal capacity.

(₹ in Lakhs)

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2013	No of Instalments Due
Term Loan	825.00	17	12.50	436.76	8

#### 4.1.6 Term Loan from ICICI Bank :

The term loan of Rs.6000 lakhs for Capex and Rs.4000 lakhs for working capital is secured by subservient / residual charge on all current and moveable assets of the Company both present and future. The charge is subservient to the existing lenders to the extent of all drawn and undrawn limits of term loans and working capital only. The loan is guaranteed by the Managing Director and a Director in their personal capacity.

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2013	No of Instalments Due
Term Loan	6,000.00	16	12.75	4,500.00	12
Working Capital Term Loan	4,000.00	20	12.75	2,400.00	12

#### 4.2 Other Loans :

##### 4.2.1 HDFC Bank

The Term Loans for acquiring vehicles are secured by exclusive hypothecation of vehicles acquired through execution of D.P. Note.

#### 4.3 Unsecured Loans

##### 4.3.1 Interest Free Sales Tax Loan (IFST):

IFST Loan of Rs.1678.81 lakhs shown under unsecured loan represents the Sales tax payable by the Company given as Loan by A.P State Government under a scheme, to be repaid without interest after 14 years from the date of availment. Earliest repayment is due from the year 2013-14. The loan requires creation of a charge on the assets of the Company. Pending creation of charge, the amount is shown as 'Unsecured Loan' to be regrouped as Secured Loan as and when the charge is created.

4.3.2 Term Loan from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) towards implementation of SAP Project is repayable in 20 quarterly instalments from the date of loan with interest at the rate ranging between 11% and 13%. The loan is also guaranteed by a Director of the Company.

4.3.3 Finance Lease of Assets from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) for Implementation of SAP Project is repayable by way of lease rentals over a period of 5 years and is also guaranteed by a Director of the Company.

4.3.4 Loan from Holding Company is Interest free and is repayable after June 2017.

4.4 There were no continuing defaults as on the Balance Sheet date in repayment of loan instalments and interest.

#### Note : 5 Deferred Tax Liability (Net)

	31 March 2013	31 March 2012
Deferred Income Tax Liability (As per last Balance Sheet)	1,951.42	742.42
Add: Deferred Income Tax Liability for the year	300.00	1,209.00
	2,251.42	1,951.42

#### Note : 6 Provisions

	31 March 2013		31 March 2012	
	Long-Term	Short-Term	Long-Term	Short-Term
Provision for Employee benefits				
Provision for Earned Leave Encashment	158.72	5.43	158.67	11.39
Other Provisions				
Provision for Warranties	-	553.37	-	505.73
Provision for Excise & Customs Duty on Closing Stocks	-	322.57	-	148.75
Provision for Commission on Profits	-	56.16	-	65.44
Provision for Proposed Equity Dividend	-	379.50	-	379.50
Provision for Tax on Proposed Equity Dividend	-	61.56	-	61.56
	158.72	1,378.59	158.67	1,172.38




**Note : 7 Current Liabilities**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
<b>Short Term Borrowings (Loans repayable on Demand)</b>				
<b>Secured</b>				
Term Loans from Bank				
IDBI Bank Limited Short Term Loan		-		2,500.00
Working Capital Loans from				
State Bank of India	13,284.28		14,048.69	
State Bank of Hyderabad	2,986.18		2,949.06	
IDBI Bank Ltd	3,668.78		3,784.42	
ICICI Bank Ltd	5,000.40		-	
Loan Against TDRs of the Company	-		1,600.00	
Buyers Credits from Banks	5,382.18	30,321.81	6,099.11	28,481.27
Unsecured (from Banks)				
Purchase Bill Discounting from Kotak Mahindra Bank Ltd		1,274.58		821.33
Unsecured (from others)				
Inter Corporate Deposit from Holding Company		-		626.00
Inter Corporate Deposit from Others		300.00		-
Loans from Directors		276.00		205.00
		32,172.39		32,633.60

**7.1 Working Capital Loans**

The Working Capital Loans from the State Bank of India, State Bank of Hyderabad, IDBI Bank Ltd , ICICI Bank Ltd and State Bank of Indore (since merged with SBI) are secured by a first charge on all the chargeable current assets and by a second charge on the fixed assets (both present and future) of the Company. All the loans are also guaranteed by Managing Director, two other Directors of the Company, and Smt. A. Uma Devi in their personal capacities.

- 7.2 Purchase Bill Discounting from Kotak Mahindra Bank Ltd. Is guaranteed by CMD and a Director of the Company in their personal capacity.
- 7.3 Inter Corporate Deposit from Others is repayable within 6 months from the date of loan with interest @ 13% p.a (Since repaid).
- 7.4 Loan from Directors is repayable on demand with interest @ 13% p.a
- 7.5 There were no defaults as on the Balance Sheet date with regard to the above short term borrowings.

**Note : 8 Trade Payables**

(₹ in Lakhs)

	31 March 2013	31 March 2012
Trade Payables	18,025.65	12,612.10
Dues to MSME Creditors	1,195.79	1,185.58
	19,221.44	13,797.68

**8.1 The Company has amounts due to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).**

(₹ in Lakhs)

	2012-13	2011-12
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	1,195.79	1,185.58
Interest	48.59	40.96
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day		
Principal amount	5,891.24	3455.64
The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	147.42	60.10
The amount of interest accrued and remaining unpaid	196.01	101.06
The amount of further interest remaining due and payable for the earlier years	228.99	127.93

Note: The information has been given in respect of only those suppliers who have intimated the Company that they are registered as micro, small and medium enterprises. Till date, there were no claims for interest. Interest, if any, will be recognised as and when claimed and accepted.

**Note : 9 Other Current Liabilities**

(₹ in Lakhs)

	31 March 2013	31 March 2012
Current Maturities of Long-Term Debt(Refer Note no: 4.1.1 )	<b>12,088.53</b>	11,464.86
Other Payable Employees	<b>1,003.79</b>	1,306.85
Trade Deposits & Advances Against Sales	<b>4,695.08</b>	4,198.10
Statutory Dues	<b>595.76</b>	911.84
Interest Accrued But not Due on Loans	<b>298.67</b>	421.64
Unpaid/unclaimed Dividends*	<b>26.35</b>	24.66
Directors' Current Account	<b>106.20</b>	38.64
Creditors for Capital Expenditure	<b>574.94</b>	1,693.15
Other Payables	<b>1,610.35</b>	1,298.63
	<b>20,999.67</b>	21,358.38

\*There were no amounts due and outstanding as on the Balance Sheet date to be credited to Investor Education & Protection Fund



Tangible Assets (at Cost)									
Description	Gross Block			Depreciation/Amortisation Block			Net Block		
	As On April 1, 2012	Additions	Adjustments/Deletions	As On March 31, 2013	As On April 1, 2012	For the Period	Adjustments/Deletions	As On March 31, 2013	As On March 31, 2012
Land - Freehold	3,595.69	101.97	26.62	3,671.04	-	-	-	3,671.04	3,595.69
Land - Leasehold	92.57	-	3.00	89.57	-	-	-	89.57	92.57
Buildings - Factory	17,482.32	48.97	-	17,531.29	1,933.01	584.17	-	15,014.11	15,549.31
Buildings - Others	1,190.00	-	95.59	1,094.41	65.82	17.84	14.06	1,024.81	1,124.18
Plant & Machinery	38,393.19	1,418.51	46.54	39,765.16	11,527.96	2,654.23	20.74	25,603.71	26,865.23
Office Equipment	2,154.05	103.09	424.26	1,832.88	1,161.52	186.49	363.21	848.08	992.53
Assets Under Finance Lease	-	86.48	-	86.48	-	8.66	-	77.82	-
Furniture & Fixtures	982.49	40.96	225.62	797.83	495.23	43.75	168.19	427.04	487.26
Vehicles	1,279.01	16.74	47.68	1,248.07	589.32	106.40	55.19	607.54	689.70
Technical Library	1.89	-	-	1.89	1.89	-	-	1.89	-
<b>Sub Total (A)</b>	<b>65,171.20</b>	<b>1,816.72</b>	<b>869.30</b>	<b>66,118.62</b>	<b>15,774.74</b>	<b>3,601.55</b>	<b>621.39</b>	<b>47,363.72</b>	<b>49,396.46</b>
Previous Year	55,764.09	13,680.83	4,273.72	65,171.20	14,493.15	3,269.82	1,988.22	49,397.46	
<b>10.1 Breakup of adjustments/deletions in Gross and Depreciation blocks :</b>									
			Original Cost	Cumulative Depreciation	Written Down Value	Remarks			
a)	During the year, management has carried out a detailed physical verification of Office Equipment and Furniture & Fixtures which revealed differences. The value of such assets are		661.05	533.93	127.12	The written down value has been written off and shown as exceptional item.			
b)	Details of Vehicles sold		47.68	26.49	21.19	The Vehicles were sold at Rs. 22.25 lakhs and the resultant profit of Rs.1.06 lakhs is shown under exceptional item.			
c)	Details of other assets sold		19.88	4.91	14.97	The assets were sold at Rs.13.07 lakhs and the resultant loss of Rs.1.90 lakhs is shown under exceptional item.			
d)	Details of Land and Building along with Fixtures at Noida sold		137.69	21.05	116.64	The assets were sold at Rs.742.50 lakhs and the resultant profit of Rs.625.86 lakhs is shown under exceptional item			
e)	Excess depreciation provided in earlier years over and above the original cost was identified and reversed.		--	35.01	--	Adjustment shown in other expenses under prior period items.			
f)	Transfer from lease hold land to Deposits		3.00	--	--				
<b>Total</b>			<b>869.30</b>	<b>621.39</b>	<b>279.92</b>				

( ₹ in Lakhs )

10.2	Gross block as on 31.03.2013 includes Factory Buildings amounting to ₹ 4096.34 Lakhs representing Assets Capitalised on the basis of Assets being Ready for use, but yet to be put to intended use.									
Note : 11 Intangible Assets (at Cost)										
Description	Gross Block			Depreciation/Amortisation Block				Net Block		
	As On April 1, 2012	Additions	Adjustments/Deletions	As On March 31, 2013	As On April 1, 2012	For the Period	Adjustments/Deletions	As On March 31, 2013	As On March 31, 2012	
New Product Development Expenditure (Internally generated)	2,054.04	-	-	2,054.04	473.98	410.81	-	1,169.25	1,580.06	
Intangible Asset Power Facility	-	96.16	-	96.16	-	4.81	-	91.36	-	
Sub Total (B)	2,054.04	96.16	-	2,150.21	473.98	415.62	-	1,260.61	1,580.06	
Previous Year	512.81	1,541.23	-	2,054.04	307.69	166.30	-	1,580.06		


**Note : 12 Capital Work in Progress**

(₹ in Lakhs)

	31 March 2013	31 March 2012
Machinery under Erection	1,958.28	1,366.39
Technical Know How Fee/Software Development	1,845.81	1,619.58
Civil Works in Progress	248.25	267.52
Pre-operative Expenses to be capitalised	417.53	263.96
	<b>4,469.88</b>	<b>3,517.44</b>

**Note : 13 Intangible Assets Under Development (Internally generated)**

	As On April 1, 2012	Additions	Adjustments / Deletions	As On March 31, 2013
Battery Products	1,529.41	-	-	<b>1,529.41</b>
Others	491.43	293.89	-	<b>785.31</b>
Total	2,020.84	293.89	-	<b>2,314.72</b>
Previous Year	393.30	1,627.54	-	<b>2,020.84</b>

In respect of Battery Products, the company has completed all activities relating to development and is in the process of installing the mass production facilities and sales network, which are expected to be completed shortly. The Company has not incurred any additional cost, during the year, on such products. In respect of Other Products, development is in progress.

**Note : 14 Non-Current Investments (at Cost)**

	No. of Equity Shares Held	Face Value				
	Number (Previous Year)	Face Value per unit	Details		31 March 2013	31 March 2012
<b>i) Investment in Equity</b>						
<b>a) Subsidiary Companies</b>						
-	100 Nepal Rs.	Bhagirath Energy Systems Pvt Ltd. Nepal				
(172160)				-	107.60	
		Less: Dimunition in Value provided for		-	29.48	78.13
27375200	Rs. 10	Agile Electric Sub Assembly Pvt Ltd				
(27375200)		(Refer Note : 14.2.1)			<b>11,288.05</b>	11,288.05
250	Euro 100	HBL Germany GMBH			<b>14.92</b>	14.92
(250)						
9999500	Rs. 10	SCIL Infracon Pvt Ltd			<b>1,248.37</b>	1,069.42
(9000000)						
450	USD 1000	HBL America Inc			<b>223.99</b>	195.88
(400)						
<b>b) Associate Company</b>						
41000	Rs. 10	Naval Systems & Technologies Pvt Ltd			<b>4.10</b>	4.10
(41000)						
<b>c) Joint Venture Company</b>						
1100000	SR 10	Gulf Batteries Company Ltd			<b>1,424.51</b>	1,424.51
(1100000)		(Kingdom of Saudi Arabia)				

	No. of Equity Shares Held	Face Value	Details	31 March 2013		31 March 2012	
	Number (Previous Year)	Face Value per unit					
<b>d)</b>	<b>Controlled Company</b>						
	90000 (90000)	Rs. 10	Kairos Engineering Ltd.		<b>9.00</b>		9.00
<b>e)</b>	<b>Other Companies</b>						
	- (171216) (Quoted)	Rs. 10	Autotec Systems Pvt Ltd		-		300.34
	200 (200)	Rs. 10	Indian Lead Ltd		<b>0.10</b>		0.10
	2060482 (2060482)	Rs. 10	Sankhya Infotech Ltd		<b>721.81</b>		721.81
<b>ii)</b>	<b>Investment in Limited Liability Partnership (LLP)</b>						
				<b>31 March 2013</b>		31 March 2012	
	HBL Suntech LLP			<b>18.30</b>		18.30	
	TOTAL			<b>14,953.14</b>		15,124.55	

14.1 All Investments are Trade and Un quoted (unless other wise stated) and are classified as permanent (Non Current). No provision is made for fall in the value of investment as the dimunition is considered to be temporary.

	₹	₹
Aggregate amount of Quoted investments	<b>721.91</b>	721.91
Aggregate Market Value of Quoted Investments	<b>Not Available</b>	Not Available
Aggregate provision for Dimunition in value of investments	-	2,947,500

#### 14.2 Investments :

14.2.1 In previous years, the Company (HBL) acquired 7,20,40,000 shares of ₹10/- each in the equity of M/s. Agile Electric Drives Technologies & Holdings (P) Ltd (Agile Holdings) at a cost of ₹11288.04 Lakhs and at the relevant time, Agile Holdings had 3 subsidiaries namely Igarashi Motors India Ltd (IMIL), Agile Electric Sub Assembly (P) Ltd(AESAPL) and Igarashi Motor Sales (P) Ltd (IMSPL). During the year 2011-12, Agile Holdings was amalgamated with its subsidiary AESAPL. Pursuant to the scheme of amalgamation with was approved by Hon'ble High Court of Madras on 20.07.2012, the erstwhile Agile Holdings merged with AESAPL retrospective effect from 01.04.2011. As per the scheme of merger, against 7,20,40,000 shares held by the Comapny (HBL), 2,73,75,200 shares were issued to HBL (at a swap ratio of 38 shares for every 100 shares held by the share holders of Agile Holdings).

14.2.2 The Equity shares held by the company in Gulf Batteries Company Ltd (a Joint Venture) are pledged to Exim Bank by way of Security for the loan to part-finance in the Equity contribution in the Joint Venture.

14.2.3 In pursuance of MOU entered by the company, M/s.HBL Miltrade Pte Ltd, Singapore, allotted one share (Face value – One Singapore Dollar) to the company. The company is yet to pay for the same. Pending remittance, Investment is not disclosed in the Balance Sheet.



**Note : 15 Loans and Advances**

( ₹ in Lakhs )

	31 March 2013		31 March 2012	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>Capital Advances</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	<b>231.96</b>	-	1,158.56	-
(A)	<b>231.96</b>	-	1,158.56	-
<b>Security Deposits</b>				
Secured, Considered Good				
Unsecured, Considered Good	<b>746.63</b>	<b>379.96</b>	719.50	390.76
(B)	<b>746.63</b>	<b>379.96</b>	719.50	390.76
<b>Loans &amp; Advances to Related Parties</b>				
Unsecured, Considered Good	-	<b>766.48</b>	-	5,098.06
(C)	-	<b>766.48</b>	-	5,098.06
<b>Other Loans &amp; Advances</b>				
Loans and advances to Employees	<b>7.14</b>	<b>74.31</b>	4.73	87.27
Deposits/Balances with Excise / Sales Tax Authorities	-	<b>480.26</b>	-	662.30
Advance for investment pending allotment		-	25.00	-
Advance for Purchases and Others	-	<b>1,366.96</b>	-	2,395.53
Interest Accrued But not Due on Deposits	-	<b>319.44</b>	-	355.08
Service Tax Input/Vat Receivables	-	<b>288.98</b>	-	275.41
Claims & Other Receivables	-	<b>273.94</b>	-	249.24
Other Advances	-	<b>263.32</b>	-	345.60
Income Tax Refunds Receivable	-	<b>52.35</b>	-	49.07
MAT Credit Entitlement	-	<b>813.00</b>	-	435.00
(D)	<b>7.14</b>	<b>3,932.57</b>	29.73	4,854.50
Advance Payment of Income Tax (including TDS)		<b>2,358.04</b>		1,698.51
Less : Provision for Income Tax/Wealth Tax		<b>538.00</b>		59.20
(E)		<b>1,820.04</b>		1,639.31
<b>Total</b>	<b>(A+B+C+D+E)</b>	<b>985.73</b>	<b>6,899.04</b>	1,907.80
				11,982.63

**15.1 Particulars of Loans and Advances due from the Related Parties**

	31 March 2013	31 March 2012
Agile Electric Sub Assembly (P) Ltd (Subsidiary company)	-	4,343.92
SCIL Infracon Pvt Ltd (Subsidiary company)	<b>728.80</b>	706.84
Kairos Engineering Ltd (Controlled Company)	<b>34.78</b>	43.78
Naval Systems & Technologies Pvt Ltd (Associate Company)	-	0.40
Sankhya Infotech Ltd . (Associate Company)	<b>2.90</b>	2.90
Auto TEC Systems (P) Ltd. (Associate Company)	-	0.22
	<b>766.48</b>	5,098.06

**15.2 Claims & Other Receivables**

During the previous year, due to heavy rainfall, there was a damage to one of the factory buildings and incidental damage to Plant & Machinery and stocks in process. The assets were insured under reinstatement value policy which was in force as on the date of incident. The total cost for repairing, rebuilding the factory shed/acquiring related machinery and damaged inventory is estimated at ₹ 264.00 Lakhs. The company is in the process of restoring the damaged assets and the cost incurred in this regard upto 31.03.2013 was ₹ 87.71 Lakhs, which is included in Claims & Other Receivables. The claim had been lodged and is under review by a Senior Insurance Surveyor.

**Note : 16 Current Assets**

(₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Inventories *</b>		
Raw Materials	<b>21,446.94</b>	15,418.07
Stores, Spares, Process Chemicals, Fuels & Packing Material	<b>417.51</b>	408.99
Stock -in-trade (in respect of goods acquired for trading)	<b>805.12</b>	1,047.59
Bonded Stocks/In Transit	<b>1,557.54</b>	240.27
Consumable Tools	<b>12.06</b>	24.84
Work In Progress	<b>12,801.65</b>	7,469.55
Finished Goods	<b>6,261.87</b>	4,166.10
	<b>43,302.69</b>	28,775.41

\* Inventories are valued as per Accounting Policy K of Note No. 1

**Note : 17 Trade Receivables**

	31 March 2013		31 March 2012	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	-	<b>4,320.51</b>	-	5,160.12
Provision for Doubtful Receivables	-	-	-	(14.40)
(A)	-	<b>4,320.51</b>	-	5,145.72
<b>Other Receivables</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	-	<b>35,103.31</b>	-	32,941.69
(B)	-	<b>35,103.31</b>	-	32,941.69
<b>Total (A+B)</b>	-	<b>39,423.82</b>	-	38,087.42

**17.1 Particulars of Trade Receivables due from the Related Parties**

	31 March 2013	31 March 2012
Agile Electric Sub Assembly (P) Ltd (Subsidiary company)	<b>0.20</b>	-
SCIL Infracon Pvt Ltd (Subsidiary company)	<b>17.18</b>	-
HBL Germany, GMBH	<b>3,662.11</b>	856.25
HBL America	<b>456.96</b>	164.30
HBL Suntech, LLP	<b>811.32</b>	267.00
Gulf Batteries Co. Ltd (KSA) (Joint Venture Company)	<b>1,431.19</b>	1,654.34
Kairos Engineering Ltd (Controlled Company)	<b>1.88</b>	1.88
Guided Missile Engineering India Pvt Ltd (Associate Company)	<b>4.00</b>	-
Sankhya Infotech Ltd	-	17.68
Auto TEC Systems (P) Ltd. (Associate Company)	-	200.60
<b>Total</b>	<b>6,384.84</b>	3,162.05




**Note : 18 Cash and Bank Balances**

(₹ in Lakhs )

<b>Cash and Cash Equipments</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
Cash on hand	<b>19.46</b>	21.97
Current Accounts	<b>341.97</b>	590.42
Fixed Deposits with original maturity of less than three months	<b>141.64</b>	19.76
(A)	<b>503.08</b>	632.15
Other Bank Balances		
Fixed Deposits *	<b>81.70</b>	738.16
Margin Money Deposits **	<b>2,131.77</b>	2,983.60
No-Lien Account	<b>604.22</b>	694.29
Dividend Account	<b>26.35</b>	24.67
(B)	<b>2,844.04</b>	4,440.72
<b>Total (A+B)</b>	<b>3,347.12</b>	5,072.87

\* Includes ₹ 27.32 Lakhs (Previous year: ₹ 542.04 Lakhs) with original maturity beyond 12 months.

\*\* Includes ₹ 1201.82 Lakhs (Previous year : ₹ 2591.48 Lakhs ) with original maturity beyond 12 months.

**Notes to Financial Statements for the year ended March 31, 2013**
**Note : 19 Revenue from Operations**

(₹ in Lakhs )

	<b>31 March 2013</b>	<b>31 March 2012</b>
<b>Revenue from Operations</b>		
Sale of Products	<b>1,19,623.47</b>	1,08,101.78
Traded Goods	<b>1,877.94</b>	2,538.26
Sale of Services	<b>6,105.18</b>	5,665.50
<b>Other Operating Revenue</b>		
Sale of Scrap	<b>32.05</b>	52.04
	<b>1,27,638.64</b>	1,16,357.58
Less : Excise Duty	<b>7,896.95</b>	7,404.65
	<b>1,19,741.69</b>	1,08,952.93
<b>19.1 Details of Products sold</b>		
<b>19.1.1 Sale of Products/Scrap( Net of Duty)</b>		
Lead Acid Batteries	<b>67,173.40</b>	63,272.75
Nicad Battery Cells	<b>2,398.97</b>	2,465.32
Silver Zinc Battery Cells	<b>1,887.14</b>	1,597.74
Lithium Battery Cells	<b>163.49</b>	230.38
Nickel Cadmium Pocket Plate Batteries	<b>29,370.95</b>	24,618.34
Electronic Chargers/Rectifiers	<b>5,993.03</b>	6,287.84
Battery Operated Vehicles	<b>10.53</b>	86.59
Solar Photovoltaic Module	<b>1,750.69</b>	760.00
Other Products	<b>3,010.37</b>	1,430.20
	<b>1,11,758.57</b>	1,00,749.16
<b>19.1.2 Traded goods sold</b>		
Batteries	<b>676.94</b>	2,164.21
Other Products	<b>1,201.00</b>	374.05
	<b>1,877.94</b>	2,538.26
<b>19.1.3 Details of Income for services rendered</b>		
Installation & commissioning Charges Received	<b>248.88</b>	257.05
Works Contract Receipts	<b>1,388.83</b>	1614.78
Service Charges	<b>3,370.25</b>	3,103.55
Job Work Charges / Testing Charges	<b>568.72</b>	290.13
Design & Development Service	<b>528.50</b>	400.00
	<b>6,105.18</b>	5,665.51
<b>Grand Total</b>	<b>1,19,741.69</b>	1,08,952.93

**Note : 20 Other Income**

(₹ in Lakhs)

	31 March 2013	31 March 2012
Interest earned on Deposits with Banks	384.33	292.14
Other Interest	1.19	39.23
Interest on ICD	171.44	547.49
Interest on IT Refunds	3.43	14.22
Foreign Exchange Rate Variation	164.35	473.00
Rents Received	5.40	31.40
Recovery of Bad debts written off	34.46	4.16
Excess Provisions / Old Credit Balances no longer required written back	73.04	173.87
Sales Tax Refund Received	38.20	-
Miscellaneous Income	34.94	59.18
Duty Drawback Received	2.41	12.52
	<b>913.19</b>	<b>1,647.21</b>

**Note : 21 Cost of Material Consumed**

(₹ in Lakhs)

	31 March 2013	31 March 2012
Opening Stocks	15,418.07	13,542.07
Purchases, Material, Components & Consumables	79,127.01	61,865.35
	94,545.09	75,407.42
Less : Closing Stocks	21,446.94	15,418.07
Less : Captive Consumption		61.41
Cost of Material Consumed	73,036.73	59,989.34
		295.10
		59,694.25

**21.1 Details of Inventory**

	31 March 2013	31 March 2013
Raw Materials/Components/Consumables		
Lead & Lead Alloys	6,778.87	4,704.43
Battery Components	1,807.35	2,377.60
Nickel Based Materials	2,649.20	1,746.02
Silver	558.21	995.15
Poly Propylene Materials	520.65	516.27
Battery Separator	529.18	466.68
Copper	316.06	581.76
Electrical & Electronic Components	1,869.99	266.70
Packing Materials	260.49	204.58
CR Sheets	122.38	313.79
Solar Panel Materials	346.28	149.30
Others	5,688.28	3,095.79
	<b>21,446.94</b>	<b>15,418.07</b>

**21.2 Details of Consumption of Raw Materials**

	31 March 2013	31 March 2013
Battery Seperator	2,372.79	1,162.41
Lead Calcium	15,705.86	14,784.10
Lead Sub Oxide	18,721.77	14,702.61
Poly Propylene	2,198.13	1,919.89
C R Sheet	2,747.79	2,069.14
Nickel Hydroxide Powder	3,086.07	2,041.75
Nickel Sulphate	2,337.26	2,687.98
C R Strip	1,330.13	1,110.70
Nickel Powder	339.88	385.12
Transformers, Chokes, Electric Items	2,291.28	3,214.04
Others	21,905.77	15,616.52
	<b>73,036.73</b>	<b>59,694.26</b>



### 21.3 Value of Imported Raw Materials consumed and their percentage to Total Consumption (₹ in Lakhs)

	2012-13	%	2011-12	%
Imported Raw Material	31,747.10	43.47	23,682.86	39.67
Indigenous Materials	41,289.63	56.53	36,011.39	60.33
	73,036.73	100.00	59,694.25	100.00

### Note : 22 (Increase) / Decrease in Inventory (₹ in Lakhs)

	31 March 2013		31 March 2012	
<b>i) Closing Stocks</b>				
a) Traded Goods	805.12		1,047.59	
b) Semi Finished Goods	12,801.65		7,469.55	
c) Finished Goods	6,261.87	19,868.63	4,166.10	12,683.24
<b>ii) Opening Stocks</b>				
a) Traded Goods	1,047.59		297.57	
b) Semi Finished Goods	7,469.55		7,411.00	
c) Finished Goods	4,166.10	12,683.24	5,072.66	12,781.22
		(7,185.40)		97.99

### 22.1 Details of Inventory

#### 22.1.1 Traded Goods

	31 March 2013	31 March 2012
Batteries	250.24	716.92
Other Products	554.88	330.67
	805.12	1,047.59

#### 22.1.2 Work in Progress

	31 March 2013	31 March 2012
Lead Acid Batteries	7,914.40	4,779.03
Nicad Battery Cells	440.75	278.64
Silver Zinc Battery Cells	43.94	25.93
Lithium Battery Cells	51.29	21.23
Nickel Cadmium Pocket Plate Batteries	2,879.55	839.20
Electronic Chargers/Rectifiers	690.88	805.12
Battery Operated Vehicles	18.85	34.69
Solar Photovoltaic Module	205.58	61.15
Others Products	556.41	624.56
	12,801.65	7,469.55

#### 22.1.3 Finished Goods

	31 March 2013	31 March 2012
Lead Acid Batteries	4,593.86	3,399.52
Nicad Battery Cells	116.00	166.56
Nickel Cadmium Pocket Plate Batteries	792.01	456.44
Electronic Chargers/Rectifiers	153.68	0.00
Solar Photovoltaic Module	606.32	143.58
	6,261.87	4,166.10
Grand Total	19,868.64	12,683.24

**Note : 23 Employees Cost**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
Salaries, Wages & Bonus	9,832.84		9,723.79	
Contribution to Provident & Other Funds	756.13		760.21	
Gratuity	129.68		144.99	
Staff Welfare Expenses	929.81		808.64	
Recruitment & Training	6.14		19.01	
		11,654.60		11,456.64
Remuneration to Directors:				
Salaries & Allowances	72.24		72.24	
Commission on Profits	56.16		65.44	
Contribution to Provident Fund	5.76		5.76	
		134.16		143.44
		11,788.76		11,600.08

**Note : 24 Finance Cost**

	31 March 2013	31 March 2012
Interest on Term Loans	4,829.42	6,177.00
Interest on Bank Borrowings	3,883.44	3,077.78
Interest on Housing Loans	-	4.95
Interest on Vehicle Loans	19.19	26.18
Interest on Equipment Loans	4.89	15.85
Interest on Other Loans	11.00	-
Interest on Unsecured Loans	94.73	66.89
Interest on Loan Against TDR's	35.82	54.00
Interest - Others	35.86	34.64
Bank Charges	393.17	269.02
BG Charges	90.92	95.67
LC Charges	267.38	238.63
	9,665.82	10,060.62
Less: Capitalised & Transferred to Pre Operative Expenses	325.98	1,079.75
	9,339.84	8,980.87

**Note : 25 Depreciation and Amortization expense**

	31 March 2013	31 March 2012
Depreciation of Tangible Assets	3,592.89	3,269.82
Amortisation of Intangible Assets	415.62	166.30
	4,008.50	3,436.12

**Note : 26 Other Expenses**

	31 March 2013		31 March 2012	
<b>Manufacturing Expenses</b>				
Stores & Spares Consumed	1,741.19		1,303.89	
Factory Rent	26.63		34.34	
Consumable Tools Charged Off	18.28		20.22	
Job Work Charges Paid (Piece Rate Contract)	4,974.52		3,665.28	
Testing Charges	127.86		129.05	
Power and Fuel	7,849.89		5,086.84	
Installation Charges paid	217.01		74.95	
Televan Hire Charges	480.97	15,436.34	572.16	10,886.74

	31 March 2013		31 March 2012	
<b>Administrative Expenses</b>				
Rent	311.39		273.83	
Rates & Taxes	210.44		173.02	
Licence Fees	28.01		56.49	
Sales Tax on Works Contracts	89.21		114.84	
Excise Duty on Stock Transfers to Branches	457.55		355.66	
Excise duty paid on Samples & Replacements	234.11		100.00	
Excise duty on Closing Stocks of Finished Goods	151.67		104.60	
Insurance	147.99		121.20	
Professional & Consultancy Charges	365.28		352.60	
Security Expenses	543.60		451.04	
Building & Garden Maintenance	178.85		244.90	
Office & Office Equipment Maintenance	262.36		235.09	
Vehicle Maintenance	208.67		221.43	
Maintenance - Others	325.29		336.40	
Conveyance	885.16		880.46	
Travelling	594.45		708.72	
Printing & Stationery	201.68		213.97	
Postage, Telephones & Telex	412.57		416.74	
Books & Periodicals	82.14		80.26	
Sundry Expenses	310.06		144.20	
Directors Sitting Fees	0.88		1.24	
Payment to Auditors	25.00		15.00	
Audit Expenses	2.25		0.76	
Internal Audit Expenses	1.62		0.14	
Advances written off	16.03		20.98	
Donations	6.10		3.99	
Loss on Assets Sold	-		6.54	
Deposits Written Off	13.34	6,065.67	1.20	5,635.31
<b>Selling Expenses</b>				
Freight Outward	2,742.50		2,209.74	
Freight and Insurance on exports	467.59		415.13	
Export Expenses	577.90		683.06	
Liquidated Damages	-		19.05	
Commission On Domestic Sales	67.60		63.83	
Commission On Export Sales	202.64		281.50	
Discount to Dealers	37.91		78.75	
Advertisement	21.61		26.07	
Business Promotion	67.09		136.71	
Membership & Subscriptions	5.07		10.53	
Transit Insurance	36.34		32.10	
Royalties On Sales	68.73		42.94	
Bad debts written off	894.93		393.20	
Provision for Warranties	47.63		(52.18)	
Other Selling Expenses	80.46	5,317.99	134.97	4,475.42
<b>Prior Period Expenditure</b>				
Consumption of Materials	35.59		48.32	
Rates & Taxes	0.61		10.22	
Maintenance Expenses	-		33.79	
Selling Expenses	15.19		-	
Travelling Expenses	41.82		-	
Sundry Expenses	11.34		(19.03)	
Finance Cost	(2.98)		0.26	
Depreciation	(35.01)	66.56	(52.34)	21.22
		26,886.57		21,018.69

**26.1 Payment to Auditors towards :**

(₹ in Lakhs)

	31 March 2013	31 March 2012
Audit Fee	20.00	10.00
Tax Audit Fee	2.50	2.50
Tax Representation Fee	2.50	2.50
Service Tax	3.09	1.85
	<b>28.09</b>	<b>16.85</b>

**Note : 27 Exceptional Items of (Income)/Expenditure**

	31 March 2013	31 March 2012
Assets written off	127.12	743.82
Profit on Sale of Investments	(140.00)	(12.82)
Profit on sale of Assets	(628.63)	(52.87)
Sales Tax Subsidy Received	(137.05)	-
	<b>(778.56)</b>	<b>768.12</b>

**Note : 28 Contingent Liabilities not provided for and commitments:**

All known and undisputed claims and liabilities where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for.

**28.1 Contingent liabilities not provided for:**

Nature of Contingent Liability	31 March 2013	31 March 2012
a) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	12,310.47	12,241.86
b) Bills Discounted with Banks but not matured	3,714.24	4,061.26
c) Corporate Guarantee issued to ICICI Bank on behalf of Igarshi Motors India Ltd (a step down subsidiary of the company) for the loan facilities sanctioned to them.	7,600.00	7,600.00
d) Legal undertakings (LUTs) given to Custom's Authorities for clearing the imports at Nil / Concessional rate of duty pending fulfilment of export obligations, (net of the export obligations fulfilled of ₹ 9780.12 Lakhs (previous year ₹ 3509.74 Lakhs) for which the process of discharging the LUTs by the concerned authorities is at various stages).	4,597.14	4,586.53
e) Claims against the Company not acknowledged as debts towards :		
Excise duty	310.5	286.13
Sales Tax	98.42	61.45
Custom duty	33.85	31.96
Service Tax	10.68	-
Property Tax of VSEZ unit	27.64	27.64
Fuel surcharge adjustment (FSA) to the extent billed	374.73	357.48
Enhancement of Land Cost by Haryana State Industrial & Infrastructure Development Corporation Ltd, Manesar	108.82	-
Erstwhile promoters of SCIL Infracore Pvt Ltd	188.31	-
Others	17.67	8.17
f) Income Tax Dispute for Assessment Year 2009-10	65.08	65.08
<b>28.2 Estimated amount of contracts remaining to be executed on Capital account and not provided for</b>	<b>375.10</b>	<b>1,699.64</b>
<b>28.3 Investments committed by the Company in other Companies:</b>		
In M/s. SCIL Infracore Pvt Ltd. Against purchase of 10000 shares (net of Rs. 25.00 Lakhs contributed as on 31.03.2012)	-	135.00
In M/s. HBL Suntech,LLP against 60% Share in LLP (net of Rs. 18.30 Lakhs contributed as on 31-03-2013)	101.70	101.70



## Note : 29 Incometax and Sales Tax Assessments:

### 29.1 Income Tax:

The Company's assessments were completed upto Financial Year 2009-10 and the tax dues as per orders were paid and charged to revenue except for disputed issues under Appeal. Tax assessments for the years 2010-11 and 2011-12 are pending and the tax dues as per returns filed have been fully paid. The liability, if any, in respect of such pending assessments, that may arise upon completion is not ascertainable at this stage.

### 29.2 Sales Tax:

The Company has paid/provided for VAT/CST as per the records and returns filed upto 31.03.2013 after considering the Input VAT on purchases and also on the basis of concessional Forms expected to be received from customers. The liability, if any, in respect of pending assessments including those relating to non-submission of concessional Forms ('C' Forms etc.) is not ascertainable at this stage. The company is in the process of collecting concessional Forms from customers for submission before the assessments are completed/finalised.

## Note : 30 Confirmation of Balances

The Company has sent letters seeking confirmation of balances to various parties under Trade payables, Trade Receivables, Advance to suppliers and others, advance from customers. Based on the confirmations received and upon proper review, corrective actions have been initiated and accounting adjustments have been made wherever found necessary. Such confirmations are awaited from few parties.

## Note : 31 Disclosures required to be made as per Accounting Standard (AS)

### 31.1 Disclosure as per AS-7 "Construction Contract"

31.1.1 The Company recognised revenue based on Percentage completion method whereby stage of completion of a contract is determined with reference to the proportion that contract costs incurred (for work performed up to the reporting date) bear to the estimated total contract cost and wherever applicable after completion of inspection/certification of the work performed by the customers as stipulated in the contract.

( ₹ in Lakhs )

		31 March 2013	31 March 2012
<b>31.1.2</b>	<b>In respect of Contracts where revenue is recognised</b>		
i)	Amount of Contract revenue recognised in the period (included in Sales/ Services Note No.19)	<b>2,246.38</b>	441.20
ii)	Aggregate amount of costs incurred and recognised profits (less : recognised losses) up to the reporting date.	<b>2,687.58</b>	441.20
iii)	The Gross amount of advances received up to the reporting date	<b>1,162.95</b>	1,162.95
iv)	The amount of retentions	<b>40.00</b>	40.00
v)	The Gross amount due from customers for contract work as an asset (Amount billed less amount received and advance adjusted)	<b>784.49</b>	-
vi)	The Gross amount due to customers for contract work as a Liability (Advance received less adjusted against bills raised)	<b>727.09</b>	1,079.62
<b>31.2</b>	<b>Disclosure as per AS-11"Accounting for Effects of Changes in Foreign Exchange Rates"</b>		
a)	Exchange differences arising out of settlement / translation on account of Export Sales for the year	<b>397.33</b>	1,183.66
b)	Exchange differences arising out of settlement / translation on account of previous year; Export Sales	<b>(83.23)</b>	123.97
c)	Exchange differences arising out of settlement / translation on account of Imports	<b>(149.75)</b>	(834.64)
	Net gain (loss) recognised during the year	<b>164.35</b>	473.00

(₹ in Lakhs)

31.3	Disclosure as per AS-15 "Employee Benefits"	31 March 2013	31 March 2012
	<b>i) Defined Contribution Plan:</b> Contribution to Defined Contribution Plan, recognised as expense for the year are as under: Employer's Contribution to PF/ESI/ Pension plan	761.89	765.97
	<b>ii) Defined Benefit Plan:</b> <b>(a) Gratuity obligation of the Company :</b> The Company has taken a Group Gratuity Policy of LIC of India to cover the employer's obligation towards Gratuity under the payment of Gratuity Act and the fund required to be maintained to cover the Present Value of past service benefit and current service cost is fully funded by the Company as per the valuation made under Projected Unit Credit method and demanded by LIC of India. Apart from the said funding, the company also paid the annual risk premium to keep the policy active and recognised it as expense for the year.		

	2012-13	2011-12
<b>Actuarial assumptions for Grautuity:</b>		
Gratuity ceiling (Rs. in lakhs)	<b>10.00</b>	10.00
Mortality Table (LIC)	<b>1994-96</b>	1994-96
	<b>(Ultimate)</b>	(Ultimate)
Withdrawal rate	<b>1% to 3%</b>	1% to 3%
Discount rate (per Annum)	<b>8%</b>	8%
Salary escalation (per Annum)	<b>4%</b>	4%
Valuation method	<b>PUC</b>	PUC
Percentage of funding	<b>100%</b>	100%
<b>Amount contributed during the year:</b>		
Towards Gratuity Fund	<b>118.33</b>	132.01
Towards Annual Risk Premium	<b>11.35</b>	12.98
Amount charged to Profit & Loss statement	<b>129.68</b>	144.99
<b>Results of Actuarial valuation on liability &amp; funding (as per LIC of India):</b>		
Present value of past service benefit	<b>861.06</b>	804.75
Current Service cost	<b>118.33</b>	132.01
	<b>979.39</b>	936.76
Fund value at the beginning	<b>906.63</b>	780.15
<b>Contribution made during the year:</b>		
For current service cost	<b>118.33</b>	132.01
For shortfall in P.V of past benefit and fund value on renewal date	-	-
Interest credit to the fund	<b>78.30</b>	68.97
Claims settled	<b>(138.54)</b>	(74.50)
Fund value at the year end	<b>964.72</b>	906.63
<b>Results of independent Actuarial Valuation report for the year:</b>		
<b>(i) Assets/Liabilities</b>		
Present Value (P.V) of obligation at the year end	<b>934.80</b>	866.86
Fair Value (F.V) of plan assets at the year end	<b>964.72</b>	906.63
Funded status	<b>29.92</b>	39.77
<b>(ii) Expense to be recognised in Statement of Profit &amp; Loss :</b>		
Current service cost	<b>(29.39)</b>	12.49
Actuarial gain	<b>166.52</b>	253.16
Interest cost	<b>69.35</b>	50.05
	<b>206.48</b>	315.70



( ₹ in Lakhs )

	2012-13	2011-12
<b>(iii) Changes in the Present Value (P.V) of obligation:</b>		
P.V of obligation at the beginning	866.86	625.66
Interest cost	69.35	50.05
Current service cost	(29.39)	12.49
Actuarial gain	166.52	253.16
Benefits paid	(138.54)	(74.50)
P.V of obligation at the year end	934.80	866.86
<b>(iv) Changes in the Fair Value (F.V ) of Plan Assets:</b>		
F.V at the beginning	906.63	780.15
Expected returns	72.53	62.41
Contribution during the year	118.33	132.01
Actuarial gain	5.77	6.56
Benefits paid during the year	(138.54)	(74.50)
F.V at the year end	964.72	906.63
<b>(v) Actuarial Gains / Losses:</b>		
- on account of obligation	166.52	253.16
- on account of Plan Assets	5.77	6.56
Gains/losses recognised	172.29	259.72
Unrecognised gain / loss	NIL	NIL
<b>(vi) Fair Value (F.V) of Plan Assets:</b>		
F.V at the beginning	906.63	780.15
Actual return on Plan Assets	78.30	68.97
Contributions	118.33	132.01
Claims settled	(138.54)	(74.50)
F.V at the year end	964.72	906.63
P.V of obligation at the year end	934.80	866.86
Fund status	29.92	39.77
	964.72	906.63
<b>(b) Long Term Compensated Absences:</b>		
The present value of obligation for long term compensated absences is determined on Actuarial valuation using Project Unit Credit method (PUC) and is charged to profit & loss account. The obligation is not funded.		
	2012-13	2011-12
Provision held at the beginning of the year	170.06	134.87
Expense recognised during the year	46.35	67.39
Claims paid (encashed during the year)	(52.26)	(32.20)
Provision required and held at the year end	164.15	170.06
<b>I. Changes in present value of obligations (P.V.O)</b>		
PVO at beginning value of period	170.06	134.87
Interest cost	13.47	10.79
Current Service Cost	(9.33)	4.50
Actuarial (gain)/loss on obligation	42.21	19.90
PVO at end period	216.41	170.06
<b>II. Changes in Fair Value of Plan Assets and Fair Value of Plan Assets</b>		
Not applicable as the obligations are not funded		

( ₹ in Lakhs )

	2012-13	2011-12
<b>III. Actuarial Gain/(Loss) recognized</b>		
Actuarial (Gain)/Loss for the period recognised	<b>42.21</b>	19.90
Unrecognised Gain/(Loss)	<b>NIL</b>	NIL
	<b>42.21</b>	19.90
<b>IV. Amounts to be recognized in the Balance sheet</b>		
Present Value of Obligation at the year end	<b>164.15</b>	170.06
Net Asset/(Liability) recognized in the balance sheet	<b>(164.15)</b>	(170.06)
Net Asset/(Liability) unrecognized	-	-
<b>V. Expense recognized in the statement of P&amp;L a/c.</b>		
Current Service Cost	<b>(9.33)</b>	4.50
Interest cost	<b>13.47</b>	10.79
Expected Return on Plan Assets		
Net Actuarial (Gain)/Loss recognized for the period	<b>42.21</b>	19.90
Less: Benefits paid	<b>(52.26)</b>	(32.20)
Expense recognized in the statement of P & L	<b>(5.91)</b>	2.99
<b>VI. Movements in the Liability recognized in Balance Sheet</b>		
Opening Net Liability	<b>170.06</b>	134.87
Add : Expense as above	<b>46.35</b>	67.39
Less : Benefits Paid	<b>(52.26)</b>	(32.20)
Closing Net Liability	<b>164.15</b>	170.06

### 31.4 Disclosure as per AS-17 "Segment Reporting";

	2012-13		2011-12	
<b>Segment Revenue</b>				
Batteries				
Exports	<b>22,986.96</b>		21,086.72	
Domestic sales	<b>79,454.98</b>	<b>1,02,441.94</b>	74,971.22	96,057.94
Unallocated				
Exports	<b>2,976.28</b>		1,655.16	
Domestic sales	<b>15,840.97</b>	<b>18,817.25</b>	11,649.82	13,304.98
Total		<b>1,21,259.19</b>		1,09,362.92
Less : Inter-segment Revenue		<b>1,517.50</b>		409.99
Net Revenue		<b>1,19,741.69</b>		1,08,952.93
<b>Segment Result</b>				
Batteries		<b>13,917.74</b>		15,483.00
Unallocated		<b>1,209.66</b>		771.00
Total		<b>15,127.40</b>		16,254.00
Less : Interest		<b>9,339.84</b>		8,981.00
Unallocable expenditure net of unallocable income		<b>3,254.29</b>		5,103.00
Net Profit before taxes		<b>2,533.27</b>		2,170.00
<b>Segment Assets</b>				
Batteries		<b>1,10,062.06</b>		98,571.81
Unallocated		<b>54,258.41</b>		58,893.66
Total Assets		<b>1,64,320.47</b>		1,57,465.47



( ₹ in Lakhs )

	2012-13		2011-12	
<b>Segment Liabilities</b>				
Batteries		<b>23,705.17</b>		22,731.43
Unallocated (includes Term Loans,Bank Loans,Hire Purchase Loans)		<b>86,008.69</b>		81,730.79
Total Liabilities		<b>1,09,713.86</b>		1,04,462.22
<b>Segment Capital expenditure during the year</b>				
Batteries		<b>1,787.54</b>		4,786.41
Unallocated		<b>1,306.70</b>		2,766.24
Total		<b>3,094.24</b>		7,552.65
<b>Segment Depreciation</b>				
Batteries		<b>2,848.86</b>		2,849.06
Unallocated		<b>744.03</b>		420.76
<b>Total</b>		<b>3,592.89</b>		3,269.82

Notes:

- The company's operations include Batteries of different types, Electronics, Railway Signalling contracts etc. Except for Batteries, the segment revenue, the segments results and the segments assets and liabilities of other activities are individually below the threshold limit of 10% as provided in AS-17 "Segment Reporting". Accordingly, Batteries segment is shown separately as reportable segment and others are included in Unallocated segments.
- Batteries segment comprises of various types of batteries for defence, aviation, telecom and industrial application.
- Inter segment revenue is measured at the market prices at which the products are sold to external Customers

### 31.5 Disclosure as per AS-18 "Related Party Disclosure" :

- Holding Company : Beaver Engineering & Holdings Ltd, Hyderabad
- Subsidiaries : Agile Electric Sub Assembly (P) Ltd  
SCIL Infracon Pvt Ltd  
HBL Germany, GMBH  
HBL America  
HBL Suntech LLP
- Step Down Subsidiaries of Subsidiary : Igarshi Motors India Ltd  
Igarshi Motors Sales (P) Ltd
- Joint Venture : Gulf Batteries Company Ltd, Kingdom of Saudi Arabia
- Controlled Companies : Kairos Engineering Limited, Hyderabad
- Associate : Naval Systems & Technologies Pvt Ltd  
Guided Missile Engineering India Pvt Ltd
- Companies which Directors are Interested : Sankhya Infotech Ltd
- Key Management Personnel : Dr A J Prasad Chairman & Managing Director  
M S S Srinath Whole Time Director  
Kavita Prasad Whole Time Director  
Ashok Nagarkatti

**Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2013**

Sl. No	Name	Nature of Transaction	During the year Debit / (Credit)	As on 31-03-2013		
				Investments	Amount Receivable	Amount Payable
1	Holding Company	Funds Borrowed	(12,000.00)			12,000.00
		Interest Paid	52.19			0.30
		Sale of Goods	(968.76)			
		Purchase of Goods	45.66			52.28
2	Subsidiaries	Investment in Shares	207.06	12,793.63		
		Funds Given			728.79	
		Service Rendered	(16.89)	}	4947.77	81.43
		Interest Received	(273.81)			
		Rent Received	(5.40)			
		Sale of Goods	(12,050.76)	}		
		Services Received	3.57			
		Purchase of Goods	14.40			
		Commission Paid	15.20			
3	Step Down Subsidiaries of Subsidiary	Purchase of Goods				
		Sale of Assets				
		Sale of Goods				
4	Joint Venture	Investment in Shares		1424.51		
		Services Received	9.71	}	1431.19	
		Sale of Goods	(148.52)			
5	Controlled Companies	Investment in Shares		9.00		
		Rent Received	-		1.88	
		Services Received	-		34.78	
6	Associate Companies	Investment in Shares		4.10		
		Service Rendered	(3.56)		4.00	
7	Companies in which Directors	Investment in Shares		721.81		
		Services Received			2.90	
8	Key Management Personnel	Funds Borrowed	(71.00)			276.00
		Remuneration	161.01			
		Rent	5.28			106.21
		Interest Paid	82.02			

31.6	Disclosure as per AS-19 "Leases"	2012-13	2011-12
	<b>Finance Leases</b>		
	Amount of Finance Lease	₹ 86.48	-
	Less : Lease amount repaid during the period	₹ 8.77	-
	Amount outstanding at the end of the period	₹ 77.71	-
	Amount payable not Later than one year	₹ 14.51	-
	Amount payable later than one year and not later than five years	₹ 63.20	-
	<b>Operating Leases:</b>		
	Future lease Rents Payable:		
	Not Later than one year.	₹ Nil	
	Later than one year and not later than five years.	₹ Nil	
	Later than five years	₹ Nil	
Operating Lease Rents for the year recognised in the Statement of Profit & Loss (under Maintenance-Office Equipment) ₹ 11.73 Lakhs.			

### 31.7 Disclosure as per AS-20 "Earnings per share"; Face value of share : ₹ 1/- each

	31 March 2013	31 March 2012
<b>Computation of EPS (Basic &amp; Diluted)</b>		
Profit After Tax (Rs.)	2,044	960
No. of Shares (Basic)	25,30,00,000	25,30,00,000
No. of Shares (Diluted)	25,30,00,000	25,30,00,000
EPS (Basic)	0.81	0.38
EPS (Diluted)	0.81	0.38

### 31.8 Disclosure as per AS-22 "Accounting for Taxes on Income";

Major components of deferred tax assets and liabilities arising on account of timing differences are:

Deferred Tax	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
1. Depreciation		2,484.21		2,184.92
2. Warranties	179.53		164.08	
3. Others	53.26		69.42	
<b>Total</b>	<b>232.79</b>	<b>2,484.21</b>	<b>233.50</b>	<b>2,184.92</b>

### 31.9 Disclosure as per AS-27 "Financial Reporting of Interests in Joint Ventures":

S. No.	Name of the venture	Country of Incorporation	Percentage of ownership interest as on 31.03.2013	Percentage of ownership interest as on 31.03.2012
1	Gulf Batteries Company Ltd	Kingdom of Saudi Arabia	40	40

- The Company's interest in the above company is reported under the head Investment (Note-14) and stated at Cost.
- Pending receipt of Audited/Unaudited financial statements of JV company for the year ending 31-03-2013, the disclosure of the company's share of the Assets, Liabilities, Income and Expenditure is not made as required under AS-27.

**31.10 Disclosure as per AS-29 "Provisions, Contingent Liabilities, Contingent Assets"**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
<b>Provision for Warranty:</b>				
Provision at the beginning of the year		<b>505.73</b>		557.91
Provision required for the year	<b>438.12</b>		374.13	
Provision reversed from the opening Balance(after warranty period)	<b>390.48</b>		426.31	
Charge for the year		<b>47.64</b>		(52.18)
Carrying amount		<b>553.37</b>		505.73

It is expected that these costs will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

**Note : 32 Value of Imports on CIF**

	2012-13	2011-12
Raw Materials, Components & Spares	<b>31,988.43</b>	22,410.58
Capital Items / Equipment	<b>523.76</b>	1365.75
	<b>32,512.19</b>	23,776.33

**Note : 33 Expenditure in Foreign Currency**

	2012-13	2011-12
Travelling Expenses	<b>92.37</b>	109.68
Professional Charges	<b>76.66</b>	33.76
Commission	<b>202.64</b>	281.50
Royalty	<b>56.73</b>	42.83
Technical Know How	<b>0.00</b>	79.35
Marketing Expenses	<b>43.88</b>	79.79
Investment in Subsidiary Company	<b>28.11</b>	195.88
Others	<b>32.21</b>	18.22
	<b>532.60</b>	841.01

**Note : 34 Income in Foreign Currency**

	2012-13	2011-12
Export Sales (FOB Value of Exports)	<b>25,963.24</b>	22,604.89
Services	<b>944.71</b>	40.33
	<b>26,907.95</b>	22,645.22

**Note : 35 Previous years figures have been regrouped wherever necessary.**

As per our report of even date

**for M/s Satyanarayana & Co.**  
Chartered Accountants  
FRN No. 036805

**for M/s Rao & Kumar**  
Chartered Accountants  
FRN No. 030895

On Behalf of the Board

**Ch Seshagiri Rao**  
Partner  
M.No: 18523

**V V Ram Mohan**  
Partner  
M.No: 18788

**Dr A J Prasad**  
Chairman & Managing Director

**M Kavita Prasad**  
Director

Place : Hyderabad  
Date : 27th May, 2013

Place : Hyderabad  
Date : 27th May, 2013

Place : Hyderabad  
Date : 27th May, 2013

**M V S S Kumar**  
Company Secretary



## **CONSOLIDATED FINANCIAL STATEMENTS INDEPENDENT AUDITORS' REPORT**

### **To the Board of Directors of HBL Power Systems Limited**

We have audited the accompanying Consolidated Financial Statements (CFS) of HBL Power Systems Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements, that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit, to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

We report that CFS have been prepared by the Company's Management in accordance with the requirements of Accounting Standard – 21 'Consolidated Financial Statements', Accounting Standard – 23 'Accounting for Investments in Associates' in CFS and Accounting Standard – 27 'Financial Reporting of Interest in Joint Ventures' as notified under the Companies (Accounting Standard) Rules, 2006.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### **Emphasis of Matters**

- a) We draw attention to Note 38.2(g): In respect of the Joint Venture Company, the audited financial statements along with the auditor's report on such statements as at 31.12.12 have been made available to us. Based on such audited statements, the joint venture company has prepared and submitted an un-audited financial statements as at 31.03.13 and the same has been relied upon by us for inclusion in the CFS as prescribed by AS -27 (Group Share of Total Assets Rs. 738.77 lakhs and Negative Reserves of Rs. 837.58 lakhs including Loss of Rs. 795.48 for the year).

- b) We draw attention to Note 38.3 regarding deviations in accounting policies of Subsidiaries and others, as compared to the accounting policies of the parent company. The impact of such deviations on the CFS is considered by the Management as not likely to be material.
- c) We draw attention to Note 29.1.1(e) to the financial statements which describe the uncertainty related to the outcome of the lawsuit filed against the Company and its subsidiary SCIL Infra Con (P) Ltd.
- d) We draw attention to the qualification made by the auditor of a Subsidiary company SCIL Infra Con (P) Ltd in respect of understatement of Liabilities & Assets to the tune of Rs. 102.79 lakhs due to set off of payables to an individual against receivables from a company without obtaining confirmation from such Unsecured Loan creditor for such set-off.
- e) Our opinion is not qualified in respect of any of the aforestated matters.

#### **Other Matter**

We did not audit the financial statements and other financial information, as at 31-03-2013, of certain subsidiaries, including step-down Subsidiaries and Joint Venture Company (Reference is invited to Note. 38.2). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and Joint Venture is based solely on the reports of those other auditors. (Reference is invited to annexure to Note 38.4 regarding details of Assets, Liabilities, Reserves as at 31-03-2013 and income for the year ended 31-03-2013 of the Subsidiaries to which necessary adjustments as required under AS-21 have been made to reflect the Group's share of total assets as at 31-03-2013 and the Group Share of total revenues for the year ended on that date). Our opinion is not qualified in respect of this matter.

**For Satyanarayana & Co.**  
Chartered Accountants  
Firms' Registration Number 036805

**For Rao & Kumar**  
Chartered Accountants  
Firms' Registration Number 030895

Place: Hyderabad  
Date: 14th August, 2013

**Ch. Seshagiri Rao**  
Partner  
Membership Number 18523

**S.S.Bharadwaj**  
Partner  
M.No. 26113





## Consolidated Balance Sheet as at March 31, 2013

(₹ in Lakhs)

Particulars	Note	As at March 31, 2013		As at March 31, 2012	
<b>I EQUITY AND LIABILITIES</b>					
<b>A Share Holders' Funds</b>					
Share Capital	2	2,530.00		2,530.00	
Reserves and Surplus	3	51,875.30	54,405.30	50,126.88	52,656.88
<b>B Minority Interest</b>	4		9,798.99		8,350.80
<b>C Non Current Liabilities</b>					
Long Term Borrowings	5	41,694.65		39,171.15	
Deferred Tax Liabilities	6	4,492.24		3,719.76	
Long-term Provisions	7	158.72	46,345.61	158.67	43,049.58
<b>D Current Liabilities</b>					
Short Term Borrowings	8	42,516.26		38,961.25	
Trade Payables	9	28,176.86		22,071.21	
Other Current Liabilities	10	25,921.29		27,150.29	
Short Term Provisions	7	1,411.04	98,025.45	1,243.13	89,425.88
<b>Total</b>			2,08,575.35		1,93,483.14
<b>II ASSETS</b>					
<b>A Non Current Assets</b>					
Fixed Assets					
Tangible Assets	11	73,853.51		72,910.69	
Intangible Assets	12	10,859.26		11,142.14	
Capital Works in Progress	13	4,871.06		4,498.76	
Intangible Assets under development	14	2,314.72	91,898.55	2,091.40	90,642.99
Non Current Investments	15	2,964.13		3,225.28	
Long Term Loans and Advances	16	1,631.72	4,595.85	2,706.48	5,931.76
<b>B Current Assets</b>					
Inventories	17	49,973.96		34,272.36	
Trade Receivables	18	49,607.76		47,593.61	
Cash and Cash equivalents	19	5,279.26		7,024.20	
Short Term Loans and Advances	16	7,219.97	1,12,080.95	8,018.22	96,908.40
<b>Total</b>			2,08,575.35		1,93,483.14
Significant Accounting Policies	1				
Notes forming part of Financial Statements	2 to 42				

As Per Our Report of even date annexed

**for M/s Satyanarayana & Co.**  
Chartered Accountants  
FRN No. 036805

**for M/s Rao & Kumar**  
Chartered Accountants  
FRN No. 030895

On Behalf of the Board

**Ch Seshagiri Rao**  
Partner  
M.No: 18523

**S S Bharadwaj**  
Partner  
M.No: 26113

**Dr A J Prasad**  
Chairman & Managing Director

**M Kavita Prasad**  
Director

Place : Hyderabad  
Date : 14th August, 2013

Place : Hyderabad  
Date : 14th August, 2013

Place : Hyderabad  
Date : 14th August, 2013

**M V S S Kumar**  
Company Secretary



# Consolidated Statement of Profit & Loss for the year ended March 31, 2013 (₹ in Lakhs)

Particulars	Note	Year Ended March 31, 2013 ₹ in Lakhs	Year Ended March 31, 2012 ₹ in Lakhs
<b>A Revenue</b>			
Revenue from Operations	20	1,79,482.68	1,64,166.05
Less : Duties		8,449.92	7,724.41
Revenue from Operations (Net)		1,71,032.76	1,56,441.64
Other Income	21	787.21	1,355.46
Total Revenue ( A )		1,71,819.97	1,57,797.10
<b>B Expenses</b>			
Cost of Material Consumed	22	1,00,947.77	91,006.62
Purchase of Traded goods		3,553.52	2,976.83
(Increase) / Decrease in Inventory	23	(7,465.87)	(958.60)
Employee Benefits Expenses	24	16,778.22	14,705.20
Finance Cost	25	12,615.93	11,650.73
Depreciation, Amortisation and Obsolescence Expense	26	6,356.08	5,443.12
Other Expenses	27	34,276.28	27,105.13
<b>Total Expenses ( B )</b>		1,67,061.93	1,51,929.03
<b>C Profit/(loss) before Exceptional and Extra-ordinary items and Tax (A-B)</b>		4,758.05	5,868.07
<b>D Exceptional (Income)/Expenses</b>	28	(778.56)	729.80
<b>E Profit/(loss) before tax ( C-D )</b>		5,536.61	5,138.27
<b>F Tax Expense</b>			
- Current Tax		1,357.01	1,079.16
- Less : MAT Credit Entitlement		(378.00)	(435.00)
- Deferred Tax Changes/(Credit)		979.01	644.16
- Income Tax & Wealth Tax relating to Previous Years		772.48	1,325.03
		57.90	0.88
<b>G Profit after tax before share of results of Minority Interest (E-F)</b>		3,727.21	3,168.20
H Minority Interest-C/Y share of Profit/Loss		1,422.75	1,394.67
I Share of Net Profits/(Losses) of Associates		39.20	80.28
<b>J Profit for the period ( G-H+I )</b>		2,343.66	1,853.81
<b>K Earnings per Equity Share</b>	36		
- Basic		0.93	0.73
- Diluted		0.93	0.73
Significant Accounting Policies	1		
Notes forming part of Financial Statements	2to42		

As Per Our Report of even date annexed

**for M/s Satyanarayana & Co.** Chartered Accountants  
FRN No. 036805

**for M/s Rao & Kumar** Chartered Accountants  
FRN No. 030895

On Behalf of the Board

**Ch Seshagiri Rao**  
Partner  
M.No: 18523

**S S Bharadwaj**  
Partner  
M.No: 26113

**Dr A J Prasad**  
Chairman & Managing Director

**M Kavita Prasad**  
Director

Place : Hyderabad  
Date : 14th August, 2013

Place : Hyderabad  
Date : 14th August, 2013

Place : Hyderabad  
Date : 14th August, 2013

**M V S S Kumar**  
Company Secretary



## Consolidated Cash Flow Statement (As per Clause 32 of the Stock Exchange Listing Agreement) (₹ in Lakhs)

	31-Mar-13		31-Mar-12	
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and after Minority Interest		4,113.85		3,743.60
Adjustments for:				
Exchange Variation in JV	(12.50)		37.56	
Depreciation	5,781.69		5,128.94	
Interest Income	(347.57)		(546.29)	
Interest Expense	5,933.32		7,140.82	
Loss on sale of fixed assets	5.26		6.54	
Profit on sale of fixed assets	(628.63)		(6.22)	
Profit on sale of Investments	(140.00)		-	
Amortisation of Intangible Assets	539.38		314.18	
Assets written off	127.12		748.84	
Deposits Written off	13.34		1.20	
Debit Balances written off	16.03		0.00	
Provisions	25.30	11,312.73	21.77	12,847.35
Operating Profit before working capital changes		15,426.59		16,590.94
(Increase)/Decrease in Sundry debtors	(2,014.14)		(9,875.27)	
(Increase)/Decrease in Inventories	(15,701.60)		(3,542.05)	
(Increase) / Decrease in Loans & advances*	3,096.94		1,890.61	
Increase/(Decrease) in Current Liabilities	3,154.53	(11,464.27)	11,450.50	(76.21)
Cash generated from Operations		3,962.32		16,514.73
Expenditure on employee VEBF	-		(3.50)	
Income taxes paid	(532.71)	(532.71)	(940.84)	(944.34)
<b>Net Cashflow from Operating activities (A)</b>		<b>3,429.61</b>		<b>15,570.39</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(6,615.00)		(9,391.51)	
Purchase of Investments	261.14		(471.04)	
Sale of fixed assets	1,075.31		82.37	
Net outflow on account of minority interest	1,448.19		(1,075.71)	
Interest Received	347.57		546.29	
<b>Net Cash flow from investing activities (B)</b>		<b>(3,482.80)</b>		<b>(10,309.61)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Employee Stock Option Scheme	(1.71)		(5.22)	
Share Premium	(135.60)		(908.48)	
Deferred Tax	-		(1.03)	
Reserves on account of acquisition	(37.89)		(4,165.98)	
Proceeds from long-term borrowings	6,999.38		10,202.44	
Repayment of long-term borrowings	(15,174.54)		(12,586.01)	
Proceeds from working capital borrowings	2,635.42		5,834.99	
Increase(+)/Decrease(-) in unsecured loans	12,239.22		(413.81)	
Dividend payment	(441.06)		(301.52)	
Interest Paid	(5,933.32)		(7,140.82)	
<b>Net cash flow used in financing activities ( C )</b>		<b>149.91</b>		<b>(9,485.43)</b>
<b>NET INCREASE IN CASH and CASH EQUIVALENTS (A+B+C)</b>		<b>96.72</b>		<b>(4,224.65)</b>
Cash and Cash equiv.at beginning of the period		1,511.55		5,736.20
Cash and Cash equiv. at end of the period		1,608.27		1,511.55
<b>Cash and Cash equivalents (Rs.lacs)</b>				
Cash on hand		342.38		121.39
Balances with Banks(current a/c & term deposits)		1,265.89		1,390.16
<b>Total</b>		<b>1,608.27</b>		<b>1,511.55</b>

### NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31-03-2013

- This statement is prepared as per Accounting Standard-3 (indirect method)
- \* Including Bank Balances Other than Cash and Cash Equivalents
- Previous year's figures were re-grouped wherever necessary.

As Per Our Report of even date annexed

**for M/s Satyanarayana & Co.**

Chartered Accountants  
FRN No. 03680S

**Ch Seshagiri Rao**

Partner  
M.No: 18523

Place : Hyderabad  
Date : 14th August, 2013

**for M/s Rao & Kumar**

Chartered Accountants  
FRN No. 03089S

**S S Bharadwaj**

Partner  
M.No: 26113

Place : Hyderabad  
Date : 14th August, 2013

On Behalf of the Board

**Dr A J Prasad**

Chairman & Managing Director

Place : Hyderabad  
Date : 14th August, 2013

**M Kavita Prasad**

Director

**M V S S Kumar**

Company Secretary

## Notes Forming Part of Consolidated Balance Sheet

### Note: 1

#### Significant Accounting Policies adopted for preparing CFS

##### A Basis of presentation :

- a) The financial statements of the Parent Company, Subsidiaries, Joint Venture Companies, Associate Companies in India are prepared based on the accounts maintained under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) with revenues recognized and expenses accounted on accrual basis, including committed obligations and also in accordance with the Provisions of the Companies Act, 1956 and Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government. The financial statements of Foreign Subsidiaries and Joint Venture Companies are prepared based on the accounts maintained as per Local Laws of the respective Countries. Such financial statements are considered for preparation and presentation of the CFS.
- b) The preparation of financial statements requires that the management of the company makes estimates and assumptions that affect the reported amount of income and expenses for the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for warranties etc. Differences, if any, between the actual results and estimates is recognized in the period in which the results are known.

##### B Principles of consolidation:

- a) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Parent's separate financial statements.
- b) The financial statements of the Parent Company and its Subsidiaries including step down subsidiaries (i.e. subsidiaries of subsidiary company) are consolidated, substantially on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra group balances and unrealized profits / losses on intra group transactions and are presented to the extent possible, in the same manner as the Company's independent financial statements. Where details of line by line items are not readily available, such items have been grouped under major heads of respective items.
- c) In respect of Investment in Joint Venture Companies, the Company's interest in the assets, liabilities, income, expenses and other obligations is included using proportionate consolidation method as per Accounting Standard (AS) -27.
- d) Investments in Associate Companies are accounted for, by using "equity method" (as per Accounting Standard (AS - 23) whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition changes in the Company's share of net assets of the associate.

##### C Tangible Assets and Depreciation:

Tangible Assets are stated at original cost net of tax/duty credits availed, if any, less cumulative depreciation and impairment. Administrative and other general overheads including borrowing costs that are specifically attributable to acquisition of Tangible Assets or bringing Tangible Assets to working condition are allocated and capitalised as part of cost of the Tangible Assets.

##### Depreciation:

- a) Depreciation on Tangible Assets is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in respect of Dies and Moulds used and 'Secured Land Filling' used for disposal of Lead slag which are depreciated at 20% and 10% respectively on SLM. Assets costing less than Rs.5,000/- are depreciated fully in the year of purchase.
- b) Depreciation on Tangible Assets of Subsidiaries in USA, Germany and Joint Venture in Kingdom of Saudi Arabia (KSA) is accounted on straight line basis over their expected / estimated useful lives.

##### D Intangible Assets and Amortisation:

- a) Intangible Asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.



Product development expenditure incurred on new products are capitalised under 'Intangible Assets' and are amortised over a period of 60 months from the month of commencement of commercial production.

Amortisation on impaired assets is adjusted in the future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

**b) *Intangible Assets are stated at cost net of amortisation.***

Goodwill represents the difference between the Group's share in the net worth of a subsidiary or an associate and the cost of acquisition at each point of time of making the investment in the subsidiary or the associate. For this purpose, the Group's share of net worth is determined on the basis of latest financial statements prior to the acquisition after making necessary adjustments for material events, if any between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents negative goodwill arising on acquisition.

Goodwill is reviewed for impairment if there are indicators of impairment. Upon review for impairment, if the carrying value of the goodwill exceeds its fair value, goodwill is considered to be impaired and the impairment is charged to the Profit & Loss account for the year.

**c) *Impairment of Assets:***

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is recognised when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there is a change in the estimate of recoverable amount.

**E Assets taken under leases:**

- a) In respect of Equipment taken under finance leases, the fair value of the leased asset is recognised as an asset and corresponding liability is created. The finance charges are allocated to periods during the lease term and charged to revenue.
- b) In respect of Equipment taken under operating lease, lease payments are recognised as expenses on straight line basis over the lease term.

**F Capital Work in Progress (CWIP):**

CWIP includes Plant and Equipment under erection, Civil works in progress and preoperative expenses pending allocation on the assets to be acquired/commissioned / capitalised. Also include payments made for technical knowhow fee and for development of prototypes including for related software, pending to be capitalised upon absorption of technology and completion of development

**G Foreign Currency Transaction / Translations:**

- a) Transactions relating to Purchase and Sale of goods/services denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction or that approximates at actual rate on the date of transaction. Assets & Liabilities in the nature of monetary items at the Balance sheet date denominated in foreign currencies are translated and restated at prevailing exchange rates. Income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account
- b) The accounts of foreign subsidiaries and joint venture companies which are reported in respective of currencies in which they are situated are translated using 'Translation of the Financial Statements of Foreign Operations' as prescribed under Accounting Standard (AS) – 11. The translation differences is reported as "Exchange Variation Reserve".

**H Investments:**

- a) Investments in associate companies are accounted using 'equity method' prescribed in Accounting Standard (AS) – 23.
- b) Investments other than in associate companies are accounted as per the method prescribed in Accounting Standard (AS) – 13.

**I Income Recognition:**

- a) Sales revenue is recognised on despatch to customers as per terms of order. Gross sales are net of returns/ discounts and inclusive of Excise duty, Service income, works contract revenue are recognised on the basis of bills submitted as per the terms of order. Inter divisional transfers are not recognised as turnover.

- b) Short Term contracts involving Supply and Service where price breakup is available, Revenue in respect of Supplies are recognised when goods are delivered to customers unconditionally and Service income is recognised on completion of Service and bills submitted as per terms of the order
- c) In case of contracts (Long Term) of complex equipment/systems/development order where the normal cycle time for completion is spreading over two or more accounting periods, revenue is recognised, subject to provision of anticipated losses, based on percentage completion as certified by technical committee/ customers acceptance wherever applicable. Income is not recognised on such contracts where the progress is less than 15% of the order value.
- d) Dividends are recognised as income when the right to receive the dividend is established.
- e) Income from interest bearing deposits with Banks and others is recognised on accrual basis.
- f) Interest on Income tax refunds, if any, is recognised on determination or on receipt basis whichever is earlier.
- g) Subsidies from Government are recognised when received.

#### **J Inventories:**

Inventories at the yearend are valued as under:

Raw Materials, Components, Consumables and Stores & Spares.	At lower of weighted average cost and net realisable value.
Work In Progress and Finished goods.	At lower of weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition and net realisable value.
Long Term contract work in progress (where the income its not eligible for recognition as per Income recognition policy sated above).	At direct and attributable costs incurred in relation to such contracts .
Stock In Trade	At lower of cost and net realisable value
Consumable Tools	At cost less amount charged off (which is at 1/3rd of value each year).

- \* Cost of Material is net of Cenvat/VAT availed on all items.
- \* Excise/Custom Duty payable on Stock of Finished Goods and Bonded Stocks is provided and included in the value of stocks.
- \* Stocks at Branches are inclusive of Duty paid at the time of dispatch from Factories.
- \* Inventory arising out of inter divisional transfers is valued at cost to the transferring division after eliminating unrealised profit, if any.

#### **K Employee stock ownership schemes:**

In respect of stock options granted pursuant to the Company's stock option scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option), is treated as discount and accounted as employee compensation cost over the vesting period.

#### **L Employee Benefits:**

##### **a) Short term Benefits:**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, medical, leave travel assistance, short term compensated absences etc. and the cost of bonus, exgratia are recognised in the period in which the employee renders the related services.

##### **b) Post-employment benefits:**

###### **Detailed contribution plans:**

The contribution paid/payable under Provident Fund Scheme, ESI Scheme and Employee Pension Scheme is recognised as expenditure during the period in which the employee renders the related service.

###### **Defined benefit plans:**

The Company's obligation towards Gratuity is a definite benefit plant. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit



method. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognised immediately in the profit and loss account. The contribution made is recognised as expenses.

**c) Long Term employee benefits:**

The obligation for long term employee benefits such as long term compensated absences is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

**M Provisions, Contingent Liabilities and Contingent Assets:**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event
- b) a probable outflow of resources is expected to settle the obligation; and
- c) the amount of obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is not provided but disclosed in the case of

- a) present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance sheet date.

**N Taxes on Income/Deferred Tax:**

Tax on Income for the current period is determined and provided on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax resulting from timing differences between accounting Income and taxable Income is recognised and accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

The Deferred tax Asset is recognised and carried forward only to the extent that there is reasonable certainty that the Asset will be realised in future.

**O Segment accounting:**

**a) Segment accounting policies:**

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting.

Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.

Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the group as a whole and not allocable to segments are included under 'unallocable corporate expenditure'.

Income which relates to the Group as a whole and not allocable to segments is included under 'Unallocable Corporate Income'.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

**b) Inter-segment transfer pricing:**

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are determined to yield a desired margin.



**P Cash Flow statement:**

Cash Flow statement is reported using indirect method as per Accounting Standard, AS-(3).

**Q Prior period and Extra-ordinary items/Exceptional items:**

Prior period items of Income and Expenditure are reported distinctively.

Items of Income/ Expenses/Losses which are exceptional and non recurring are considered Exceptional/ Extraordinary items and reported distinctively for determination of net profit/loss for the period

**Note : 2 Share Capital**

(₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Authorised</b>		
30,00,00,000 Equity shares of ₹1 each	3,000.00	3,000.00
(Previous Year 30,00,00,000 Equity shares of ₹1 each)		
<b>Issued , Subscribed and fully paid-up</b>		
25,30,00,000 Equity shares of ₹1 each	2,530.00	2,530.00
(Previous Year 25,30,00,000 Equity shares of ₹1 each)		
	2,530.00	2,530.00

**2.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	31 March 2013		31 March 2012	
	No.of Shares	Value	No.of Shares	Value
<b>Equity Shares</b>				
At the beginning of the period	25,30,00,000	2,530.00	25,30,00,000	2,530.00
Issued during the period	-	-	-	-
<b>Outstanding at the end of the period</b>	25,30,00,000	2,530.00	25,30,00,000	2,530.00

**2.2 Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

**2.3 Shares held by holding/ultimate holding company**

Out of equity shares issued by the company, shares held by its holding company details given below :

	31 March 2013 No.of Shares	31 March 2012 No.of Shares
Beaver Engineering & Holdings Limited	1,43,059,443	1,43,137,848

**2.4 Details of shareholders holding more than 5% shares in the company**

Name of the Shareholder	31 March 2013		31 March 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of ₹1 each fully paid</b>				
Beaver Engineering & Holdings Limited	14,30,59,443	56.55	14,31,37,848	56.57
Dr. A J Prasad	2,76,54,500	10.93	2,76,54,500	10.93
Citigroup Global Markets Mauritius Private Limited	1,67,01,761	6.60	1,67,01,761	6.60
Reliance Capital Limited	1,43,60,000	5.68	1,43,60,000	5.68




**Note : 3 Reserves and Surplus**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
Capital Reserve		1.02		1.02
Investment Subsidy from State Government		55.77		55.77
Securities Premium Account				
Opening Balance	13,496.21			
Less: Adjustment on account of movement in Minority Interest in the Subsidiary	135.60	13,360.61		13,496.21
Employee stock options outstanding		74.97		76.68
General Reserve				
Opening Balance	35,512.12		35,012.12	
Add: Transferred from Profit & Loss Account	500.00	36,012.12	500.00	35,512.12
Exchange Variation Reserve		(35.44)		(9.21)
Surplus as per Profit & Loss Account		2,448.35		1,050.12
<b>Total</b>		<b>51,917.41</b>		<b>50,182.71</b>
<b>Share of Joint Venture</b>				
Exchange variation Reserve		(42.10)		(55.83)
Grand Total		<b>51,875.30</b>		<b>50,126.88</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>				
Balance as per last financial statements	1,050.12		4,762.64	
Less : Amalgamation Adjustments	14.27		(4,613.52)	
Less : On Account of disinvestment of Subsidiary	(40.42)		(11.74)	
Less : Transferred to Minority Interest Group	21.79		-	
	1,045.76		137.38	
Add : Profit for the Period	2,343.66	3,389.42	1,853.81	1,991.19
Less : Dividend on Equity Shares	379.50		379.50	
Tax on Dividend	61.56		61.56	
Transfer to General Reserve	500.00	941.06	500.00	941.06
		<b>2,448.35</b>		<b>1,050.12</b>

**Note : 4 Minority Interest**

	31 March 2013	31 March 2012
In Share Capital	2,495.55	2,595.55
In Reserves & Surplus	7,303.44	5,755.25
	<b>9,798.99</b>	<b>8,350.80</b>

**Note : 5 Non-Current Liabilities**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
	Non-current	Current	Non-current	Current
<b>Long-Term Borrowings</b>				
<b>Secured</b>				
<b>A) Loans from</b>				
IDBI Bank Limited	4,085.20	2,371.60	6,456.80	2,371.60
State Bank of India	3,611.01	1,620.00	5,231.01	1,620.00
State Bank of Hyderabad	1,955.83	1,100.00	3,055.83	1,100.00
Exim Bank Ltd	177.94	258.82	436.76	258.82
Axis Bank Ltd	5,254.94	4,280.00	9,535.00	3,644.00
ICICI Bank Ltd	4,600.00	2,300.00	6,900.00	2,300.00
Agile Group Term Loans (Refer Note:5.3)	7,507.62	2,778.79	5,142.06	1,852.18
	<b>27,192.54</b>	<b>14,709.21</b>	<b>36,757.47</b>	<b>13,146.61</b>
<b>B) Loans from Others</b>				
HDFC Ltd	-	-	-	3.72
Against Vehicles from HDFC Bank	24.04	72.33	95.88	115.57
Against Vehicles from ICICI Bank (Refer Note: 5.4.4)	6.37	3.21	9.58	2.89
Against Equipment from FLCIL	-	-	-	51.15
	<b>30.41</b>	<b>75.54</b>	<b>105.46</b>	<b>173.33</b>
<b>C) Unsecured</b>				
Interest Free Sales Tax Loan (Deferred Payment Liability)	1,636.37	42.43	1,678.81	-
Loan from HPFSIPL	123.10	28.83	-	-
Finance Lease Obligations from HPFSIPL	63.19	14.51	-	-
Loan from Holding Company	12,000.00	-	-	-
Lease Finance from L&T (Refer Note: 5.4.3)	367.16	99.46	466.62	90.77
Lease Finance Obligation	2.77	1.28	-	-
Others (Refer Note : 5.5)	279.10	-	162.80	20.00
	<b>14,471.70</b>	<b>186.51</b>	<b>2,308.23</b>	<b>110.77</b>
<b>Total</b>	<b>41,694.65</b>	<b>14,971.26</b>	<b>39,171.15</b>	<b>13,430.71</b>
<b>Share of Joint Venture</b>	-	-	-	-
<b>Grand Total</b>	<b>41,694.65</b>	<b>14,971.26</b>	<b>39,171.15</b>	<b>13,430.71</b>

**5.1 Term Loans :**
**HBL Power Systems Ltd (Parent Company)**

The particulars of loans drawn, nature of security, terms of repayment, rate of interest, instalments due and loan wise outstanding are as under (in Note 5.1.1 to 5.2.5)

**5.1.1 Current Maturities of Long Term Loans**

Instalments due within 12 months from the date of Balance Sheet classified as current as shown above are disclosed under " Other Current Liabilities"

**5.1.2 Term Loan from IDBI, SBI, SBH and SB Indore :**

The Term Loans from IDBI, State Bank of Hyderabad, State Bank of India and State Bank of Indore (since merged with SBI), are secured by a first charge on the movable and immovable assets (both present and future) of the company, (save and except exclusive charges already created if any) situated (a) at



Lalgadi Malakpet and Aliabad Villages, Shameerpet Mandal, Ranga Reddy Dist, (b) at Nandigaon Village, Mahbubnagar Dist, (c) at Bhootpur Village, Mahaboobnagar Dist, (d) at Kandivalasa Village, Vijayanagaram Dist, and (e) at VSEZ, Visakhapatnam Dist. The loans are also secured by a second charge on the current assets of the company. These loans are also guaranteed by Managing Director and a Director in their personal capacity.

Name of the Bank	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding as on 31-03-2013	No of Instalments Due
IDBI BANK LIMITED					
- Term Loan I	6,000.00	24	13.00	2,000.00	8
- Term Loan II	7,200.00	21	13.50	4,456.80	13
STATE BANK OF INDIA					
- Term Loan I	3,000.00	24	13.45	831.38	7
- Term Loan II	7,200.00	26	13.65	4,399.63	16
STATE BANK OF HYDERABAD					
- Term Loan I	3,000.00	24	13.65	805.83	7
- Term Loan II	3,600.00	24	14.05	2,250.00	15

### 5.1.3 Term Loan I & II from Axis Bank

The Term Loans from Axis Bank are secured by exclusive charge on the movable and immovable assets of the Company situated (a) at Tumkunta Village, Ranga Reddy Dist, (b) at IMT Manesar, Gurgaon, Haryana, (c) at Goverdhanpuri Colony, Yaprul, GHMC, (d) at IIE, Ranipur, BHEL, Haridwar (Uttaranchal), (e) at Selaqui, Dehradun (Uttaranchal), and (f) at MIDC, Navi Mumbai. These loans are also guaranteed by Managing Director and a Director in their personal capacity.

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding as on 31-03-2013	No of Instalments Due
Term Loan I	4,000.00	20	14.25	1,600.00	8
Term Loan II	1,987.00	18	14.25	1,434.94	10

### 5.1.4 Term Loan III from Axis Bank

The Term Loan is secured by a first pari passu charge on Fixed Assets (excluding vehicles and assets exclusively charged to other term lenders) and a second charge on Current Assets. Also guaranteed by the Managing Director and a Director in their personal capacity.

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding as on 31-03-2013	No of Instalments Due
Term Loan I	10,000.00	14	13.75	6,500.00	9

### 5.1.5 Term Loan from EXIM Bank of India

The Term Loan to part finance Equity contribution in Gulf Batteries Company, a Joint Venture in Kingdom of Saudi Arabia (KSA) is secured by first pari passu charge on the entire fixed assets of the company except exclusive charges, if any, and also by pledge of Company's share holding in Joint Venture and is also guaranteed by the Managing Director of the Company in his personal capacity.

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding as on 31-03-2013	No of Instalments Due
Term Loan	825.00	17	12.50	436.76	8

### 5.1.6 Term Loan from ICICI Bank :

The term loan of Rs.6000 lakhs for Capex and Rs.4000 lakhs for working capital is secured by subservient / residual charge on all current and moveable assets of the Company both present and future. The charge is

subservient to the existing lenders to the extent of all drawn and undrawn limits of term loans and working capital only. The loan is guaranteed by the Managing Director and a Director in their personal capacity.

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding as on 31-03-2013	No of Instalments Due
Term Loan	6,000.00	16	12.75	4,500.00	12
Working Capital Term Loan	4,000.00	20	12.75	2,400.00	12

## 5.2 Other Loans :

### 5.2.2 HDFC Bank

The Term Loans for acquiring vehicles are secured by exclusive hypothecation of vehicles acquired through execution of D.P. Note.

## 5.3 Unsecured Loans

### 5.3.1 Interest Free Sales Tax Loan (IFST):

IFST Loan of Rs.1678.81 lakhs shown under unsecured loan represents the Sales tax payable by the Company given as Loan by A.P State Government under a scheme, to be repaid without interest after 14 years from the date of availment. Earliest repayment is due from the year 2013-14. The loan requires creation of a charge on the assets of the Company. Pending creation of charge, the amount is shown as 'Unsecured Loan' to be regrouped as Secured Loan as and when the charge is created.

5.3.2 Term Loan from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) towards implementation of SAP Project is repayable in 20 quarterly instalments from the date of loan with interest at the rate ranging between 11% and 13%. The loan is also guaranteed by a Director of the Company.

5.3.3 Finance Lease of Assets from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) for Implementation of SAP Project is repayable by way of lease rentals over a period of 5 years and is also guaranteed by a Director of the Company.

5.3.4 Loan from Holding Company is Interest free and is repayable after June 2017.

5.3.5 There were no continuing defaults as on the Balance Sheet date in repayment of loan instalments and interest

### Agile Group (Agile Electric Sub Assembly Pvt Ltd and Stepdown Subsidiaries)

## 5.4 Details of Term Loans outstanding on 31.03.2013

Name of the Bank	Non-Current	Current	No of Instalments Due
<b>Term Loans</b>			
ICICI Bank			
- Term Loan I	1,490.63	662.50	13 Quarterly
- Term Loan II	1,986.26	685.74	12 Quarterly
- Term Loan III	-	202.79	04 Quarterly
- Term Loan IV	34.31	68.63	06 Quarterly
Axis Bank			
- Term Loan	335.29	111.76	16 Quarterly
Foreign Currency Term Loan	2,361.13	672.37	14 Quarterly
<b>Working Capital Term Loans</b>			
ICICI Bank	1,300.00	375.00	13 Quarterly
	<b>7,507.62</b>	<b>2,778.79</b>	

5.4.1 Instalment due within 12 months from the date of Balance Sheet classified as current and disclosed under "Current Liabilities "

5.4.2 Term loans and Working capital term loans from banks are secured by first pari-passu charge on all Tangible Assets of the Company, both present and future, excluding leasehold land and second pari-passu charge on all current assets of the Company, both present and future.



External commercial borrowings (ECB) from banks are secured by first exclusive charge on the fixed assets of the Company created out of the ECB facility funded by the bank, both present and future and pari-passu second charge on the current assets of the Company, both present and future.

#### Unsecured loans

5.4.3 Finance lease obligations are repayable in equated monthly instalments from the date of respective finance lease.

5.4.4 Vehicle loans are repayable in sixty equated monthly instalments from the date of respective vehicle loan and are secured by hypothecation of the related vehicles.

#### 5.5 Unsecured Loan from Others

- a) HBL USA : ₹ 219.10 Lakhs being loan in the form of Note entered into with The State of Connecticut Department of Economic & Community Development , USA which is repayable from 01.10.2014 in 96 monthly instalments at an interest rate of 2%
- b) SCIL Infracon Pvt. Ltd : From others ₹ 60.00 Lakhs

#### Note : 6 Deferred Tax Liability (Net)

(₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Deferred Tax Liability (Net) as per last Balance Sheet</b>	<b>3,719.76</b>	2,395.75
Add: Added on Amalgamation	-	(1.03)
Add: Deferred Tax Liability / Asset for the year	<b>772.48</b>	1,325.03
<b>Total</b>	<b>4,492.24</b>	3,719.76
<b>Share of Joint Venture</b>	-	-
<b>Grand Total</b>	<b>4,492.24</b>	3,719.76

#### Note : 7 Provisions

	31 March 2013		31 March 2012	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>Provision for employee benefits</b>				
Provision for Earned Leave Encashment	<b>158.72</b>	<b>9.18</b>	158.67	34.24
Provision for Gratuity	-	<b>17.78</b>		37.90
<b>Other Provisions</b>				
Provision for Warranties	-	<b>553.37</b>	-	505.73
Provision for Excise & Customs Duty on Closing Stocks	-	<b>322.57</b>	-	148.75
Provision for Commission on Profits	-	<b>56.16</b>	-	65.44
Provision for Proposed Equity Dividend	-	<b>379.50</b>	-	379.50
Provision for Tax on Proposed Equity Dividend	-	<b>61.56</b>	-	61.56
<b>Total</b>	<b>158.72</b>	<b>1,400.12</b>	158.67	1,233.13
<b>Share of Joint Venture</b>	-	<b>10.92</b>		10.00
<b>Grand Total</b>	<b>158.72</b>	<b>1,411.04</b>	158.67	1,243.13

**Note : 8 Current Liabilities**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
<b>Short Term Borrowings (Loans repayable on Demand)</b>				
<b>Secured</b>				
<b>Term Loans from Bank</b>				
IDBI Bank Limited Short Term Loan		-		2,500.00
<b>Working Capital Loans from</b>				
State Bank of India	<b>13,284.28</b>		14,048.69	
State Bank of Hyderabad	<b>2,986.18</b>		2,949.06	
IDBI Bank Ltd	<b>3,668.78</b>		3,784.42	
ICICI Bank Ltd	<b>5,000.40</b>		-	
Loan Against TDRs of the Company	-		1,600.00	
Buyers Credits from Banks	<b>5,382.18</b>		6,099.11	
Agile Group Working Capital Loans (Refer Note: 8.2.1)	<b>7,373.87</b>	<b>37,695.68</b>	6,578.98	35,060.25
Unsecured (from Banks)				
Purchase Bill Discounting from Kotak Mahindra Bank Ltd		<b>1,274.58</b>		-
<b>Unsecured Loans</b>				
Inter Corporate Deposit from Ultimate Holding Company		<b>2,400.00</b>		626.00
Loans from Directors		<b>276.00</b>		205.00
Loan from Others		<b>870.00</b>		570.00
<b>Total</b>		<b>42,516.26</b>		<b>38,961.25</b>
<b>Share of Joint Venture</b>		-		-
<b>Grand Total</b>		<b>42,516.26</b>		<b>38,961.25</b>

**8.1 HBL Power Systems Ltd**
**8.1.1 Working Capital Loans**

The Working Capital Loans from the State Bank of India, State Bank of Hyderabad, IDBI Bank Ltd, ICICI Bank Ltd and State Bank of Indore (since merged with SBI) are secured by a first charge on all the chargeable current assets and by a second charge on the fixed assets (both present and future) of the Company. All the loans are also guaranteed by Managing Director, two other Directors of the Company, and Smt. A. Uma Devi in their personal capacities.

8.1.2 Purchase Bill Discounting from Kotak Mahindra Bank Ltd. is guaranteed by CMD and a Director of the Company in their personal capacity.

8.1.3 Inter Corporate Deposit from Others is repayable within 6 months from the date of loan with interest @ 13% p.a (Since repaid)

8.1.4 Loan from Directors is repayable on demand with interest @ 13% p.a

8.1.5 There were no defaults as on the Balance Sheet date with regard to the above short term borrowings.

**8.2 Agile Electric Sub Assembly Pvt Ltd (Group)**

8.2.1 Packing credit and buyers credit from banks are repayable within one year. They are secured by first pari-passu charge on all current assets of the Company, both present and future and second pari-passu charge on all fixed assets of the Company both present and future, excluding leasehold land.

8.3 Loans from ultimate holding company/directors and others are repayable on demand and carry an interest rate of 13.75% and 8% respectively.


**Note : 9 Trade Payables**

(₹ in Lakhs)

	<b>31 March 2013</b>	31 March 2012
Trade Payables	<b>26,368.10</b>	20,430.81
Due to MSMED	<b>1,198.97</b>	1,185.58
<b>Total</b>	<b>27,567.07</b>	21,616.39
<b>Share of Joint Venture</b>	<b>609.79</b>	454.82
<b>Grand Total</b>	<b>28,176.86</b>	22,071.21

**Note : 10 Other Current Liabilities**

	<b>31 March 2013</b>	31 March 2012
Current Maturities of Long-Term Debt(Refer Note : 5.1.1 )	<b>14,971.26</b>	13,430.71
Other Payable Employees	<b>1,012.40</b>	1,316.50
Trade Deposits & Advances Against Sales	<b>5,188.44</b>	4,814.12
Statutory Dues	<b>613.56</b>	1,155.92
Interest Accrued and Due	<b>386.56</b>	56.19
Interest Accrued But not Due	<b>304.89</b>	569.38
Unpaid/unclaimed Dividends	<b>32.55</b>	33.28
Directors Current Account	<b>106.20</b>	38.64
Creditors Capital Expenditure	<b>1,013.93</b>	3,842.97
Other Payables	<b>2,267.73</b>	1,671.55
<b>Total</b>	<b>25,897.52</b>	26,929.25
<b>Share of Joint Venture</b>	<b>23.77</b>	221.04
<b>Grand Total</b>	<b>25,921.29</b>	27,150.29

10.1 There were no amounts due and outstanding as on the Balance Sheet date to be credited to Investor Education & Protection Fund.

## Schedules Forming Part of Consolidated Balance Sheet

Note : 11 Tangible Assets (at Cost)

(₹ in Lakhs)

Description	Gross Block							Depreciation Block							Net Block	
	As On April 1, 2012	Additions on Account of Consolidation	Additions	Deletions on Account Consolidation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2013	As On April 1, 2012	On Account of Consolidation	For the Year	Deletion on Account of Consolidation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2013	As On March 31, 2013	As On March 31, 2012
Land - Freehold	4381.82	-	101.97	-	-	26.82	4456.97	-	-	-	-	-	-	-	4456.97	4381.82
Land - Leasehold	97.52	-	-	-	-	7.96	89.57	-	-	-	-	-	-	-	89.57	97.52
Buildings - Factory	23220.86	-	520.06	-	-	-	23740.92	2568.81	-	771.84	-	-	-	3340.65	20400.27	20652.05
Buildings - Others	1214.24	-	-	-	-	95.59	1118.65	67.44	-	18.24	-	-	14.06	71.63	1047.02	1146.80
Plant & Machinery	62000.76	-	6317.48	-	-	412.08	67906.15	18341.30	-	4604.30	-	-	94.32	22851.28	45054.87	43659.46
Office Equipment	2312.85	-	139.93	-	-	419.52	2033.27	1210.71	-	204.25	-	-	363.29	1051.68	981.59	1102.14
Assets Under Finance Lease	-	-	86.48	-	-	-	86.48	-	-	8.66	-	-	-	8.66	77.82	-
Furniture & Fixtures	1343.89	-	104.42	-	-	229.24	1219.07	616.92	-	74.68	-	-	168.30	523.31	695.76	726.97
Vehicles	1336.25	-	33.42	-	-	54.47	1315.20	648.40	-	112.03	-	-	58.47	701.95	613.25	687.85
Technical Library	1.89	-	-	-	-	-	1.89	1.89	-	-	-	-	-	1.89	-	-
Sub Total (A)	95910.07	-	7303.76	-	-	1245.66	101968.17	23455.46	-	5794.01	-	-	698.43	28551.04	73417.13	72454.61
Share of Joint Venture (B)	503.44	-	9.72	-	-	-	513.16	47.35	-	29.43	-	-	-	76.78	436.38	456.09
Grand Total (A+B)	96413.51	-	7313.48	-	-	1245.66	102481.33	23502.81	-	5823.43	-	-	698.43	28627.82	73853.51	72910.69
Previous Year	80423.88	13095.70	20977.88	13095.70	19.17	4980.36	96402.23	21050.14	4511.06	5085.87	4511.06	15.68	2622.78	23497.55	72904.68	





### 11.1 HBL Power Systems Ltd

11.1.1 Breakup of adjustments/deletions in Gross and Depreciation blocks :

(₹ in Lakhs)

	Original Cost	Cumulative Depreciation	Written Down Value	Remarks
a) During the year, management has carried out a detailed physical verification of Office Equipment and Furniture & Fixtures which revealed differences. The value of such assets are	661.05	533.93	127.12	The written down value has been written off and shown as exceptional item.
b) Details of Vehicles sold	47.68	26.49	21.19	The Vehicles were sold at Rs. 22.25 lakhs and the resultant profit of Rs. 1.06 lakhs is shown under exceptional item.
c) Details of other assets sold	19.88	4.91	14.97	The assets were sold at Rs.13.07 lakhs and the resultant loss of Rs. 1.90 lakhs is shown under exceptional item.
d) Details of Land and Building along with Fixtures at Noida sold	137.69	21.05	116.64	The assets were sold at Rs.742.50 lakhs and the resultant profit of Rs.625.86 lakhs is shown under exceptional item
e) Excess depreciation provided in earlier years over and above the original cost was identified and reversed.	--	35.01	-	Adjustment shown in other expenses under prior period items.
f) Transfer from lease hold land to Deposits	3.00	--	-	
<b>Total</b>	869.30	621.39	279.92	

11.1.2 Gross block as on 31.03.2013 includes Factory Buildings amounting to ₹ 4096.34 Lakhs representing Assets Capitalised on the basis of Assets being Ready for use, but yet to be put to intended use.

### 11.2 Agile Electric Sub Assembly Pvt Ltd (Group)

11.2.1 Factory buildings have been constructed on land taken on lease for a period of five years from Madras Export Processing Zone (MEPZ) and monthly rental charges paid have been recognised as an expense in the statement of Profit and loss. The said lease has since been renewable for a further period of five years and further thereafter at the option of the Company on mutually agreed terms with MEPZ. In the event of the Company deciding to vacate the premises, the lessor (MEPZ) will compensate the Company, a mutually agreed consideration for the sale of factory building. Accordingly, depreciation has been provided at the rates prescribed in Schedule XIV of the Companies Act, 1956.

### 11.2.2 Impairment of fixed assets

The Company has reviewed the future cash flows on the basis of value in use of its assets and has satisfied that the estimated recoverable amount of fixed assets is more than the amount carried in the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.



### Note : 12 Intangible Assets (at Cost)

(₹ in Lakhs)

Description	Gross Block					Depreciation Block					Net Block			
	As On April 1, 2012	Additions on Account of Consolidation	Deletions on Account Consolidation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2013	As On April 1, 2012	On Account of Consolidation	For the Year	Deletion on Account of Consolidation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2013	As On March 31, 2012
<b>Intangible Assets</b>														
New Product Development Expenditure	2,638.79	-	5.15	-	-	2,643.94	951.47	-	441.48	-	-	-	1,392.96	1687.32
Intangible Asset Power Facility	-	-	96.16	-	-	96.16	-	-	4.81	-	-	-	4.81	-
Goodwill	8,930.50	-	89.01	-	-	9,019.50	-	-	25.00	-	-	-	25.00	8,930.50
Trade Marks and Other Business Intangibles	49.02	-	4.38	-	-	53.40	-	-	10.17	-	-	-	10.17	49.02
ERP Package	148.86	-	60.00	-	-	208.86	128.00	-	32.86	-	-	-	160.86	20.86
Technical know how	500.00	-	-	-	-	500.00	100.00	-	25.07	-	-	-	125.07	400.00
<b>Sub Total (A)</b>	<b>12,267.17</b>	<b>-</b>	<b>254.70</b>	<b>-</b>	<b>-</b>	<b>12,521.86</b>	<b>1,179.48</b>	<b>-</b>	<b>539.39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,718.86</b>	<b>11,087.69</b>
<b>Share of Joint Venture (B)</b>	<b>62.84</b>	<b>-</b>	<b>9.23</b>	<b>-</b>	<b>-</b>	<b>72.07</b>	<b>8.39</b>	<b>-</b>	<b>7.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.81</b>	<b>54.45</b>
<b>Grand Total (A+B)</b>	<b>12,330.01</b>	<b>-</b>	<b>263.93</b>	<b>-</b>	<b>-</b>	<b>12,593.93</b>	<b>1,187.87</b>	<b>-</b>	<b>546.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,734.67</b>	<b>11,142.14</b>

### Note : 13 Capital Work in Progress

Description	31 March 2013	31 March 2012
Machinery under Erection	2,274.70	2,022.94
Technical Know Fee/Software Development	1,845.81	1,619.58
Civil Works in Progress	248.25	267.52
Pre-operative Expenses pending to be capitalised	417.53	263.96
<b>Total</b>	<b>4,786.30</b>	<b>4,174.00</b>
Share of Joint Venture	84.76	324.76
<b>Grand Total</b>	<b>4,871.06</b>	<b>4,498.76</b>

### Note : 14 Intangible Assets Under Development

	Gross Block					Depreciation Block					Net Block			
Description	As On April 1, 2012	Additions on Account of Consolidation	Deletions on Account Consolidation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2013	As On April 1, 2012	On Account of Consolidation	For the Year	Deletion on Account of Consolidation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2013	As On March 31, 2012
Battery Products	1,599.97	-	-	-	70.56	1,529.41	-	-	-	-	-	-	1,529.41	1,599.97
Others	491.43	-	293.89	-	-	785.31	-	-	-	-	-	-	785.31	491.43
Sub Total	2,091.40	-	293.89	-	70.56	2,314.72	-	-	-	-	-	-	2,314.72	2,091.40

14.1 In respect of Battery Products, the company has completed all activities relating to development and is in the process of installing the mass production facilities and sales network, which are expected to be completed shortly. The Company has not incurred any additional cost, during the year, on such products. In respect of Other Products, development is in progress.


**Note : 15 Non-Current Investments (at Cost)**

(₹ in Lakhs)

No. of Equity Shares Held	Face Value	Details	31 March 2013		31 March 2012	
<b>i) Investment in Equity Investments</b>						
<b>a) Associate Company</b>						
41000	₹ 10	Naval Systems & Technologies Pvt Ltd				
(41000)	₹ 10	Cost of acquisition	<b>4.10</b>		4.10	
		Add / (Less) : Group Share of Profits/ (Losses) up to 31.03.2012	<b>119.48</b>	<b>123.58</b>	80.28	84.38
90000	₹ 10	Kairos Engineering Ltd.				
(90000)		Cost of acquisition	<b>9.00</b>		9.00	
		Add / (Less) : Group Share of Profits/ (Losses) up to 31.03.2012	<b>(9.00)</b>	-	(9.00)	-
<b>b) Other Companies (Quoted)</b>						
200	₹ 10	Indian Lead Ltd		<b>0.10</b>		0.10
(200)						
2060482	₹ 10	Sankhya Infotech Ltd		<b>721.81</b>		721.81
(840482)						
<b>(Un quoted)</b>						
2118649	₹ 10	Bosch Electrical Drives Pvt Ltd		<b>2,118.65</b>		2,118.65
(2118649)						
171216	₹ 10	Autotec Systems Pvt Ltd		-		300.34
(171216)						
		<b>Total</b>		<b>2,964.13</b>		3,225.28

15.1 All Investments are Trade and Un quoted (unless other wise stated) and are classified as permanent (Non Current). No provision is made for fall in the value of investment as the diminution is considered to be temporary.

Aggregate amount of Quoted investments

**721.91**

721.91

Aggregate Market Value of Quoted Investments

**Not Available**

Not Available

**Note : 16 Loans and Advances**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>Capital Advances</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	565.61	-	1,658.14	-
<b>(A)</b>	<b>565.61</b>	<b>-</b>	<b>1,658.14</b>	<b>-</b>
<b>Security Deposits</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	1,058.97	385.96	1,012.86	390.76
<b>(B)</b>	<b>1,058.97</b>	<b>385.96</b>	<b>1,012.86</b>	<b>390.76</b>
<b>Loans &amp; Advances to Related Parties</b>				
Unsecured, Considered Good	-	37.68	-	47.30
<b>(C)</b>	<b>-</b>	<b>37.68</b>	<b>-</b>	<b>47.30</b>
<b>Other Loans &amp; Advances</b>				
Loans and advances to Employees	7.14	75.09	10.48	81.52
Deposits/Balances with Excise/Sales Tax Authorities	-	586.34	-	1,019.44
Advance for investment pending allotment	-	-	25.00	-
Advances for Purchases and Others	-	1,391.22	-	2,404.36
Interest Accrued But not Due on Deposits	-	335.09	-	390.46
Service Tax Input/Vat Receivables	-	511.69	-	373.21
Claims & Other Receivables	-	273.94	-	249.24
Other Advances	-	943.78	-	1,282.74
Income Tax Refunds Receivable	-	52.35	-	49.07
Preliminar Expenses	-	0.60	-	0.90
MAT Credit Entitlement	-	813.00	-	435.00
<b>(D)</b>	<b>7.14</b>	<b>4,983.11</b>	<b>35.48</b>	<b>6,285.94</b>
Advance Payment of Income Tax (including TDS)		3,386.71		2,068.99
Less : Provision for Income Tax/Wealth Tax		1,730.02		887.10
<b>(E)</b>		<b>1,656.68</b>		<b>1,181.88</b>
<b>Total (A+B+C+D+E)</b>	<b>1,631.72</b>	<b>7,063.44</b>	<b>2,706.48</b>	<b>7,905.88</b>
<b>Share of Joint Venture</b>		<b>156.53</b>		<b>112.34</b>
<b>Grand Total</b>	<b>1,631.72</b>	<b>7,219.97</b>	<b>2,706.48</b>	<b>8,018.22</b>

**16.1 Particulars of Loans and Advances due from Related Parties**

	31 March 2013	31 March 2012
Kairos Engineering Ltd (Associate Company)	34.78	43.78
Naval Systems & Technologies Pvt Ltd (Associate Company)	-	0.40
Sankhya Infotech Ltd.	2.90	2.90
Auto TEC Systems (P) Ltd.	-	0.22
	<b>37.68</b>	<b>47.30</b>

**16.2 Claims & Other Receivables**

During the previous year, due to heavy rainfall, there was a damage to one of the factory buildings and incidental damage to Plant & Machinery and stocks in process. The assets were insured under reinstatement value policy which was in force as on the date of incident. The total cost for repairing, rebuilding the factory shed/acquiring related machinery and damaged inventory is estimated at ₹ 264.00 Lakhs. The company is in the process of restoring the damaged assets and the cost incurred in this regard upto 31.03.2013 was ₹ 87.71 Lakhs, which is included in Claims & Other Receivables. The claim had been lodged and is under review by a Senior Insurance Surveyor.


**Note : 17 Current Assets**

(₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Inventories *</b>		
Raw Materials	25,536.44	18,592.87
Stores, Spares. Process Chemicals, Fuels & Packing Material	980.32	998.40
Stock -in-trade (in respect of goods acquired for trading)	985.42	1,047.59
Bonded Stocks	1,557.54	240.27
Consumable Tools	12.06	24.84
Work In Progress	13,143.24	8,384.64
Finished Goods	7,720.29	4,897.50
<b>Total</b>	<b>49,935.31</b>	<b>34,186.10</b>
<b>Share of Joint Venture</b>	<b>38.65</b>	<b>86.26</b>
<b>Grand Total</b>	<b>49,973.96</b>	<b>34,272.36</b>

\* Valuation of Inventories carried out as per Accounting Policy J of Note No. 1

**Note : 18 Trade Receivables**

	31 March 2013		31 March 2012	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	-	4,506.17	-	5,257.28
Provision for Doubtful Receivables	-	(20.53)	-	(14.40)
(A)	-	4,485.64	-	5,242.88
<b>Other Receivables</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	-	44,805.51	-	42,250.47
(B)	-	44,805.51	-	42,250.47
<b>Total (A+B)</b>	-	49,291.15	-	47,493.35
<b>Share of Joint Venture</b>	-	316.61	-	100.26
<b>Grand Total</b>	-	49,607.76	-	47,593.61

**Note : 19 Cash and Bank Balances**

	31 March 2013		31 March 2012	
	Long-Term	Short-Term	Long-Term	Short-Term
<b>Cash &amp; Cash Equivalents</b>				
Current Accounts	-	1,103.67	-	1,340.40
Cash on hand	-	342.38	-	121.39
Fixed Deposits with original maturity of less than three months	-	162.22	-	49.76
(A)	-	1,608.27	-	1,511.55
<b>Other Bank Balances</b>				
Fixed Deposits *	-	81.70	-	923.72
Margin Money Deposits **	-	2,810.29	-	3,605.91
No-Lien Account	-	604.22	-	694.29
Dividend Account	-	32.55	-	33.28
(B)	-	3,528.76	-	5,257.20
<b>Total (A+B)</b>	-	5,137.03	-	6,768.75
<b>Share of Joint Venture</b>	-	142.23	-	255.46
<b>Grand Total</b>	-	5,279.26	-	7,024.20

\* Includes ₹ 27.32 Lakhs (Previous year: ₹ 573.69 Lakhs) with original maturity for more than 12 months

\*\* Includes ₹ 1233.47 Lakhs (Previous year : ₹ 2591.48 Lakhs ) with original maturity for more than 12 months

## Notes Forming Part of Consolidated Statement of Profit & Loss

### Note : 20 Revenue from Operations

(₹ in Lakhs)

	31 March 2013	31 March 2012
<b>Revenue from Operations</b>		
Sales of Products	<b>1,67,007.64</b>	1,54,567.16
Traded Goods	<b>4,472.97</b>	2,320.31
Sales of Services	<b>6,435.40</b>	5,672.56
<b>Other Operating Revenue</b>		
Scrap Sales	<b>909.51</b>	989.93
	<b>1,78,825.53</b>	1,63,549.96
<b>Share of Joint Venture</b>	<b>657.15</b>	616.10
<b>Grand Total</b>	<b>1,79,482.68</b>	1,64,166.05
Less : Excise Duty	<b>8,449.92</b>	7,724.41
	<b>1,71,032.76</b>	1,56,441.64

### Note : 21 Other Income

	31 March 2013	31 March 2012
Interest earned on Deposits with Banks	<b>342.10</b>	358.86
Other Interest	<b>2.03</b>	39.23
Interest on ICD	-	133.98
Interest on IT Refunds	<b>3.43</b>	14.22
Foreign Exchange Variation	<b>180.22</b>	493.25
Rent Received	-	13.88
Bad Debts Written off recovered	<b>34.46</b>	4.16
Commission Received	-	45.00
Excess Provisions / Old Credit Balances no longer required written back	<b>73.04</b>	173.87
Sales Tax Refund Received	<b>38.20</b>	-
Miscellaneous Income	<b>111.32</b>	66.44
Duty Drawback Received	<b>2.41</b>	12.52
<b>Total</b>	<b>787.21</b>	1,355.41
<b>Share of Joint Venture</b>	-	0.06
<b>Grand Total</b>	<b>787.21</b>	1,355.46

### Note : 22 Cost of Material Consumed

	31 March 2013		31 March 2012	
<b>Materials Consumed</b>				
Opening Stock	<b>18,592.87</b>		16,202.66	
Purchases, Material, Components & Consumables	<b>1,07,446.71</b>		93,053.76	
	<b>1,26,039.58</b>		1,09,256.42	
Less : Closing Stock	<b>25,536.44</b>	<b>1,00,503.14</b>	18,592.87	90,663.55
Less : Internal capitalisation		<b>61.41</b>		295.10
<b>Cost of Material Consumed</b>		<b>1,00,441.73</b>		90,368.46
<b>Share of Joint Venture</b>		<b>506.04</b>		638.17
<b>Grand Total</b>		<b>1,00,947.77</b>		91,006.62


**Note : 23 (Increase) / Decrease in Inventory**

(₹ in Lakhs)

	31 March 2013		31 March 2012	
ii) Closing Stocks				
a) Traded Goods	985.42		1047.59	
b) Finished Goods	7,720.29		4897.50	
c) Semi Finished Goods	13,143.24	21,848.95	8384.64	14,329.72
i) Opening Stocks				
a) Traded Goods	1,047.59		297.57	
b) Finished Goods	4,897.50		5309.00	
c) Semi Finished Goods	8,384.64	14,329.72	7818.26	13,424.83
(A + B+C)		(7,519.23)		(904.89)
Share of Joint Venture		53.36		(53.71)
Grand Total		(7,465.87)		(958.60)

**Note : 24 Employees Cost**

	31 March 2013		31 March 2012	
Salaries, Wages & Bonus	13,718.08		11,812.40	
Contribution to Provident Fund & Other Funds	865.00		872.87	
Gratuity	129.68		144.99	
Employees Stock Option Scheme	6.55		121.55	
Staff Welfare Expenses	1,536.42		1,421.90	
Recruitment & Training	276.20		32.54	
		16,531.92		14,406.25
<b>Remuneration to Directors:</b>				
Salaries & Allowances	104.24		90.24	
Commission on Profits	56.16		65.44	
Contribution to Provident Fund	5.76		5.76	
Other Perquisites	-	166.16	-	161.44
<b>Total</b>		16,698.08		14,567.69
Share of Joint Venture		80.14		137.51
Grand Total		16,778.22		14,705.20

**Note : 25 Finance Cost**

	31 March 2013	31 March 2012
Interest on Term Loans	5,933.32	7,140.82
Interest on Bank Borrowings	4,661.60	3,898.35
Interest on Housing Loans	-	4.95
Interest on Vehicle Loans	19.19	26.18
Interest on Equipment Loans	52.29	70.19
Interest to Other Loans	11.00	193.87
Interest on Unsecured Loans	340.65	82.83
Interest on Loan Against TDR's	35.82	54.00
Interest - Others	814.75	
Bank Charges	714.03	924.95
BG Charges	90.92	95.67
LC Charges	267.38	238.63
	12,940.95	12,730.43
Less: Capitalised and transferred to Pre Operative Expenses	325.98	1,079.75
<b>Total</b>	12,614.97	11,650.69
Share of Joint Venture	0.96	0.05
Grand Total	12,615.93	11,650.73

**Note : 26 Depreciation and Amortization expense**

(₹ in Lakhs)

	31 March 2013	31 March 2012
Depreciation of Tangible Assets	5,778.74	5,065.51
Amortisation of Intangible Assets	539.38	314.18
Obsolescence	-	30.93
<b>Total</b>	<b>6,318.12</b>	5,410.62
<b>Share of Joint Venture</b>	<b>37.96</b>	32.50
<b>Grand Total</b>	<b>6,356.08</b>	5,443.12

**Note : 27 Other Expenses**

	31 March 2013		31 March 2012	
<b>Manufacturing/Service Cost</b>				
Stores & Spares Consumption	4,775.90		4,067.21	
Factory Rent	26.63		34.34	
Equipment Lease Rent	0.09		0.61	
Consumable Tools Charged Off	18.28		20.22	
Job Work Charges Paid (Piece Rate Contract)	4,974.52		3,665.28	
Testing Charges	129.04		129.05	
Power and Fuel	8,941.92		5,977.12	
Installation Charges Paid	218.12		77.28	
Televan Hire Charges	480.97	19,565.46	572.16	14,543.28
<b>Administrative Cost</b>				
Rent	547.26		449.50	
Rates & Taxes	254.19		256.72	
Licence Fees	28.01		56.49	
Sales Tax on Works Contracts	89.21		114.84	
Excise Duty on Stock Transfers to Branches	457.55		355.66	
Excise duty paid on Samples & Replacements	234.11		100.00	
Excise duty on Closing Stocks of Finished Goods	151.67		104.60	
Insurance	220.06		180.42	
Professional & Consultancy Charges	610.69		731.01	
Security Expenses	551.63		454.19	
Building & Garden Maintenance	282.50		326.23	
Office & Office Equipment Maintenance	277.76		240.52	
Vehicle Maintenance	221.07		231.85	
Maintenance - Others	325.70		601.21	
Conveyance	904.40		886.56	
Travelling	1,441.22		1,199.76	
Printing & Stationery	264.06		275.89	
Postage, Telephones & Telex	477.49		476.72	
Books & Periodicals	82.15		80.26	
Sundry Expenses	653.24		238.18	
Directors Sitting Fees	0.88		1.24	
Payment to Auditors	46.61		16.76	



(₹ in Lakhs)

	31 March 2013		31 March 2012	
Audit Expenses	9.43		0.76	
Internal Audit Expenses	1.62		0.14	
Debit Balances written off	16.03		24.19	
Donations	6.10		3.99	
Loss on Assets Sold	5.26		6.54	
Deposits Written Off	13.38	8,173.25	1.20	7,415.43
<b>Selling Cost</b>				
Freight Outward	2,883.78		2,760.75	
Freight and Insurance on exports	467.59		415.13	
Export Expenses	577.90		683.06	
Liquidated Damages	0.46		19.05	
Commission On Sales	94.82		66.90	
Commission On Export Sales	202.64		281.50	
Discount to Dealers	37.91		78.75	
Advertisement	49.81		28.37	
Business Promotion	72.48		139.19	
Membership & Subscription	6.57		10.99	
Transit Insurance	36.34		32.10	
Royalties On Sales	68.73		42.94	
Bad debts written off	894.93		393.20	
Provision for bad debts	15.04		-	
Provision for Waranties	47.63		(52.18)	
Selling and Forwarding Expenses	474.77		-	
Quality Cost	315.17		-	
Other Selling Expenses	114.01		135.39	
Capital Issue Expenses	0.30		0.30	
Prior Period Expenditure	67.43	6,428.32	21.22	5,056.68
<b>Total</b>		<b>34,167.03</b>		27,015.39
<b>Share of Joint Venture</b>		<b>109.25</b>		89.74
<b>Grand Total</b>		<b>34,276.28</b>		27,105.13

**Note : 28 Exceptional {Income}/Expenses**

	31 March 2013	31 March 2012
Assets written off	127.12	748.84
Profit on Sale of Investments	(140.00)	(12.82)
Profit on sale of assets	(628.63)	(6.22)
Sales Tax Subsidy Received	(137.05)	-
	<b>(778.56)</b>	729.80

**Note : 29 Contingent Liabilities not provided for:**
**29.1 HBL Power Systems Ltd:**

All known and undisputed claims and liabilities where there is present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for.

**29.1.1 Contingent liabilities not provided for:**

(₹ in Lakhs)

Nature of Contingent Liability	As on 31 March 2013	As on 31 March 2012
a) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	<b>12,310.47</b>	13,958.17
b) Bills Discounted with Banks but not matured	<b>3,714.24</b>	4,061.26
c) Corporate Guarantee issued to ICICI Bank on behalf of Igarshi Motors India Ltd (a step down subsidiary of the company) for the loan facilities sanctioned to them.	<b>7,600.00</b>	7,600.00
d) Legal undertakings (LUTs) given to Custom's Authorities for clearing the imports at Nil / Concessional rate of duty pending fulfilment of export obligations, (net of the export obligations fulfilled of ₹ 9780.12 Lakhs (previous year ₹ 3509.74 Lakhs) for which the process of discharging the LUTs by the concerned authorities is at various stages).	<b>4,597.14</b>	4,586.53
e) Claims against the Company not acknowledged as debts towards :		
- Excise duty claim	<b>310.50</b>	286.13
- Sales Tax claim	<b>98.42</b>	61.45
- Custom duty claim	<b>33.85</b>	31.96
- Service Tax	<b>10.68</b>	-
- Property Tax claim of VSEZ unit	<b>27.64</b>	27.64
- Fuel surcharge adjustment (FSA) to the extent billed	<b>374.73</b>	357.48
- Enhancement of Land Cost by Haryana State Industrial & Infrastructure Development Corporation Ltd, Manesar	<b>108.82</b>	-
- Erstwhile promoters of SCIL Infracon Pvt Ltd	<b>188.31</b>	-
- Other claims	<b>17.67</b>	8.17
f) Income Tax Dispute for Asst.Year 2009-10	<b>65.08</b>	65.08

**29.1.2**

	31 March 2013	31 March 2012
Estimated amount of contracts remaining to be executed on Capital account and not provided for	<b>375.10</b>	1699.64

**29.1.3 Investments committed by the Company in the Equity of other Companies:**

	31 March 2013	31 March 2012
In M/s. SCIL Infracon Pvt Ltd. Against purchase of 10000 shares (net of Rs. 25.00 Lakhs contributed as on 31.03.2012)	-	135.00
In M/s. HBL Suntech,LLP against 60% Share in LLP (net of Rs. 18.30 Lakhs contributed as on 31-03-2013)	<b>101.70</b>	101.70

**29.2 AGILE Group:**

	31 March 2013	31 March 2012
a) Estimated amount of contracts remaining to be executed on capital account	<b>493.88</b>	287.87
b) Bills discounted	<b>1,201.54</b>	2,497.63
c) Income tax liability that may arise in respect of matters on appeal	<b>837.31</b>	101.64
d) ESI Demand on Dues for Trainees	<b>24.34</b>	24.34

**29.3 SCIL Infracon Pvt. Ltd.**

	31 March 2013	31 March 2012
a) Bank guarantee issued to the Commission of Customs	<b>31.62</b>	31.62
b) Income Tax Dispute for Asst. year 2008-09	<b>0.34</b>	0.34



**Note : 30 Employee Stock Option Scheme ( Agile Group) :**

- a) The Company's subsidiary, Igarashi Motors India Limited ("IMIL") has obtained approval of share holders through postal ballot on January, 2011 for grant of 12,50,000 options under the Employees Stock Option Plan, 2006 to its employees and Directors. The options have a vesting period of one year from the date of grant of the option. The exercise period is five years from the date of grant of option.
- b) The grant of options to the employees under the employee stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of one year, subject to the discretion of the management and fulfillment of certain conditions.
- c) The details of grants under the aforesaid schemes are summarised below : (₹ in Lakhs)

S. No.	Particulars	ESOP, 2006 2012-13	ESOP, 2006 2011-12
1	Grant Price – Rupees	<b>40.15</b>	40.15
2	Grant date	<b>27-Aug-10</b>	27-Aug-10
3	Vesting date	<b>27-Aug-11</b>	27-Aug-11
4	Option granted and outstanding at the beginning of the year	<b>9,65,700</b>	7,50,000
5	Options lapsed / withdrawn during the year	--	--
6	Options granted during the year	--	2,35,700
7	Options exercised during the year	<b>25,000</b>	25,000
8	Options granted and outstanding at the end of the year of which –	<b>9,40,700</b>	9,65,700
	Option vested	<b>9,40,700</b>	7,30,000
	Option yet to vest	--	2,35,700

**Note : 31 Basis of preparation of CFS:**

The CFS are prepared in accordance with Accounting Standard (AS) – 21 "Consolidated Financial Statements", Accounting Standard (AS) – 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) – 27 "Financial Reporting of Interest in Joint Ventures", as specified in the Companies (Accounting Standards) Rules, 2006.

The Notes and Significant Accounting Policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies, which represent the required disclosure.

**Note : 32 Disclosures as required under AS-7 "Construction Contract" (HBL Power Systems Ltd)**

32.1 The Company recognised revenue based on Percentage completion method whereby stage of completion of a contract is determined with reference to the proportion that contract costs incurred (for work performed up to the reporting date) bear to the estimated total contract cost and wherever applicable after completion of inspection/certification of the work performed by the customers as stipulated in the contract.

32.2 In respect of Contracts where revenue is recognised

		<b>31 March 2013</b>	31 March 2012
i)	Amount of Contract revenue recognised in the period (included in Sales/ Services Note No.20)	<b>2,246.38</b>	441.20
ii)	Aggregate amount of costs incurred and recognised profits (less : recognised losses) up to the reporting date.	<b>2,687.58</b>	279.05
iii)	The Gross amount of advances received up to the reporting date	<b>1,162.95</b>	162.15
iv)	The amount of retentions	<b>40.00</b>	500.00
v)	The Gross amount due from customers for contract work as an asset (Amount billed less amount received and advance adjusted)	<b>784.49</b>	40.00
vi)	The Gross amount due to customers for contract work as a Liability (Advance received less adjusted against bills raised)	<b>727.09</b>	416.67

**Note : 33 Segment Report – Accounting Standard (AS)-17:**

(₹ in Lakhs)

	2012-13		2011-12	
<b>Segment Revenue</b>				
Batteries				
Exports	<b>23,746.38</b>		21,598.14	
Domestic sales	<b>80,315.30</b>	<b>104,061.68</b>	74,893.62	96,491.76
Sub Assembly		<b>17,012.53</b>		19,269.32
Parts		<b>4,545.58</b>		4,688.50
Motors		<b>29,065.30</b>		26,852.91
Unallocated				
Exports	<b>2,976.28</b>		1,655.16	
Domestic sales	<b>21,912.62</b>	<b>24,888.90</b>	1,7351.95	19,007.11
Total		<b>179,573.99</b>		16,6309.60
Less : Inter-segment Revenue		<b>8,541.23</b>		9867.96
		<b>171,032.76</b>		156,441.64
<b>Segment Result</b>				
Batteries		<b>13,353.16</b>		15,161.59
Sub Assembly		<b>3,673.52</b>		2,083.25
Parts		<b>(12,99.37)</b>		433.03
Motors		<b>6,741.08</b>		3,110.27
Unallocated		<b>1,843.82</b>		1,220.38
Total		<b>24,312.21</b>		22,008.52
Less : Interest		<b>12,566.52</b>		11,586.16
Unallocable expenditure net of unallocable income		<b>6,209.08</b>		5,284.09
Net Profit before taxes		<b>5,536.61</b>		5,138.27
<b>Segment Assets</b>				
Batteries		<b>116,554.71</b>		101,630.87
Sub Assembly		<b>12,534.28</b>		11,267.80
Parts		<b>4,189.27</b>		3,731.87
Motors		<b>21,810.70</b>		18,252.74
Unallocated		<b>53,486.40</b>		58,599.86
Total Assets		<b>208,575.36</b>		193,483.14
<b>Segment Liabilities</b>				
Batteries		<b>29,767.59</b>		25,024.37
Sub Assembly		<b>1,759.33</b>		6,833.80
Parts		<b>922.62</b>		804.92
Motors		<b>4,786.53</b>		4,246.85
Unallocated (includes Term Loans, Bank Loans, Hire Purchase Loans)		<b>116,933.99</b>		103,916.32
Total Liabilities		<b>154,170.06</b>		140,826.26
<b>Segment Capital expenditure during the year</b>				
Batteries		<b>1,820.56</b>		4,786.41
Sub Assembly		<b>931.36</b>		561.47
Parts		<b>230.78</b>		103.99
Motors		<b>2,490.42</b>		3,593.16
Unallocated		<b>2,623.20</b>		4,944.13
Total		<b>8,096.32</b>		13,989.16



(₹ in Lakhs)

	2012-13		2011-12	
<b>Segment Depreciation (Including Amortisation of Intangible Assets)</b>				
Batteries		<b>2,887.86</b>		2870.94
Sub Assembly		<b>439.01</b>		270.31
Parts		<b>316.29</b>		271.81
Motors		<b>1,325.87</b>		1118.14
Unallocated		<b>1,387.05</b>		911.92
Total		<b>6356.08</b>		5443.12

**Notes:**

- (a) The group's operations include Batteries of different types, Sub Assembly, Parts etc. The Consolidated Statement Report is based on the information furnished in the separate financial statements of the group companies. Other items are included in 'Unallocated' segment.
- (b) Inter segment revenue is measured at the market prices at which the products are sold to external Customers

**Note : 34 Related party Disclosure: (As per Accounting Standard (AS)-18)**

- 1 Holding Company : Beaver Engineering & Holdings Ltd.
- 2 Investors of Subsidiaries : Shakthi Concrete Industries Ltd
- 3 Controlled Companies : Kairos Engineering Limited, Hyderabad
- 4 Associates / Directors Interested Companies : Naval Systems & Technologies India Pvt Ltd  
Guided Missile Engineering India Pvt Ltd  
Sankhya Infotech Ltd
- 5 Designated Partner of LLP interested Companies : Secure Power India Pvt Ltd  
Pushti Products
- 6 Key Management Personnel : Dr A J Prasad Chairman & Managing Director  
M S S Srinath Whole Time Director  
Kavita Prasad Whole Time Director  
Ashok Nagarkatti  
P Mukund Significant Shareholder  
K Gyan Sagar Director  
Deepa Shashidhar Kuckian-Designated Partner/CEO

Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2013

Sl. No	Name	Nature of Transaction	During the year Debit / (Credit)	As on 31-03-2013		
				Investments	Amount Receivable	Amount Payable
1	Holding Company	Funds Borrowed	(12,000.00)			12,000.00
		Interest Paid	52.19			0.30
		Sale of Goods	(968.76)			
		Purchase of Goods	45.66			52.28
2	Investors of Subsidiaries	Funds Borrowed			193.43	
3	Controlled Companies	Investment in Shares		9.00		
		Rent Received			1.88	
		Services Received			34.78	
4	Associates Companies/ Directors Interested Companies	Investment in Shares		725.91		
		Advance for Sale of Goods			2.9	
		Services Received	(3.56)		4.00	
5	Designated Partner of LLP Interested Companies	Intangible Assets				170.00
6	Key Management Personnel	Funds Borrowed	(641.00)			846.00
		Remuneration	261.60			
		Rent	5.28			
		Interest Paid	83.04			24.40

**Note : 35 Disclosure of leases pursuant to Accounting Standard (AS) 19 "Leases"**

**a) HBL Power Systems Ltd**

(₹ in Lakhs)

	2012-13	2011-12
<b>Finance Leases</b>		
Amount of Finance Lease	<b>86.48</b>	-
Less : Lease amount repaid during the period	<b>8.77</b>	-
Amount outstanding at the end of the period	<b>77.71</b>	-
Amount payable not Later than one year	<b>14.51</b>	-
Amount payable later than one year and not later than five years	<b>63.20</b>	-
<b>Operating Leases:</b>		
Future lease Rents Payable:		
Not Later than one year.	<b>Nil</b>	
Later than one year and not later than five years.	<b>Nil</b>	
Later than five years	<b>Nil</b>	

Operating Lease Rents for the year recognised in the Statement of Profit & Loss (under Maintenance-Office Equipment) ₹11.73 Lakhs



**b) Agile Group**

**Finance Leases**

- i) The Company has acquired certain plant and equipment on finance lease. The lease has a primary period of five years which is fixed and non-cancellable. There are no exceptional / restrictive covenants in the lease agreement.
- ii) The minimum lease rentals and the present value of minimum lease payments as at 31.03.2013 in respect of assets acquired under finance lease is as follows:

Sl. No.	Particulars	Minimum Lease payments		Present value of Minimum Lease payments	
		As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
1	Payable not later than 1 year	138.17	138.17	99.46	90.77
2	Payable later than 1 year and not later than five years	416.54	554.71	367.16	466.62
3	Payable later than five years	-	-	-	-
	<b>Total</b>	<b>554.71</b>	<b>692.88</b>	466.62	557.39
	Less: Future finance charges	88.09	135.49		
	<b>Present Value of Minimum Lease payable</b>	<b>466.62</b>	<b>557.39</b>		

**Operating Lease:**

The Company has taken certain premises and cars on cancellable operating lease. These lease agreements are normally renewed on expiry. Amount paid toward these leases are included in selling, administration and other expenses. There are no exceptional / restrictive covenants in the lease agreements. Lease rentals charged to the Statement of Profit and Loss for the year is Rs. 15,926,091/- (Previous year Rs.15,979,317/-). Contingent rent recognised for the year Rs. Nil.

**Note : 36 Disclosure as per AS-20 "Earnings per share";**

Computation of EPS (Basic & Diluted)

(₹ in Lakhs)

	<b>2012-13</b>	2011-12
Profit for the Year (Rs.)	<b>2,343.66</b>	1,853.81
No. of Shares (Basic)	<b>25,30,00,000</b>	25,30,00,000
No. of Shares (Diluted)	<b>25,30,00,000</b>	25,30,00,000
EPS (Basic)	<b>0.93</b>	0.73
EPS (Diluted)	<b>0.93</b>	0.73

**Note : 37 Disclosure as per AS-22 "Accounting for Taxes on Income";**

Major components of deferred tax assets and liabilities arising on account of timing differences are:

Deferred Tax	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
1. Depreciation		<b>4,743.66</b>		3,973.52
2. Warranties	<b>179.53</b>		164.08	
3. Others	<b>71.90</b>		89.69	
<b>Total</b>	<b>251.43</b>	<b>4,743.66</b>	253.77	3,973.52

**Note : 38 Disclosures under Accounting Standards (AS)21, 23 and 27 :**

38.1 The CFS comprises the financial statements of the Parent Company (HBL Power Systems Ltd), its subsidiaries including step down subsidiaries (subsidiaries of subsidiary company), Joint Venture Company and Associate Companies, the details of which are as under:

- a) **HBL Power Systems Limited, Hyderabad - Parent/Holding Company**
- b) **Subsidiary Companies of HBL Power Systems Ltd**

Name of the Company	Country of Operation	% of interest of Holding Company on 31.03.2013
(i) Agile Electric Sub Assembly Pvt Ltd	India	61.57%
(ii) HBL Germany, GmbH	Germany	100.00%
(iii) HBL America, Inc	USA	100.00%
(iv) SCIL Infra Con (P) Ltd	India	100.00%
(v) HBL Suntech LLP	India	60.00%

**c) Subsidiaries of Subsidiary Company (Step down subsidiaries):**

M/s. Agile Electric Sub Assembly Pvt Ltd., (Subsidiary of M/s. HBL Power Systems Ltd) has two subsidiaries on 31.03.2013

Name of the Company	Country of Operation	% of interest held by it
(i) Igarashi Motors India Ltd	India	62.88%
(ii) Igarashi Motor Sales (P) Ltd	India	60.00%

**d) Joint Venture Company of HBL Power Systems Ltd:**

Name of the Company	Country of Operation	% of interest held by it
(i) Gulf Battery Company Ltd	Kingdom of Saudi Arabia	40.00%

**e) Associates of HBL Power Systems Ltd:**

Name of the Company	Country of Operation	% of interest held by it
(i) Kairos Engineering Limited	India	23.00%
(ii) Naval Systems & Technologies (P) Ltd.	India	41.00%

'Agile' Group referred to in CFS consists of M/s. Agile Electric Sub Assembly Pvt Ltd and its two subsidiaries, referred to in Note 38.1 (b)(i) and 38.1(c) above.

**38.2 The CFS of the Group have been prepared and presented based on the financial statements as on 31.03.2013, the status of which is as under:**

a) Holding Company (HBL Power Systems Ltd)	On the basis of Audited Financial Statements on 31.03.2013
b) Agile Electric Sub Assembly Pvt Ltd and two of its Subsidiaries	On the basis of CFS of this group prepared as on 31.03.2013 and certified by their Statutory Auditors (referred to as Mini Consolidation)
c) HBL Germany, GmbH	On the basis of audited financial statements as on 31.03.2013 certified by their Statutory Auditors.
d) HBL America, Inc	On the basis of audited financial statements as on 31.03.2013 certified by their Statutory Auditors.
e) SCIL Infracon (P) Ltd	On the basis of audited statements on 31.03.2013 certified by their Statutory Auditors.
f) HBL Suntech LLP	On the basis of audited statements on 31.03.2013 certified by their Statutory Auditors.
g) Gulf Battery Company Ltd. (Kingdom of Saudi Arabia)	The JV follows the Calendar Year as their Accounting Year and Audited statements are available upto 31.12.2012. Based on such statements, financial statements as on 31.03.2013 (un-audited) have been prepared by the JV and are considered for inclusion in CFS under proportionate consolidation method.



h) Other Associate Companies: Naval Systems & Technologies (P) Ltd	HBL Power Systems Ltd has invested Rs.4.10 lakhs (41% share) . Following 'equity method', the value of the investment is restated based on the Audited statements as on 31.03.2013.
i) Kairos Engineering Ltd.	On the basis of Audited statements as on 31.03.2012 . Further the investment in this Associate Company by HBL Power Systems Ltd is only Rs.9.00 lakhs (a share of 23%) and net worth of the Company is negative on 31.03.2012. Following 'equity method', the investment is shown at Nil value in CFS.

### 38.3 Disclosure as per Accounting Standard (AS) 21:

The CFS have been prepared based on separate financial statements as reported in paragraph 33.2 above and substantially following uniform accounting policies. Deviations observed are as under: (Disclosure as per Accounting Standard (AS)-21)

Parent's Accounting Policy	Subsidiary's Accounting Policy
a) Product Development expenses are amortised over a period of 60 months from month of commencement of commercial production.	Such expenses are amortized over a period of 60 months from the date of commencement of commercial production.
b) Software expenditure capitalized is depreciated applying the rate of depreciation for computers as per schedule XIV of the Act.	Specialised Software is treated as Intangible Assets and amortised over a period of 5 years.
c) Depreciation on Assets is accounted on SLM basis as per Accounting Policy Note 1( c ) (a)	Depreciation on Assets is accounted on SLM over their expected useful lives.1( C)(b). In SCIL Infracon Pvt Ltd, depreciation for the year on Tangible and Intangible assets is provided only for the period for which they are put to use.

The impact of above deviation on CFS is not likely to be material considering value of such assets as at the Balance Sheet date.

**38.4** Disclosure as required by the General Circular No. 2/2011 dated 8th February, 2011 issued by the Government of India, Ministry of Company Affairs as directions under Section 212(8) of the Companies Act, 1956 relating to Subsidiaries including step down subsidiaries. The particulars on 31.03.2013 are given in the annexed statement.

### Note : 39 Disclosure as per AS-29 Provisions, Contingent Liabilities, Contingent Assets;

#### Provision for Warranty (HBL Power Systems Ltd) :

(₹ in Lakhs)

	31 March 2013		31 March 2012	
Provision at the beginning of the year		505.73		557.91
Provision required for the year	438.12		374.13	
Provision reversed from the opening Balance(after warranty period)	390.48		426.31	
Charge for the year		47.64		(52.18)
Carrying amount		553.37		505.73

It is expected that these costs will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc is charged to revenue under respective heads of expenditure.

**Note : 40**

Reserves and Surplus shown in the CFS include Group's share in the respective reserves of Subsidiaries, Joint Venture and Associates Companies. Reserves attributable to minority share holders is reported as part of Minority Interest in the Consolidated Balance sheet. Retained earnings represents Group's share in General Reserve and Profit and Loss account.

**Note : 41 Event occurring after the date of Balance Sheet**

The Board of Directors of the Company, vide Resolution dated 17th July 2013, had given their approval to disinvest its entire stake in Agile Electric Sub Assembly Pvt. Ltd., a subsidiary of the Company, subject to fulfillment of certain related conditions agreed to between the parties, before effecting actual transfer of shares in Agile Electric Sub Assembly Pvt Ltd. pursuant to an agreement signed on 17th July, 2013.

**Note : 42**

The previous year figures have been regrouped wherever necessary

As Per Our Report of even date annexed

**for M/s Satyanarayana & Co.**

Chartered Accountants

FRN No. 03680S

**for M/s Rao & Kumar**

Chartered Accountants

FRN No. 03089S

On Behalf of the Board

**Ch Seshagiri Rao**

Partner

M.No: 18523

**S S Bharadwaj**

Partner

M.No: 26113

**Dr A J Prasad**

Chairman & Managing Director

**M Kavita Prasad**

Director

Place : Hyderabad

Date : 14th August, 2013

Place : Hyderabad

Date : 14th August, 2013

Place : Hyderabad

Date : 14th August, 2013

**M V S S Kumar**

Company Secretary



(₹ in Lakhs)

Sl. No.	Name of Subsidiary Company / Step down Subsidiaries	1 Capital	2 Reserves	3 Total Liabilities	4 (1+2+3) Total	5 Total Assets (excluding investments)	6 Details of Investments (Other than in subsidiary) Included in Assets	7 (5+6) Total	8 Turnover	9 PBT	10 Provision for Tax & Def. Tax	11 PAT	12 Dividend proposed
1)	Agile Electric Sub Assembly (P) Ltd (Subsidiary of HBL Power Systems Ltd)	4691.24	7176.68	22058.26	33926.18	24851.90	-	24851.90 *	26408.35	1065.40	453.50	611.90	-
2)	Igarshi Motors India Ltd (Subsidiary of subsidiary)	2041.95	10231.83	14775.03	27048.81	24187.15	2118.65	26305.80**	29077.97	2935.80	800.24	2135.56	-
3)	Igarshi Motor Sales (P) Ltd. (Subsidiary of subsidiary)	75.00	87.24	10.87	173.11	173.11	-	173.11	41.67	25.18	8.01	17.17	-
4)	SCIL Infra Con (P) Ltd (Subsidiary Company)	1000.00	(205.15)	969.08	1763.93	1763.93	-	1763.93	330.55	(96.33)	32.75	(129.08)	-
5)	HBL Germany, GmbH (WOS of HBL Power Systems Ltd)	14.92	58.04	3,831.68	3904.64	3904.64	-	3904.64	9526.36	112.38	26.06	86.32	-
6)	HBL Suntech LLP (Subsidiary Company)	18.30	(96.44)	994.76	916.62	916.62	-	916.62	2594.65	(83.25)	-	(83.25)	-
7)	HBL America (Subsidiary Company)	223.99	(375.50)	591.50	439.99	439.99	-	439.99	886.27	(235.07)	-	(235.07)	-

Notes: (1) Exchange Rates on 31.03.2013

Euros (HBL Germany)	Rs.69.61/ per Euro		
USD (HBL America)	Rs.54.29 / per USD		
Total Assets	33926.18 *	27048.81**	
Less : Investments in Subsidiaries	9074.27	743.00	
Total Assets (excluding investments)	24851.91	26305.81	

**ATTENDANCE SLIP****HBL Power Systems Limited**

Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500 034

**Twenty Seventh Annual General Meeting on Saturday, September 28, 2013**

DP. Id*		Name & address of the registered shareholder
Client Id*		
Regd. Folio No.		

*\*Applicable for shareholding in electronic form.*

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 27th Annual General Meeting of the Company held on Saturday, September 28, 2013 at 4.00 p.m. at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004.

\_\_\_\_\_  
Signature of the Member/Proxy

**NOTE:** Please fill this attendance slip and handover at the entrance of the meeting hall. No Attendance Slip will be issued at the venue of the meeting.

**FORM OF PROXY****HBL Power Systems Limited**

Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500 034

**Twenty Seventh Annual General Meeting on Saturday, September 28, 2013**

I/We ..... of ..... being a member / members of HBL Power Systems Limited, hereby appoint ..... of ..... or failing him ..... of ..... as my/our Proxy to vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on Saturday, September 28, 2013 and at any adjournment thereof.

DP. Id*	
Client Id*	
Regd. Folio No.	
No. of Shares	

Affix Re.1/-  
Revenue  
Stamp

Name :

Address:

*\*Applicable for shareholding in electronic form.*

Signature:\_\_\_\_\_

Note: This form in order to be effective should be duly completed in all respects and must be deposited at the Registered Office or Secretarial Office of the Company not less than 48 hours before the meeting.

**BOOK- POST**



**HBL Power Systems Limited**

Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015

Phone : 040-27791641, Fax : 040-27795419

E-mail : [contact@hbl.in](mailto:contact@hbl.in), [investor@hbl.in](mailto:investor@hbl.in)

## FORM B

(Pursuant clause 31(a) of the listing agreement)  
Format of covering letter of the annual report to be filed with the Stock exchanges)

Name of the Company	HBL Power Systems Limited
Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2013
Type of Audit qualification	<p><b>Qualified</b></p> <p><i>Reference is drawn to Note No.30. The year end balances appearing under the heads referred to therein are subject to confirmation/ reconciliation and consequential adjustments, the impact of which is not quantifiable by us.</i></p> <p><i>Reference is drawn to Note No.8.1 regarding disclosure made under section 22 of the MSMED Act, 2006 which is as compiled by the management. Further, the company has neither paid nor provided the applicable interest on such dues from the date the MSMED Act came into force and the amount of which is not ascertained.</i></p> <p><i>Reference is drawn to Note No. 31.9. The Company has not complied with the requirement of disclosures to be made in terms of the Accounting Standard - AS-27 in respect of Company's interest in Assets, Liabilities, Income and Expenditure in the Joint Venture Company.</i></p>
Frequency of the qualification	Repetitive
Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p><i>Reference is drawn to Note No.30 – Page No. 50 of the Annual Report</i></p> <p><b>Management Response:</b> The Company has a practice of sending confirmatory letters every year to all parties. The company has circulated confirmatory letters to various parties during the year. Some of them have not responded in time. Such letter says that the balance is deemed accepted or confirmed if no reply was received in stipulated time.</p> <p><i>Reference is drawn to Note No.8.1 - Page No. 37 of the Annual Report</i></p> <p><b>Management Response:</b> Some of the vendors who come under the MSMED Act 2006 have been associated with the company for a long time and have a continuous business relationship. The company is usually prompt in servicing these vendors as per mutually agreed payment terms. In view of such longstanding relationship, no claims were received by Company. Interest payment if any will be treated on cash basis. We believe there will not be any impact of this non-provision.</p>

	Reference is drawn to Note No. 31.9 - Page No. 56 of the Annual Report  <b>Management Response:</b> The JV Company has since given audited balance sheet for the year ended 31 December 2012 (which is financial year of the company in that country) and un-audited financial reports for quarter ended 31 March 2013. These reports have been used to prepare Consolidated Financial Statements.
Additional comments from the board / audit committee chair:	NIL

signed by

Chairman & Managing Director

For HBL Power Systems Limited

*A. J. Prasad*

Dr. A J Prasad  
Chairman & Managing Director



Vice-President (Finance)

For HBL Power Systems Limited

*K. Mahidhar*

K. Mahidhar  
Vice-President (Finance)



Auditor of the company

For Satyanarayana & Co.  
Chartered Accountants  
Firm's Registration Number  
03680S

*Ch. Seshagiri Rao*

Ch. Seshagiri Rao  
Partner  
Membership Number 18523



For Rao & Kumar  
Chartered Accountants  
Firm's Registration Number  
03089S

V.V. Ram Mohan  
Partner  
Membership Number 18788



Audit Committee Chairman

For HBL Power Systems Limited

*P. Ganapathi Rao*

P Ganapathi Rao  
Chairman (Audit Committee)

