

# TRANS FORMATION

**HBL<sup>®</sup>**

**HBL Power Systems Limited**  
Annual Report 2015-16

# "CHANGE BEFORE YOU HAVE TO."

*Jack Welch*

## Forward-looking statements

This document contains statements about expected future events and financial and operating results of HBL Power Systems Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the HBL Power Systems Limited annual report 2015-16.

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The competitiveness index of an organisation is shaped by its ability to respond to the dynamic business environment; to remain relevant despite fast changing needs and solutions and to sustain profitability despite economic headwinds

At HBL, despite being in niche spaces, possessing cutting-edge technology and having pioneered unique products, our sales and profitability under-performed potential.

We needed to change. To be relevant.  
To be sustainable.

Thus began our transformation journey.

We are changing our opportunity identification policy; restructuring the organisation; reinforcing infrastructure; altering shop-floor practices; adding new product verticals; focusing on continuous improvements and strengthening product out-reach strategies. We are recalibrating our performance analysis.

In short, we are changing the way we look at business – from a simple product and solution development focus to a profitable growth perspective.

All driven by the objective to double revenues in five years and grow profits even faster.

# HBL Power Systems Limited

*Research-led*

*Technology driven*

*Develops batteries  
and electronics for  
demanding customers*

*Customers that  
represent national  
lifelines*

*What is good for HBL is  
good for India*



### **Positioning**

HBL Power Systems Limited is best described as a research-based manufacturing company.

### **Location**

Headquartered in Hyderabad (India), HBL has five fully integrated manufacturing units with 2,24,900 sq. mtrs built-up area

### **Portfolio**

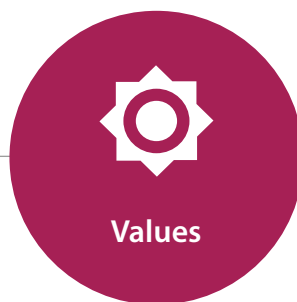
The Company's first product was aircraft batteries and now offers the country's widest range of batteries with diverse specialised applications. HBL has extended into new businesses like railway electronics, defence electronics, power electronics and other engineered products.



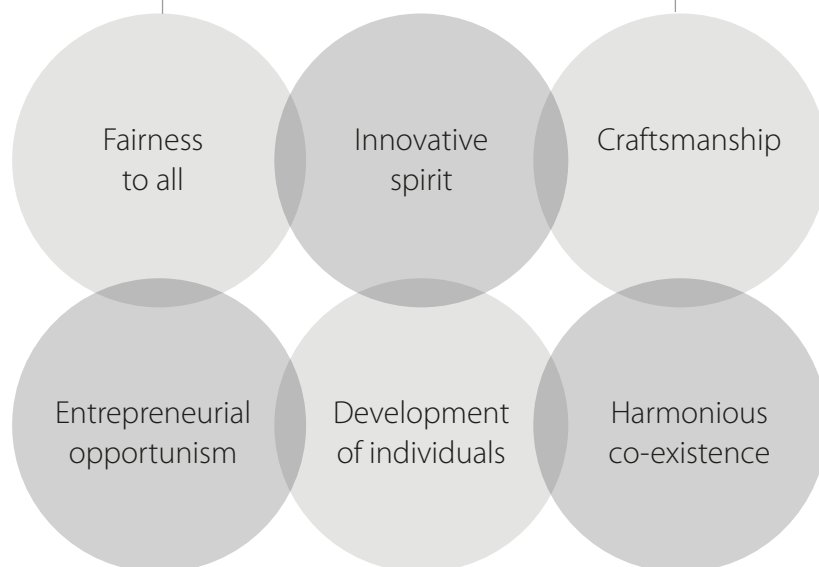
## Vision

To organise India's engineering talent into a globally competitive business whether in manufacturing or services.

Our choice is to be in businesses with technological challenges / engineering intensity.



## Values



## Distinctiveness

- World's second largest manufacturer of Ni-Cd batteries
- India's second largest supplier of telecom batteries
- Only Indian company to possess Pure Lead Tin (PLT) battery technology
- Major Indian company to be approved for supply of batteries for varied defence applications
- Supplier of batteries for aviation applications – fighter and civil aircraft, helicopters and UAV applications
- Approved by FAA and EASA for the supply of batteries to multinationals – Boeing and Airbus
- Pioneered a Train Collision Avoidance System for Indian Railways
- Developed a Train Management System

for Indian Railways

- Developed advanced brush-less DC motors for traction and efficient grid tied string inverter for solar application

## Management

This is the original Make in India story inspired by promoter Dr. A.J. Prasad who completed his doctoral thesis in 1976 from Columbia University (New York) titled 'Export of Technology from India.' This was followed by the incorporation of Hyderabad Batteries Limited in 1977.

The Company's operations are managed by an experienced team of more than 2,100 personnel (including 500+ engineers).

HBL re-organised its business into strategic business units – Batteries, Electronics and Defence.

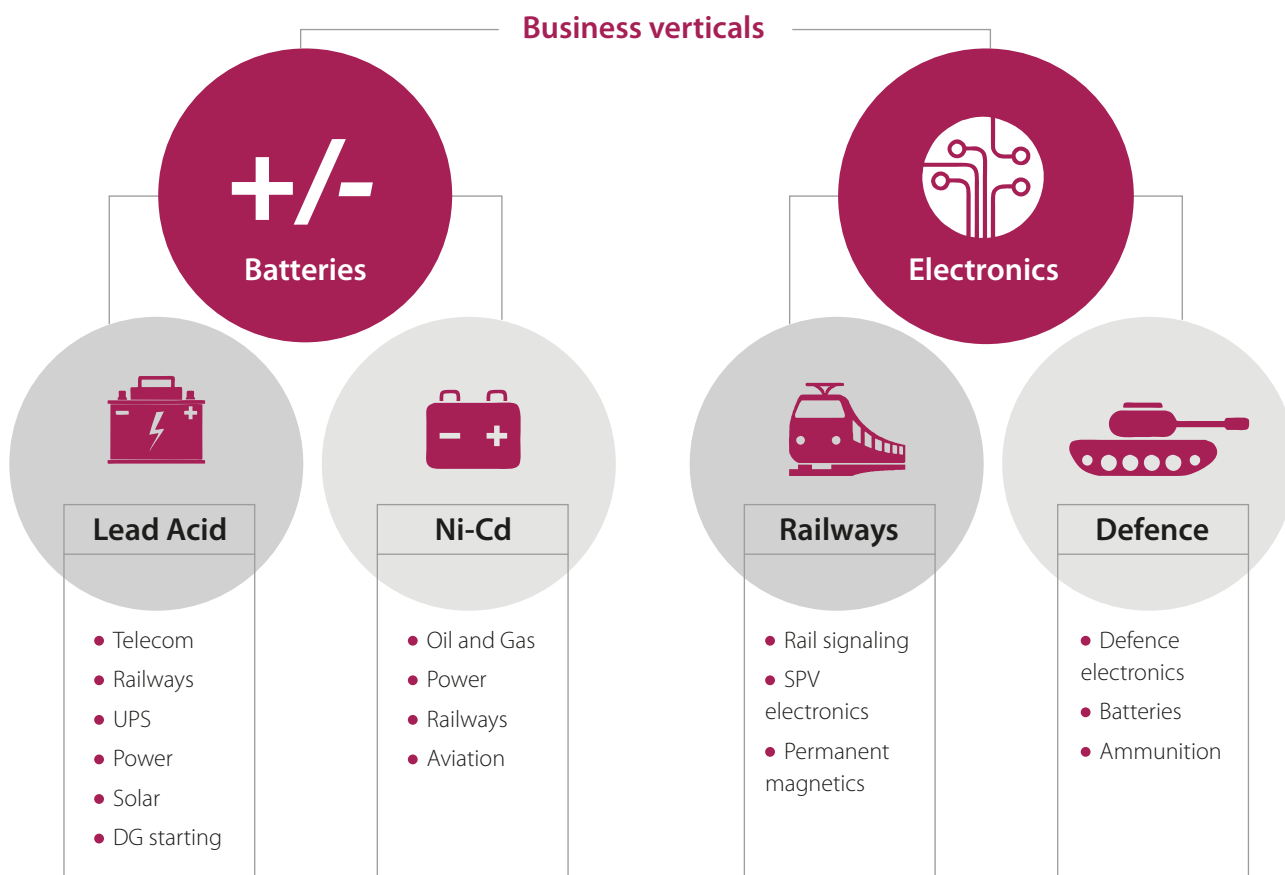
Battery revenues accounted for 77% of overall revenues; emerging businesses accounted for the rest in 2015-16.

## Footprint

The Company's products are marketed in India and 80+ countries. Exports account for nearly 14% of revenues. These exports are managed through two wholly-owned subsidiaries (in Germany and North America), agents, distributors and re-sellers.

## Listing

The Company's shares were listed in 1992 and are traded on the Bombay Stock Exchange and National Stock Exchange. The Company enjoyed a market capitalisation of ₹920 crore as on March 31, 2016



## Our evolution

### Incubation

- Established in 1977 as Hyderabad Batteries Ltd (HBL)
- Focused on defence batteries, reinforcing India's self-reliance
- JV with SAB NIFE, Sweden for Ni-Cd batteries in 1986
- Developed lead acid batteries (AGM-VRLA) for telecom applications in 1998
- Merged HBL and SAB NIFE Power Systems in 1999

### Growth

- Established large capacities for telecom and Ni-Cd batteries
- Leveraged the telecom boom in India
- Expanded exports through overseas subsidiaries and agency network
- Developed and established the only Indian PLT battery facility
- Deployed resources in infrastructure and new business development

### Challenges

- Over dependence on telecom business – slowdown in demand
- Strain on cash – continued investment in R&D
- Excessive investment in factory infrastructure for anticipated growth, which led to under-utilisation of investments; affected by debt and interest burden
- Operational inefficiency, inadequate management bandwidth

### Consolidation

- Creation of focused business verticals
- Focus on operational efficiency
- Emphasis on processes, capabilities and quality
- Future-ready and market relevant products
- Focus on lower fixed costs, headcount, working capital and debt
- Attempt to monetise surplus non-core assets

# Our manufacturing facilities



**NANDIGAON,**  
Near Hyderabad, Telangana

**Area:** 74 acres site; 76,130 sq.mtrs built-up area and 51 acres of greenery

**Product line:** 12V Monobloc – AGM, PLT, Gel and Flooded variants and SPV modules

**Certifications:** ISO 9001 : 2008; EMS and OHSAS



**VIZIANAGARAM,**  
Near Visakhapatnam, Andhra Pradesh

**Area:** 64 acres site; 67,629 sq.mtrs built-up area and 42 acres of greenery

**Product line:** 2V – AGM VRLA and Tubular Gel

**Certifications:** ISO 9001:2008; EMS and OHSAS



**SHAMIRPET,**  
Hyderabad, Telangana

**Area:** 65 acres site; 40,612 sq.mtrs built-up area and 53 acres of greenery

**Product line:** Ni-Cd and specialty batteries, and power electronics

**Certifications:** ISO 9001:2008; EMS; OHSAS; IRIS and EASA



**SPECIAL ECONOMIC ZONE,**  
Visakhapatnam

**Area:** 18 acres site; 36,318 sq.mtrs built-up area and 5 acres of greenery

**Product line:** Ni-Cd batteries and power electronics (for exports)

**Certifications:** ISO 9001:2008; EMS and OHSAS



**THUMKUNTA,**  
Hyderabad, Telangana

**Area:** 13 acres site; 4,220 sq.mtrs built-up area and 12 acres of greenery

**Product line:** Electronics

**Certification:** ISO 9001:2008



**YAPRAL,**  
Hyderabad, Telangana

**Area:** 1,340 sq.mtrs

**Product line:** R&D Center

**Certification:** ISO 9001:2008



# HBL took small steps in FY16, towards a larger goal

## Organisation

- Created Strategic Business Units – Batteries, Electronics and Defence
- Embarked on business consolidation
- Applied for merger of holding company with HBL Power Systems Ltd to reduce debt and increase liquidity of the scrip

## Products

- Developed power back-up system (batteries with box) for use in rail system for Siemens Germany
- Introduced PLT variant (PLT-Vented) for DG cranking applications
- Commercialised advanced 2V-VRLA range for the telecom sector and exports
- Introduced e-rickshaw batteries for field trials
- Built prototype of 10KW solar grid tied inverter and brush-less DC motor for e-mobility

## Approvals, Awards & Certifications

- Obtained approval for kilo class submarine battery from Indian Navy
- Submitted Scorpene class submarine battery for approval
- Developed a new range of PLT battery for Indian Airforce; submitted battery for evaluation
- Received EN 15085 certification from TUV-Nord for battery box manufacturing facility
- Received Best Supporting Partner award for FY16 from ZTE Telecom India Private Ltd
- Obtained DGS&D (Green Channel) approval

## Market Development

### Batteries

- Expanded customer base in telecom segment
- Exported 2V-VRLA batteries for critical Floating Production Storage & Offloading application in the oil and gas segment
- Secured a large order from Reliance Industries for the supply of 2V-VRLA and PLT batteries for its data centre
- Secured export orders for defence batteries used in battle tanks and torpedoes
- Entered into a contract with Siemens for the supply of power back-up system for a rail project in Germany

- Selected as sole partner for the supply of power back-up system for Delhi Metro (third phase expansion) and Kochi Metro projects
- Reported an encouraging start in the channel business, marked by about ₹45 crore revenues in the first year

### Engineering technology

- Commissioned the Train Collision Avoidance System (TCAS) for field trials by Indian Railways
- Executed part of a large prestigious Indian Defence order for the supply of Integrated Communication System for battle tanks

## Financial improvements

- Improved profits; profit after tax at ₹1,943 lakh – 33% increase over FY15
- Operating cash flow, adjusted for entire interest cost, was ₹183 crore – 45% higher over FY15
- Repaid debt amounting to ₹119 crore in FY16; debt-equity ratio improved from 1.16x in FY15 to 0.94x in FY16
- Considerable savings in finance cost – by ₹18 crore
- Substantial reduction in inventory holding – by ₹117 crore; improved trade working capital



STATEMENT FROM THE **MANAGEMENT TEAM**

**HBL is at the cusp of a positive transformation** that promises to grow business profitably over the medium term



### *Dear shareholders,*

It gives us great pleasure to inform you that your Company is at the cusp of a positive transformation that promises to grow business profitably over the medium term.

This positive divergence was already evident during the financial year under review: even as our topline declined marginally, our profit after tax grew 33% over the previous year.

Earnings per share, operating cash flow and other Balance Sheet metrics have shown appreciable improvement. We believe that this improvement is not fleeting or coincidental; it showcases our commitment to transform into an attractively profitable and financially prudent organisation.

At the heart of this transformation is an ongoing consolidation process, which is expected to be completed by March 2017.

In this phase of consolidation, the organisation's emphasis is on enhancing operating efficiencies and finalising plans to leverage the extensive product development efforts made in the past, in the electronics and defence business verticals, based on emerging opportunities in India. More such inspiring initiatives are yet to unfold, which will make our future increasingly exciting.

The positive transformation expected to unfold over the next three years is based on some of our recent products, in electronics business, enjoy opportunities where the 'idea-to-market' cycle is much shorter than our earlier portfolio. This change occurred because we altered our opportunity selection criteria two years ago. Added to this is the emphasis to improve operational efficiency across all areas of our operations.

Further, every new opportunity is now being looked upon from the perspective

of return on resources committed (money, time, people, knowledge and infrastructure). As a result, the future scenario at our organisation is changing for the better.

To ensure that the consolidation initiatives and the medium-term growth aspirations transform into on-ground reality, your Company made a decisive organisational structural improvement by entrusting the business management responsibility to professional leaders.

Further, we subdivided the Engineering vertical into Electronics and Defence, to enhance more focus.

While efforts to enhance Balance Sheet credentials and operational efficiency are the main areas of interest, asset utilisation has become centre stage too, with a focus on consolidating infrastructure, filling in capacities and monetising surplus assets – these initiatives will definitely yield results in streamlining business operations, enhancing resource availability and strengthening business profitability.

Even as we continue to grow existing product verticals, we are adding new products that promise interesting growth opportunities. Our product innovation and development efforts shall continue to enlarge the pipeline of opportunities and the Company continues to invest in R&D for the future.

While we make the best efforts to grow our share of business with existing customers, we are working on forging business associations with new customers. Even as we continue to strengthen our presence in existing markets, we continue to explore business opportunities beyond current marketing canvas by leveraging our overseas footprint.



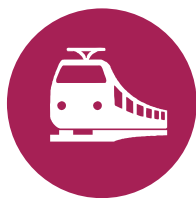
The combination of these factors, will help us scale and sustain profitable growth, thereby increasing shareholder value.

### Batteries business

In the telecom segment, we increased the customer base and consolidated our status as the second largest player, even as we continued to improve battery performance and service standards.

We entered the UPS; Solar and e-mobility battery spaces, in a limited manner in 2015-16, in which our product range has received promising customer response.

The superior performance Pure Lead Tin (PLT) batteries, designed for high power requirement application, have a NATO part number, which will help us to market this product across the globe for battle tank applications. Moreover, these batteries are being aggressively promoted for engine cranking and data centre power back-up needs, providing an attractive total cost of ownership to customers.



**YEARS OF EFFORTS  
IN DEVELOPING TCAS  
(TRAIN COLLISION  
AVOIDANCE SYSTEM)  
FOR USE IN INDIAN  
RAILWAYS WILL FETCH  
LARGE GAINS FROM  
THE FINANCIAL YEAR  
2017-18.**

We completed the process of redesigning the entire range of UPS batteries. The UPS and PLT batteries are expected to make a considerable contribution to growth of our batteries business.

Exports are projected to increase faster with the acceptance by customers of our advanced 2V-VRLA products, which help improve margins and compensate for possible erosion in margins contribution from the domestic telecom battery business in the near future.

We have concrete plans to supplement our telecom dominated lead acid batteries business with additional growth levers – each of which should start contributing to sales growth from 2017-18. Although the telecom batteries business is expected to grow slowly, its share in the overall sales would reduce significantly in 2018-19.

In the Industrial Nickel Cadmium (Ni-Cd) battery business, where our Company is globally number two, demand has improved. In the domestic market, demand is driven by investments in metro rail, power sector and oil and gas. The Company's export markets continue to grow steadily.

For many years, we had been asked why HBL did not make Lithium Ion batteries. We have now initiated a plan to manufacture prismatic Lithium Ion cells and batteries for specialised applications – not for consumer products. The project is likely to be implemented in the near term.

### Electronics business

After working for the Indian Railways in developing various solutions for 15 years, our Company received approvals for numerous products. We shortly expect to participate in tenders and receive profitable business. We have already been receiving orders for some of the products, namely data loggers and integrated power supply systems.

Years of efforts in developing TCAS (Train

Collision Avoidance System) for use in Indian Railways will fetch large gains from FY 2017-18. Further, our new Electronic Interlocking System is undergoing approvals and should be commercialised in the next 18-24 months. This product is state-of-the-art and is exportable.

We expect to complete the development of permanent magnet alternators for the modern coaches of the Indian Railways during this financial year. The testing may take all of 2017-18 and sales should begin in 2018-19.

We are working to establish a significant presence in two important business verticals – electric mobility and grid-tied solar inverters.

**Electric mobility:** We have developed energy efficient Brush Less DC Motors used in electric rickshaw (three-wheelers) which is ready for field trial. Our batteries are already under trial in electric three-wheelers. We plan to launch these products in the market during the current financial year.

**Solar inverters:** We have successfully developed the Grid Tied String Inverter(s) for on-grid solar application which converts DC power into AC power for feeding it into the grid. Seed marketing and field trials will be the focus of this financial year, ahead of full-fledged commercialisation in 2017-18.

### Defence business

We have a long association with India's defence R&D and production establishments. The domain knowledge, extended service for user organisations and relationships with defence equipment suppliers abroad, have thrown up several interesting opportunities. The Government's Make in India Policy and the Defence Procurement Policy 2016 will open up enormous prospects for us.

We have a rather unique position in this industry; to put it simply, we are neither



Best Supporting Partner award for FY16 from ZTE Telecom India Private Ltd

large nor small – but of optimal size and this helps in providing cost effective products. Our engineering talent and infrastructure allow us to offer high value products, which do not require significant additional capital investment. This will lead to rising returns on equity.

We had been awarded a large contract for supplying Digital Control Harnesses for 6,800 army combat vehicles. The supplies are expected to be completed by December 2016. We have also quoted for new vehicles being built.

We are currently working on many opportunities; one such large opportunity is in ammunition. Our focus in the current financial year is development of such products. The Ministry of Defence (MOD) in October 2015 announced a policy to buy several types of ammunition from manufacturers in the private sector, with guaranteed indicated minimum volumes for 10 years. Ammunition being a consumable and the prevailing technology gaps in the defence production system in India together provide your Company a sustainable competitive advantage. However, we should be prepared for

continued efforts for at least another two years before we can realise the benefits.

Our effort to enlarge the aviation business in the overseas market is bearing results with a steady increase in volume. The demand for Missile and Torpedo batteries is also strong in the current financial year. The business in naval electronics is steady. Approval for our batteries for Kilo class submarines has been received. Testing on the battery for the Scorpene class submarine is expected to end in the current fiscal year.

As a result of these opportunities and initiatives, the electronics and defence business verticals should increase their contribution to the Company's topline, and the contribution to the Company's bottomline promises to be even more pronounced.

### Overview

Last year, we had hoped that revenues from the Railways and Defence businesses would begin in this fiscal year (2016-17), but had also stated that the next year (2017-18) was more likely. The hope has not materialised for this financial year, but

the next year now seems certain.

The road map of Central Government's key initiatives and programs such as Make-in-India, Digital India, Rural development, reliance on renewable energy etc., offer substantial opportunities to leverage our capabilities.

These are exciting times for the Company as we see years of painstaking efforts yielding results. While fiscal 2017 would be a continuation of our consolidation exercise, we are confident of making the big leap in the subsequent two years. This is in line with what was earlier projected to shareholders.

Our endeavour is to position HBL as a strong and credible manufacturer with visible global presence in the specialised battery area, while in the electronics and defence verticals we are working to strengthen our position with our key customers, namely the Indian Railways and Defence. Electronics products will show results in next 24 months, with defence products adding to this, in the subsequent year.

As you are aware, our Company has received SEBI approval for a reverse merger with Beaver Engineering and Holdings Private Limited. This merger will effectively reduce our long term debt. It will also lead to greater liquidity of our stock in the market because additional shares will be issued, as a result of the merger, which will be widely held.

In doing all this, we hope to grow the business profitably and enhance shareholder value significantly.

On behalf of the Company, we take this opportunity to convey our sincere appreciation to all stakeholders, governments and shareholders.

With warm regards,

**The management team**

# Competitive **advantage**

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HBL IS THE ONLY COMPANY IN INDIA TO OFFER ALL BATTERY TECHNOLOGIES USED IN INDUSTRIAL APPLICATIONS UNDER ONE ROOF.

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## Technology

- The Company is globally recognised in the segments of its presence.
- HBL is the world's second largest manufacturer of Ni-Cd batteries

## Financial leverage

- The Company strengthened financial statements through prudent management. Debt-equity ratio declined from 1.49x as on March 31, 2013 to 0.94x as on March 31, 2016.
- Net cash from operations, adjusted for entire interest cost, improved significantly to about ₹183 crore in FY16

## Experience

- The Company possesses more than 30 years of experience in the specialised Industrial batteries space.
- It has developed, completely in-house, more than 10 battery variants for diverse applications.
- It has worked for more than 15 years with the Railways and Defence sectors for developing technology-based solutions that can substitute imports

## Credibility

- The Company enjoys the confidence and respect of leading customer brands for its batteries business. In the area of telecom batteries, the Company supplies to all leading telecom customers in India.
- It is one of the two Indian companies to have secured approvals for the supply of batteries for varied defence applications.

## Business verticals

- The Company is organised into three groups – Batteries, Electronics and Defence.
- While the first is volume-based, the latter are high margin businesses because of the technology edge.
- Together these businesses enhance topline and stabilise the bottomline

## Product verticals

The Company created a number of product segments within each business group, de-risking the Company from an over dependence on any single downstream consuming sector.

# Our performance **ambition**

AMBITION: TO CREATE ONE OF THE FEW RESPECTED ENGINEERING COMPANIES BY FILLING TECHNOLOGY GAPS IN INDIA.

## Management focus

**One** – The Company will enhance business focus with the formation of strategic business units.

**Two** – The Company will strengthen its presence in existing markets, while continuing to explore new market opportunities by leveraging its domestic and global reach.

**Three** – The Company will continue to grow businesses through addition of new products with shorter gestation periods.

**Four** – The Company will catalyse research-led product development capability by

addressing profitable technologically challenging opportunities.

**Five** – The Company intends to enhance capacity utilisation, improve efficiency and consolidate operations

**Six** – The Company intends to monetise surplus assets, which will enhance liquidity and facilitate debt reduction, coupled with the on-going process of merging Holding Company with HBL.

At HBL, we believe that a combination of these factors will enhance profitable growth and shareholder value

## Focused investments

- Enriching domain and technology knowledge
- Consolidating acquired competencies and strengthening customer offerings
- Increasing technology-intensive offerings
- Mining customer accounts deeper through cross-sell and upsell opportunities
- Enhancing the utilisation of infrastructure and resources
- Optimising operational costs

## Near-term goal

Focus on internal efficiencies; fill capacities for revenue growth; find markets for new products; improve profitability.

### Goal contributors

- Build market for existing and upcoming products
- Fortify market share in domestic telecom for 2V - AGM batteries
- Enlarge market for PLT batteries
- Develop export market for 2V-AGM and PLT batteries
- Build market for UPS batteries
- Secure safety certification and execute commercial orders from Indian Railways for TCAS
- Commence seed marketing of 'Grid Tied String Inverters' in solar power segment
- Complete field trial of Brushless DC motors for electric mobility and gear up for commercialisation
- Formulate appropriate business model for identified emerging businesses
- Leverage SAP – ERP for strengthening the information system, resource planning and controls
- Pursue strong operational efficiency enhancement initiatives
- Focus on working capital efficiency and debt reduction

## Medium-term goal

Double revenues during the five years from FY 2018 to FY 2022 and treble profits during the same period.

### Goal contributors

- Grow businesses in Railways, Solar, E-Mobility and Defence.
- Enlarge presence in battery business and become a credible large player
- Invest in capacities to build businesses around the identified products and markets, which are under various stages of development
- Continue to bridge gaps in technology, offer differentiated and value-added products
- Commercialise various products, which are under development for defence
- Continue to drive operational excellence
- Leverage reach to build the global market for various products
- Expand the channel and build the brand to support reach strategy



# Batteries



12V tubular battery formation facility

## Overview

HBL manufactures a wide range of specialised batteries for a spectrum of applications using varied technologies – the broadest product range among the manufacturers in India. The Company has developed all these technologies in-house and is therefore free to export.

The battery group is the flagship business of the Company contributing about 77% to the overall revenues. The batteries are manufactured at its fully-integrated facilities, using diverse technologies at four locations – two each in the state of Andhra Pradesh and Telangana. Within the battery space – telecom batteries is the largest contributor.

## Product verticals

**Telecom:** The Company is the second largest supplier of batteries to Indian telecom sector enjoying sound business association with every operator, tower-company and switching OEM. During the year under review, the Company launched advanced 2V-VRLA batteries suited for harsh cyclic applications and for export markets. This product has been widely accepted by customers and is expected to register strong volumes in the years to come.

Having upped the product performance to match best-in-class products, the Company focused on strengthening its post-sales service – widening its reach and

creating spares sufficiency on a pan-India basis for minimising the service turnaround time. This is expected to further strengthen the brand loyalty.

**Railways:** HBL supplies batteries to the Indian Railways for its air-conditioned coaches, train lighting, electric locomotives, diesel locomotive cranking and signalling applications; and for emergency power needs of metro railways. The Company enjoys a preferred supplier status with Indian Railways and metro rail coach manufacturers and operators. This is a stable business where growth is largely dovetailed with increasing rolling stock of passenger trains and metro rail network. The recent focus on increasing the number



of air-conditioned coaches to passenger trains is expected to grow volumes.

**UPS:** The Company now has only a marginal presence in this large market. The Company launched new products in 2015-16, which have received heartening customer response. The Company is focusing on establishing the distribution channel to market these products to address replacement demand. This segment is expected to generate healthy revenue over the coming years as the Company is engaged in enhancing product awareness among key user sectors and manufacturing capacity.

**Solar:** HBL manufactures two types of batteries - tubular gel and tubular flooded. The Company is a respected player in the solar market. While tubular flooded batteries account for the lion's share of the business from this segment, the Company is focused on promoting tubular gel batteries due to its reliability and reduced maintenance cost. The Company is strengthening its channel partner base for gaining market share.

**PLT batteries:** HBL has developed a specialty battery using Pure-Lead-Tin (PLT) technology with superior high power capability (work was begun in 1998). These batteries are a high current source for a short time period and used as power back up in large data centres. Since PLT batteries can deliver high power current, they are also best suited for engine cranking and hence find application in DG cranking, Heavy Earth Movers, Large trucks and in battle tanks. The Company enjoys a time tested business alliance with Cummins, the leading diesel engine manufacturer in India – the Company supplies these DG batteries under white label program.

HBL has also tied up with TAFE Motors and Tractors Ltd (TMTL) for supply of these batteries along with their DG sets for telecom tower entities and retail users. This product is under approval stage with other large DG manufacturers. The Company recently developed a new product – PLT vented batteries for price sensitive market for DG cranking application.

The Company has created a dedicated business development team focused on marketing its PLT batteries for data centre applications. The version for battle tanks has NATO registration – this enables the Company to market the product across the world for battle tank applications.

**Ni-Cd batteries:** HBL is the world's second largest manufacturer of Ni-Cd batteries with pocket plate, sintered plate and fibre plate technologies. Revenue from this product line accounts for about 20% of the battery group. These batteries are used in diverse industrial applications (Oil & Gas, Power, Utilities) and critical applications in the aviation, railways and defence sectors. This is relatively a high-margin business with stable revenues.

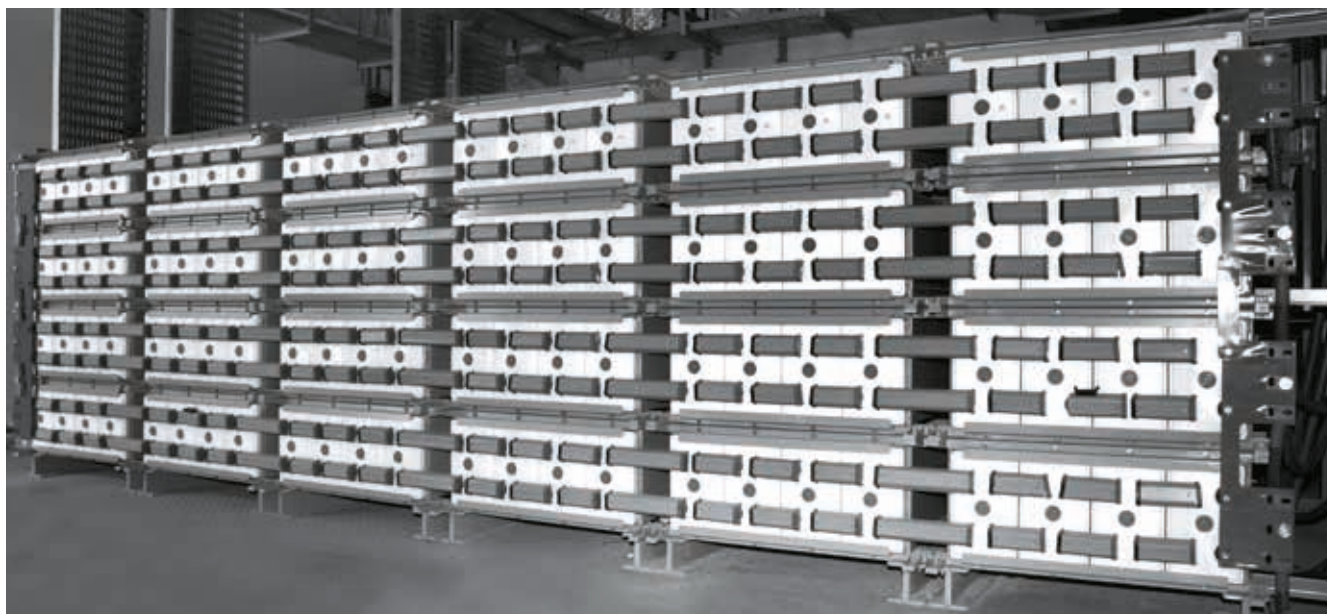
**Channel Business:** HBL's channel business journey commenced in 2015-16 and it performed well enough in maiden year of entry. The products sold through the channel are SPV roof-top kits; 7Ah UPS batteries and inverter batteries. The channel is gearing up to handle full range of UPS batteries, DG batteries and e-rickshaw batteries in current financial year. The prime focus is to widen reach and improve penetration. The channel business will resort to adding more products, either manufactured or under white label opportunity, as it spreads its reach pan India.

## Factors influencing growth

**Telecom:** India is the 2nd largest telecom market with the 2nd highest internet users base in the world. Currently, telecom demand in India is driven by data penetration (3G and 4G) as the smart phone population is expected to touch 600 million in 2019 from the current 200 million handsets. India's internet economy is expected to touch US\$150 billion by FY2018. The telecom industry has realised the need to improve the quality of service and actionised to erect about 100,000 towers in near future and committed more than ₹30,000 crore investment.

The launch of 4G by Reliance Jio, in a large scale, is expected to push the tower industry growth. Mobile towers in India are likely to grow to over 500,000 from about 400,000 at present due to increase in demand of wireless internet services and compulsion to improve quality of service. Government's Bharat Net program under USOF for expanding rural and tribal communications with latest backhaul technologies and hybrid energy solutions is expected to generate demand for highly

HBL IS THE WORLD'S SECOND LARGEST MANUFACTURER OF NICKLE CADMIUM BATTERIES WITH POCKET PLATE, SINTERED PLATE AND FIBRE PLATE TECHNOLOGIES. REVENUE FROM THIS PRODUCT LINE ACCOUNTS FOR ABOUT 20% OF THE BATTERY GROUP.



48V-5000Ah VRLA battery installation

reliable tubular gel batteries along with solar panel and controller units.

**UPS:** The demand for UPS batteries is expected to be driven by promising growth of user sectors such as BFSI, IT& ITES, e-governance projects of various Governments etc.

- Contribution of the IT sector to India's GDP is about 9%; India's US\$150 billion IT-industry is expected to maintain a healthy double digit growth going forward.

THE DEMAND FOR UPS BATTERIES IS EXPECTED TO BE DRIVEN BY PROMISING GROWTH OF USER SECTORS SUCH AS BFSI, IT& ITES, E-GOVERNANCE PROJECTS OF VARIOUS GOVERNMENTS ETC.

- The Government's Digital India initiative contemplates an investment of US\$ 18 billion.

- Financial inclusion initiatives by the Government are widening the presence of banks pan-India with branches being opened in rural (power-scarce) locations.

- In India, the number of ATMs is expected to double in next five years from about 182,000 ATMs in operation currently.

- Growing retail business and investments in service sectors like health, hospitality and education

**DG power:** India's power deficient and unreliable power position has led to a significant increase in back-up power requirement. This is evident in the robust increase in DG power generation capacity – it is growing at about 5000 to 6000 MW (about 200,000 units) every year

**Data Centres:** Data centre infrastructure market, in terms of revenue, is estimated at \$2.03 billion. Growth of Indian data centre market is forecast to reach 20% YoY, against the 11% globally for the period 2013-18. BFSI, telecom and IT&ITES are the major sectors driving demand for data centres in

India, beyond demand from cloud based services. Adding to the momentum is the rising IT penetration and social media consumption in the country. A bigger demand potential in Indian data centres' market is being generated by public investments in large scale digitisation – christened as the Digital India Scheme. An investment worth \$1.6 billion is underway in the Indian data centre market.

### Consolidation plan in 2016-17

- Fortify the position in larger telecom segment
- Enlarge the presence in UPS market - invest in capacities and reach, aligned to scale and market penetration
- Increase business alliances with DG manufacturers with both PLT – VRLA and PLT vented ranges
- Increase awareness of solar battery range among the integrators
- Aggressively promote PLT batteries, which offer better TCO, for data centre applications
- Market e-rickshaw tubular batteries through channel and secure product approval from major OEMs



480V-600Ah PLT-VRLA battery installation

- Capitalise on export opportunities for advanced version of 2V-VRLA and PLT batteries

### Revvig up exports

HBL has been developing the export opportunities available to it from 1987. HBL's products have found their way to about 80 countries spanning 5 continents. HBL sales subsidiaries, HBL - America and HBL - Germany, are equipped with stocking and service capabilities to ensure quick delivery and service. Apart from having a direct reach to its customers; HBL is also represented by agents, distributors and resellers in more than 25 countries

Exports in HBL have been predominantly driven (>70%) by Nickel Cadmium (Ni-Cd) battery sales for Oil & Gas, Power and Utility segments. DC systems, lead batteries, aviation batteries and defence batteries account for the balance. Exports account for about 15% of total revenue.

Despite weak global economic cues and the sharp dip in the oil prices resulting in reduced spend on new projects, exports revenues have been stable in FY16. This

was achieved by increasing reach and adding new customers.

With the global economy showing signs of recovery and stabilised oil prices, an upswing in market demand is expected in FY17. This is evidenced by a much healthier order book at the end of Q1 FY17. With the on-going addition of new products for exports, focus on deeper penetration in current markets and further expansion of reach, FY17 and coming years promise to be exciting times for exports growth in HBL.

### Factors influencing growth

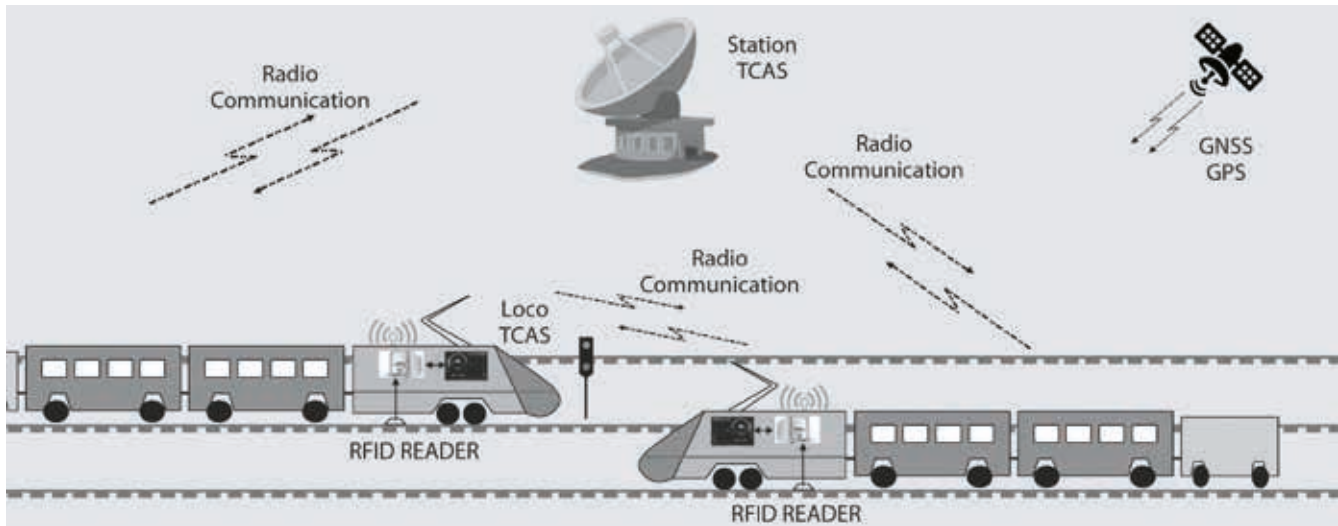
- HBL has been approved as a supplier by key Oil and Gas majors and Utility majors, who are big buyers of batteries and DC systems.
- HBL has secured approval of major EPCs like Hyundai, Petrofac which gives HBL more opportunities to bid in big projects, which were earlier unavailable.
- Introduction of advanced 2V-VRLA range of lead batteries will help to expand business in the UPS segment by leveraging HBL's strong association with major UPS OEMs.

- HBL has been successful in penetrating new markets with aviation and defence batteries. Business from these markets is expected to increase the contribution of aviation and defence batteries in exports revenue.

- HBL has been successful in working with Siemens for supply of Rail Battery systems. This is now giving HBL new opportunities to bid for rail projects globally.

HBL HAS BEEN DEVELOPING THE EXPORT OPPORTUNITIES AVAILABLE TO IT FROM 1987. HBL'S PRODUCTS HAVE FOUND THEIR WAY TO ABOUT 80 COUNTRIES SPANNING 5 CONTINENTS.





Schematic diagram of Train Collision Avoidance System (TCAS)

THE ENGINEERING GROUP FORMED LAST YEAR, HAS BEEN DIVIDED INTO ELECTRONICS AND DEFENCE GROUPS. THE ELECTRONICS GROUP IS ITSELF DIVIDED INTO THREE BUSINESS UNITS:



## Technology solutions for Railways

### 1. Rail signalling

HBL offers a wide range of electronics products to railways that cater to power solutions, signalling and safety. The Company's railway signalling products comprehensively meet the stringent RDSO specifications and CENELEC standards. HBL also has many years of experience and has been recognised as a high quality contractor for installation of signalling equipment. Some of the key technology offerings include:

#### Train Collision Avoidance System

**(TCAS):** As the name suggests, this is an automated system which protects trains from various types of collisions, monitors speed restrictions and provides in-cab signal aspect display. HBL initiated TCAS development in 2010 and demonstrated the first version of solution to Indian Railways in 2012. The Company received a trial order from the Indian Railways

and installed this system across 50 kms during 2015-16 which is undergoing interoperability field trials, with equipment supplied by two other Indian companies.

While there has been a delay on the part of the Railways in commercially inducting TCAS, this is largely due to their recognition that with some additional features (which they have already suggested and those have been incorporated) the market scope of TCAS can be increased, thereby reducing the need for imported systems.

**Electronic Inter Locking System:** Located at railway stations, this fail-safe, automated system controls the movement of trains through multiple tracks in the station and prevents unsafe movements. HBL had begun work on this in 2003, when it knew next to nothing in rail signalling. As a consequence, the Company realised, when the product was finally ready for testing

in 2013, that it could further improve the technology and make the product a state of the art globally competitive one. The new system is undergoing approval process with the Indian Railways.

**Digital Axle Counter:** This device counts the number of axles between specified entry and exit points on a given section of the track. If the two numbers match exactly, it signifies a vacant track and therefore permits the next train to go through. This solution is expected to receive approval from the RDSO in 2016-17.

**Data Logger:** This system logs in all events in the railway station. The Company's product is approved by the Indian Railways and is under production for the past few years.

**Integrated Power Supply system:** This is a centralised power management

solution that receives AC power from the grid, converts it into AC and DC power of different voltages to replace multiple systems earlier used to operate the various electronics and signalling equipment at a railway station. HBL is a Part 1 (preferred) supplier to the Indian Railways for this solution.

### Factors influencing growth

Indian Railways is one of the largest in the world with over 7,000 stations in active operation and more than 89,000 KM running tracks. Safety and signalling has been a high priority but progress has been slow because of the exorbitant and unaffordable costs of imported electronic systems. Indigenous production will be

affordable and therefore has a good market.

The Government is focused on reducing the number of accidents - improved safety and signalling is an important tool to this end. The Government has earmarked US\$117 billion to modernise and expand Indian railways. Signalling averages 5% of the budget for railway investments.



## Technology solutions for Solar Photovoltaic Power

### 2. Solar Photovoltaic (SPV) Electronics

HBL is developing Grid Tied String Inverter(s) for on-grid solar application. These inverters convert the DC power into AC power to be fed into the grid for downstream usage. The Company is planning to launch its 10KW inverter during 2016-17. Connected in parallel, this product can be used for up to 200 KW SPV power plants. Higher rating products for larger SPV power plants will be developed in phases.

The Company has also developed solar pump controllers that convert the DC power to AC power which can be used to run water pumps. The demand from the agricultural sector for such products is high, because the state utilities find it easier to provide a solution like this, than to establish a grid and power the grid reliably, especially in remote areas.

### Factors influencing growth

India targets 175 GW of solar power by 2022 and 250GW of solar power by 2030. As per estimates, solar power cost could be



Grid Tied String Inverter(s)

cheaper by up to 10% compared to coal by 2020. The predominant part of generation will be on-grid. As per Company estimate, the cost of inverters accounts for 8% of total project cost – offering enormous potential for Grid Tied Inverter(s).



## Technology solutions for e-vehicles

### 3. Permanent Magnet Machines

There is a substantial technology gap in India for brushless DC equipment, which is more efficient in terms of energy usage and is also easier to control. The gap is due to the specialised nature of the markets and the fact that multi-disciplinary skills are involved, combining electronics with mechanical and electrical engineering. Such a gap attracts the attention of HBL because it is consistent with its vision of preferring high value engineered products for demanding customers.

Work began a few years ago and has taken less time to be commercialised than some of earlier products. The focus has been on both motors and alternators.

**Motors for three wheelers:** HBL has developed a 1.2KW Brush-Less DC motor and battery, for use in electric rickshaw (3-Wheelers). There are no established Indian manufacturers. The motor and battery are approved by ICAT. The market potential for these products is significant. This design can also be extended for heavier vehicles.

### Factors influencing growth

The National Electric Mobility Mission Plan 2020 envisages large scale deployment of electric 2-wheelers, 3-wheelers, cars and buses. Under the scheme, about 6 -7 million vehicles (full range) are expected to be rolled out by the year 2020. HBL is planning to invest R&D efforts in development of drive train solutions for these promising electric mobility

applications, in the coming years.

The Company received a contract to develop state of the art motors, for torpedo propulsion. The technology used is also based on permanent magnet designs. The contract is due to be completed in FY17.

Permanent Magnet Alternators for the LHB Coaches of the Indian Railways, is an attractive market. There are already several thousand coaches in use, which lack such alternators. The production of such coaches is being increased to reduce the production of older design coaches. There are no Indian suppliers today of such alternators. HBL is offering a prototype for evaluation in FY17. Trials are expected to conclude in FY18.



Armoured vehicle communication system

## THE DEFENCE GROUP IS DIVIDED INTO THREE BUSINESS UNITS



### Batteries for various applications

HBL is the largest defence battery manufacturer in India. All the products have been designed, developed and manufactured based on in-house technology. The Company supplies batteries for a wide range of applications – fighter aircrafts, helicopters, transport aircraft, submarine propulsion, light weight and heavy weight torpedoes, battle tanks, missiles and artillery fuzes among others.

The Company has recently secured approval for Kilo class submarine battery and approval process for Scorpene class submarine is at an advanced stage of completion. These are good margin products which are expected to grow at a steady pace because these are essential replacement items, not subject to variations in the defence budget, which affect capital equipment.



## Electronics for Defence systems

While HBL has not developed any technology in electronics for defence systems, its broad based engineering capability and vertically integrated infrastructure facilities have given the opportunities to provide offset support for foreign companies active in India. The Company possesses the capabilities of both 'Build to Print' and 'Build to Specification' subsystems to support this offset demand.

Two such projects illustrate the Company's capabilities:

- In partnership with DCNS of France, produced and supplied IPMS (Integrated Platform Management System) and Steering Consoles for four Scorpene submarines being built at Mazagon Dock Limited. HBL also produced and delivered two Fire Control Systems (FCS) for torpedoes used in submarines.
- In partnership with Elbit of Israel, the Company received, as prime contractor for the Ministry of Defence (MOD) in India, a large order for supplying communication

systems for armoured vehicles. The Company will complete supplies by December 2016.

### Factors influencing growth

India account for 15% of worldwide arms imports. Indian defence budget was US\$41 billion in FY16. As per McKinsey, India is likely to spend US\$150 billion on various defence platforms with US\$70 billion for Navy in next three years.

The offset clause was introduced in 2005, as an obligation of foreign defence suppliers. At that time, it stipulated that for contracts over ₹300 crore, the foreign company has to buy from Indian companies (or invest in India), 30% of the contract value. Of the 24 contracts signed between 2007 and 2013, total offset obligations were close to ₹30,000 crore. Ninety per cent of them under-performed their targets and annual offset obligations remain unfulfilled. The Defence Ministry has brought about major changes in offset provisions in the Defence Procurement Procedure (DPP) 2016, under which, the

value of new contracts for which offset obligations are mandatory, has been increased to ₹2,000 crore.

IN PARTNERSHIP WITH DCNS OF FRANCE, PRODUCED AND SUPPLIED IPMS (INTEGRATED PLATFORM MANAGEMENT SYSTEM) AND STEERING CONSOLES FOR FOUR SCORPENE SUBMARINES BEING BUILT AT MAZAGON DOCK LIMITED. HBL ALSO PRODUCED AND DELIVERED TWO FIRE CONTROL SYSTEMS (FCS) FOR TORPEDOES USED IN SUBMARINES.



## Ammunition

Artillery fuzes are a product category, where MOD wants high local content. HBL has been working on this opportunity since 2006 and the current position is rather strong. These fuzes require reserve batteries, which have been manufactured

and exported by the Company for several years; there is no other producer in India. It should be noted that the Company is only working on electronic fuzes, not the mechanical fuzes, where there are already several suppliers. Some more

opportunities are being actively pursued in the ammunition area. The revenue generations from these opportunities are expected during FY19.



# Environmental conservation and employee health and safety

## 70%

OF THE LAND AREA OF  
OUR SIX MANUFACTURING  
FACILITIES (163 ACRES)  
IS UNDER GREEN COVER.  
THERE ARE 51000 + TREES  
WITHIN THE HBL CAMPUS.

### Overview

HBL adheres to the basic policy of prioritising the safety and health of its employees, based on the recognition that health and safety management is essential to business management. Also based on a spirit of respect for all human beings, it is committed to fulfilling its corporate responsibility by remaining committed to the cause of environmental conservation.

### Effluent treatment

All effluents generated as a result of the Company's activities are effectively treated and recycled. All manufacturing facilities of HBL are equipped with top-of-the-line effluent treatment mechanisms to ensure minimal damage to the environment. HBL has cemented its reputation as an ecologically responsible organisation by attaining the ZLD (Zero Liquid Discharge) status from relevant statutory bodies and successfully holding onto it.

### Waste water treatment

Pressure from population growth, economic development, urban concentration and climate change are squeezing world water supply and demand even more tightly.

Water treatment technologies have been accepted as critical prerequisites of global environmental conservation. As such, all of HBL's plants are equipped with adequate sewage treatment machinery to process waste water. 90% of the treated water is used for maintaining the lush green cover across all HBL facilities.

### Water harvesting

HBL has undertaken several major initiatives to replenish water in communities. Its goal is to conserve, replenish and thus offset the water used in manufacturing processes by building several rain water harvesting pits across its manufacturing facilities. These initiatives have ensured that the groundwater levels do not get depleted and HBL's reliance on other sources is kept to a bare minimum. Apart from this, rainwater storage tanks and conduits have been constructed to capture and channel rainwater from rooftops.

### Renewable energy

HBL has reinforced its commitment to the environment by setting up a 0.5-megawatt solar generation capacity across its manufacturing facilities for captive consumption.

### Certifications

HBL is mindful that the mental and physical well-being of employees and the maintenance of health and safety at the workplace are essential to enable employees to exhibit their full capabilities. Equally important is to conform to the environmental guidelines set down by regulatory bodies.

Accordingly, HBL gives the utmost priority to the promotion of health and safety in all business processes, and strives to build a safe and comfortable work environment. All HBL manufacturing facilities are certified with stringent environmental management and occupational health and safety management accreditations (ISO 14001 – 2004 and BS OHSAS 18001-2007).





# Socially responsible corporate



Children at one of the anganwadi(s) sponsored by HBL

## Overview

HBL has made a name for itself by remaining committed to behaving ethically and contributing to socio-economic development while improving the quality of life in and around the areas of its presence. HBL decided to go beyond minimum legal requirements in order to address societal needs long before these directives became mandatory. CSR is an integral part of the Company's business strategy. Satisfying each stakeholder group is just as important for HBL as is addressing the needs of the society at large and maximising its commitment to the investors. HBL's CSR activities are focused on healthcare, education, potable water and sanitation.

## Healthcare

HBL firmly believes that well-being of children (between the ages of 3-6 years) is absolutely essential to creating vibrant and prosperous societies. As UNICEF states, "Healthy children become healthy adults: people who create better lives for

themselves, their communities, and their countries."

HBL supports schools in local communities by providing nutritious and wholesome meals to children of these age groups. HBL also organises health awareness programs and periodic health check-up camps for the benefit of the local communities. Further, HBL tries to bridge the gap between people needing advanced or specialised treatment by providing appropriate referrals.

## Education

Education is one of the key elements of sustainable development. While there has been much focus on girl-child education in the recent past, this particular issue has been a key initiative of HBL.

HBL has been rallying around this cause for a long time by providing scholarships and paving the way for them to pursue higher education opportunities. HBL has been making a difference in the area of pre-primary and primary education by

supporting local schools by making school environment colourful and lively, providing innovative learning aids and promoting sports among children.

## Potable water

In order to ensure that this basic amenity is accessible to everyone, HBL is involved in establishing facilities that provide safe potable water for the local communities.

## Sanitation

HBL also has been actively promoting the benefits of good sanitation practices by conducting awareness programs and benefits thereof among the local communities.

As a supplementary activity, HBL has been helping them by devising waste collection and management mechanisms and by providing garbage collection vehicles.

**HBL FIRMLY BELIEVES THAT WELL-BEING OF CHILDREN (BETWEEN THE AGES OF 3-6 YEARS) IS ABSOLUTELY ESSENTIAL TO CREATING VIBRANT AND PROSPEROUS SOCIETIES. AS UNICEF STATES, "HEALTHY CHILDREN BECOME HEALTHY ADULTS: PEOPLE WHO CREATE BETTER LIVES FOR THEMSELVES, THEIR COMMUNITIES, AND THEIR COUNTRIES."**



Aerial view of 2V-VRLA manufacturing plant at Vizianagaram

## Corporate information

### Board of Directors

Dr. A J Prasad	- Chairman & Managing Director
M S S Srinath	- Whole Time Director
P Ganapathi Rao	- Independent Director
Preeti Khandelwal	- Independent Director
Ajay Bhaskar Limaye	- Director
Mitin Jain	- Director (from 23rd March 2016)
Sanjiv Singhal	- Director (upto 23rd March 2016)

### Company Secretary

MVSS Kumar

### Auditors

M/s. Rao & Kumar  
Chartered Accountants  
10-19-15, Soudamani, Siripuram  
Visakhapatnam-530 003

### Audit Committee

P Ganapathi Rao	- Chairperson
M S S Srinath	- Member
Preeti Khandelwal	- Member

### Cost Auditors

M/s. Narasimha Murthy & Co.  
Cost Accountants, Hyderabad - 500 029

### Bankers

State Bank of India  
State Bank of Hyderabad  
IDBI Bank Limited.  
Axis Bank Limited  
ICICI Bank Limited  
HDFC Bank Limited

### Registered Office

8-2-601, Road No 10,  
Banjara Hills, Hyderabad – 500 034  
CIN: L40109TG1986PLC006745  
Phone: 040-23355575,  
Fax: 040-23355048  
e-mail: contact@hbl.in; investor@hbl.in

### Registrar and Share Transfer Agents

M/S Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032.  
Phone: 040 67161530  
e-mail: mailmanager@karvy.com

## NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the members of HBL POWER SYSTEMS LIMITED will be held at KLN Prasad auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 on Thursday, 29th September 2016 at 4.00 p.m. to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2016 and Statement of Profit and Loss for the year ended on that date along with the Directors' Report and the Auditors' Report thereon.
2. To declare dividend for the year ended March 31, 2016.
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 2016-17 till the conclusion of the next Annual General Meeting (AGM) and to authorise the Board to fix their remuneration.

"RESOLVED that pursuant to the provisions of Section 139 and any other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to recommendation of the Board of Directors (including Audit Committee of the Board), M/s. Rao & Kumar, Chartered Accountants, Visakhapatnam (ICAI Firm Registration No. 03089S), be and are hereby reappointed as independent Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the 31st AGM of the Company to be held in the year 2017 and that Board of directors of the Company be and is hereby authorised to fix their remuneration and reimbursement of out of pocket expenses (if any) during the course of audit as may be determined by the Audit Committee in consultation with the auditors."

### SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Mitin Jain (DIN 06390954) who was appointed by the Board of Directors as an additional director of the Company with effect from March 23, 2016 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and rules made thereunder be and is hereby appointed as a director of the Company whose period of office is liable to determination for retirement by rotation."

For and on behalf of the Board

Place: Hyderabad 500 034

Date : August 11, 2016

**MVSS Kumar**

Company Secretary

**CIN: L40109TG1986PLC006745**

Regd. Office:

8-2-601, Road No.10

Banjara Hills, Hyderabad-500034

Phone: 040-23355575, Fax: 040-23355048

E-Mail: [contact@hbl.in](mailto:contact@hbl.in); [investor@hbl.in](mailto:investor@hbl.in)

**Notes:**

1. The relevant Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item No. 5 of the notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (LODR) Regulations, 2015 of persons seeking appointment/reappointment as directors under Item No. 3 and 5 of the Notice are also annexed.
2. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's registered office, duly completed and signed, not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, trusts etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
3. The Register of Members and Share transfer books of the Company shall remain closed from 23rd September, 2016 to 29th September, 2016 (both days inclusive).
4. If the dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend will be made as under:
  - a) To all Beneficial Owners in respect of shares held in dematerialised form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on September 22, 2016;
  - b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on September 22, 2016
5. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Karvy Computershare Private Limited (Karvy) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.
6. The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
7. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
8. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Karvy / respective depositories.
9. Members who have not so far presented dividend warrant(s) for the Financial Year 2008-09 are requested to seek to issue a duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents Karvy, immediately. Members are requested to note that dividends unclaimed within 7 years from the date of transfer to the Company's Un-paid Dividend Account will, as per Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund.
10. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (LODR) Regulations, 2015 as amended from time to time, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Karvy to facilitate e-voting. The instructions for e-voting are given hereunder.

Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

(A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at email [kranthisarkar369@gmail.com](mailto:kranthisarkar369@gmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_Event No."

(B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/ Depository Participants (s)]:

- i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot shall be made available at the Meeting. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

#### OTHER INSTRUCTIONS:

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. B Srinivas (Unit: HBL Power Systems Limited) of Karvy at the details provided in corporate information section or at [evoting@karvy.com](mailto:evoting@karvy.com) or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on Monday, September 26, 2016 (09.00 AM IST) and ends on Wednesday, September 28, 2016 (05.00 PM IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of September 22, 2016 may cast their votes electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. September 22, 2016.
- e. In case a person has become a Member of the Company after despatch of AGM Notice but on or before the cut-off date for E-voting i.e., September 22, 2016, he/she may obtain the User ID and Password in the manner as mentioned below :
  - i. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - ii. Member may call Karvy's toll free number 1800-3454-001.
  - iii. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com). However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 brief particulars of the Directors proposed for re-appointment/ appointment at the Annual General Meeting are given below

Name of the Directors	Mr. M S S Srinath	Mr. Mitin Jain
Date of Birth	23.04.1969	01.03.1981
Date of first appointment	24.11.1997	23.03.2016
Qualification	BA (Economic Hons.)	MBA (Finance)
Expertise in specific functional Area	Overall marketing activities and other administrative affairs of the Company.	Investment management
Details of other Directorships	<ul style="list-style-type: none"> <li>• Beaver Engineering &amp; Holdings Private Limited</li> <li>• Kairos Engineering Limited</li> <li>• Naval Systems and Technologies Private Limited</li> <li>• Plumac Batteries Private Limited</li> <li>• Beaver Technologies Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Atria Brundavan Power Private Limited</li> <li>• Betul Wind Farms Limited</li> <li>• Safex Chemicals India Limited</li> </ul>
Details of Committee and membership status	Audit Committee - Member CSR Committee – Member	Nomination and Remuneration Committee – Member

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NO. 5

Mr. Mitin Jain who was appointed as an Additional Director of the Company by the Board with effect from March 23, 2016, pursuant to Section 161 of the Companies Act, 2013 (Act) holds office up to the date of this Annual General Meeting. The particulars of Mr. Mitin Jain viz., qualification, expertise and directorships and memberships of other Board Committees of listed entities are furnished in this annual report and form part of this notice.

Mr. Mitin Jain is interested in the resolution as set out at item no. 5 of this notice with regard to his appointment as a Director.

For and on behalf of the Board

Place: Hyderabad  
Date : August 11, 2016

**MVSS Kumar**  
Company Secretary



# Directors' Report

*Dear Members*

Your Directors take pleasure in presenting the 30th Annual Report for the financial year ended on March 31, 2016. The financial performance is presented below (stand-alone basis).

		(₹ In Lakhs)	
S No.	Particulars	2015-16	2014-15
1	Net sales	1,28,835.87	1,33,007.03
2	Other income	1,208.05	1,660.52
3	Total income	1,30,043.92	1,34,667.55
4	Total expenditure	1,15,646.67	1,18,462.24
5	Profit before interest, depreciation and tax (PBIDT)	14,397.25	16,205.31
6	Finance cost	5,264.70	7,066.02
7	Depreciation & amortisation expenses	4,958.96	5,103.85
8	Profit before exceptional items and tax	4,173.59	4,035.44
9	Exceptional items – Income / (expenses)	(896.16)	(1,503.82)
10	Profit Before Tax (PBT)	3,277.43	2,531.62
11	Provision for tax & tax adjustment	1,334.44	1,069.55
12	Profit After Tax (PAT)	1,942.99	1,462.07
13	Transfer to General Reserve	105.35	500.00
14	Earnings Per Share (₹)	0.77	0.58
15	Proposed dividend (on share of ₹1/- each)	25%	20%

## Performance review: 2015-16

Financial Year (FY) 2015-16 has been a challenging year for the Company. The overall economic environment remained weak through the year 2015-16, than was anticipated at the beginning of the year. Growth momentum remained modest during most part of the year with general demand in the major telecom segment remaining sluggish. Your Company has continued the steady strengthening of internal efficiencies to achieve external competitiveness. Focus on cost, design optimisation and diversified marketing approaches, amongst others, aided the Company in improving the margins. Despite operating in an increasingly competitive business environment, your Company demonstrated a creditable performance. While your Company witnessed a reasonable growth in certain business segments, the aggregate turn-over for the year registered a marginal decline over FY 2014-15; the bottom-line, however, registered substantial improvement by 32.9% at PAT.

Greater emphasis was laid on cost and operational efficiencies, resulting in Profit after Tax (PAT) at ₹1,942.99 lakhs compared to ₹1,462.07 lakhs for the previous year.

## Current year's performance:

During the current year, a stream of opportunities is expected to open up in the traditional as well as new areas of business, which shall enable your Company to regain the growth trajectory. Make-in-India initiative by the Government of India provides a potential platform to some of the business segments to charter higher growth vistas. Your Company is a leading manufacturer of a variety of industrial batteries and niche engineering products and meets the demand of major industries. Your Company has been adept at aligning itself to the market requirements. Delays in Railway and Defence business segments can have an effect on your Company's performance. Considering all the factors, in line with the management thoughts placed in the Management Discussion



Analysis last year, the Company is expected to perform better on the profitability this year also, for a given business environment, while consolidating the topline. Your Directors have factored these effects and have been taking necessary corrective steps; barring unforeseen circumstances, performance of the Company in the coming years (from FY18) is expected to be highly encouraging. The Management Discussion and Analysis section of the Annual Report presents a detailed business review of the Company.

### Dividend

Your Directors are pleased to recommend 25% dividend - ₹0.25 per equity share of ₹1/- fully paid up (Previous Year 20%) for the Financial Year 2015-16, subject to approval of the members at the ensuing Annual General Meeting. The proposed dividend including dividend tax will absorb ₹761.26 lakhs.

### Transfer to reserves

The Company proposes to transfer ₹105.35 lakhs to the General Reserve out of the amount available for appropriation from current year profits.

### Subsidiary companies

The consolidated financial statements of the Company and its subsidiaries prepared in accordance with the Companies Act, 2013 and applicable accounting standards, forms part of this annual report. The consolidated financial statements presented by the Company include the financial results of its subsidiary companies, associates and joint ventures.

The Company has four subsidiaries as on March 31, 2016, namely,

HBL America Inc.  
HBL Germany GmbH, Germany  
SCIL Infracon Private Limited  
HBL Suntech LLP

The Company has two associate companies namely Naval Systems and Technologies Private Limited (NSTL) and Kairos Engineering Limited (KEL) within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"); and one joint venture company namely Gulf Batteries Co. Ltd (JV in the Kingdom of Saudi Arabia - KSA).

There has been no material change in the nature of the business of the subsidiaries. Pursuant to the provisions of Section 129(3) of the

Act, a table containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are placed on the website of the Company.

### Highlights of performance of subsidiaries, associates and joint venture companies and their contribution on overall performance of the Company.

As per the notification issued by the Ministry of Corporate Affairs on July 27, 2016 with regard to Companies (Accounts) Amendment Rules, 2016, the report of the Board shall contain highlights of performance of subsidiaries, associates and joint venture companies and their contribution on overall performance of the Company. Accordingly, we hereby furnish the following:

### Subsidiaries

#### HBL Germany GmbH (HBLG)

HBL Germany is our base for selling in Europe – and continues efforts to build key relationships with major German engineering companies and our global customers where they have offices in Europe. HBL Germany offers our customers in the Euro-Zone the convenience of dealing with HBL locally and avoiding having to manage long distance trading. This is especially valuable for smaller customers who may be adverse to international risks. HBL-G has continued to grow with further success at major power systems OEM's in Europe and a healthy backlog has been built for FY2017.

#### HBL America Inc. (HBLA)

HBL America had a challenging year – especially in the oil and gas sector and South America - however the pipeline of projects is growing and key approval work is underway. New approvals in the rail and aviation sector in particular will increase sales in the near term. FAA approval of certain aviation products is expected in FY17 and this will have a marked impact on revenues. Significant orders were obtained from Central America while Brazil saw a dramatic drop as our main end user – Petrobras – suffered fallout from the political situation.

#### SCIL Infracon Private Limited (SIPL)

Shareholders are already aware that SIPL is not in operation since a

few years. As already reported elsewhere, the proposal of merger of SIPL with the Company which was envisaged earlier was dropped, after re-considering the benefits of such an action. Some of the assets of SIPL were disposed off during the year to pay off the liabilities. The loss reported in the year was mainly due to depreciation and amortisation of assets and loss on sale of such assets.

### HBL Suntech LLP

HBL Suntech LLP was incorporated in 2011 to take up trading and sale of monoblock batteries. However, due to continuous losses and unviable business outlook, operations of HBL Suntech LLP were discontinued with effect from 1 April 2014. Only administrative procedures related to closure of business, follow up on certain statutory matters and realisation of old book debts were conducted in the year under review.

## Joint Ventures and Associates

### Gulf Batteries Company Limited (JV in the Kingdom of Saudi Arabia)

Your Company is a 40% stake holder in the JV. Due to low oil prices most of the oil companies reduced their capex requirements and deferred some of the major anticipated orders. Due to overall economic and business scenario in KSA, operations were below breakeven level.

### Naval Systems and Technologies Limited (NSTL)

NSTL is an associate Company of HBL. NSTL is a service provider to foreign Original Equipment Manufacturers (OEMs) mainly operating in the field of marine equipment in Indian Navy. The services provided include installation, trials and commissioning of various equipment, annual maintenance, specialised documentation etc. NSTL has proven expertise in providing technical support, conducting feasibility studies for complex systems, market research and software support. FY 2015-16 was an all time record performance year for NSTL with an income of ₹1280.42 lakhs and a PBT of ₹290.79 lakhs. Your Directors believe that NSTL will continue to grow into different niche areas, and maintain its profitability.

### Kairos Engineering Limited (KEL)

KEL was primarily engaged in software solution for railway monitoring controls. Some of the products developed earlier are yet to get due recognition from Railways for commercial implementation. As result of such delays during the year KEL did not receive any new orders and there was no operational income from sales or service.

Highlights of financial performance and impact of the contribution of subsidiaries, associates and joint venture companies on overall performance of your Company are presented in the Consolidated Financial Statements, Annexure 37.3 in Notes on accounts. The

overall consolidated profit for the year was ₹2,598.71 lakhs and an EPS of ₹1.03 per share were reported, with a moderate increase.

## Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors in their reports

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

### Comments of the auditors:

#### Annexure B to the Independent Auditors' report on standalone financial statements.

According to the information and explanations given to us and based on our audit we are of the opinion that, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weaknesses in the operating effectiveness of controls described below on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

- a) During the year the Company had migrated from its existing ERP package to SAP which is in its final implementation stage. The Company's internal financial controls implemented through Information Technology Controls and General IT Controls are yet to be fully implemented which may lead to a failure of the Company's control procedures to prevent or detect a misstatement of an account balance or disclosure.
- b) Control Documents evidencing the operating effectiveness of controls are not signed off appropriately, resulting in non-identification of deviations from the approved delegation of authority & responsibility, company's controls & procedures. In as much, effecting the assessment of risks associated and determining the effect of the deviations of the control being tested and the evidence to be obtained, as well as forming an opinion on the operating effectiveness of the controls.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent

of audit tests applied in our audit of the March 31, 2016 financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

#### **Annexure A to the Independent Auditors' report on consolidated financial statements**

According to the information and explanations given to us and based on our audit we are of the opinion that, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weaknesses in the operating effectiveness of controls in the Holding Company described below on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

- a) During the year the Holding Company had migrated from its existing ERP package to SAP which is in its final implementation stage. The Company's internal financial controls implemented through Information Technology Controls and General IT Controls are yet to be fully implemented which may lead to a failure of the Company's control procedures to prevent or detect a misstatement of an account balance or disclosure.
- b) Control Documents in the Holding Company evidencing the operating effectiveness of controls are not signed off appropriately, resulting in non-identification of deviations from the approved delegation of authority & responsibility, company's controls & procedures. In as much, effecting the assessment of risks associated and determining the effect of the deviations of the control being tested and the evidence to be obtained, as well as forming an opinion on the operating effectiveness of the controls.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 Consolidated Financial Statements, and these material weaknesses do not affect

our opinion on the Consolidated Financial Statements of the Holding Company and its subsidiary companies and the jointly controlled entity.

#### **Board's reply**

The process of phase wise migration of the existing ERP system with SAP platform is at an advanced stage and Communication and IT controls are in the process of being established. This will be completed in the current financial year. We are informed such transitional issues are not unusual, especially when a migration happens as is in many similar cases elsewhere. Further, auditors have stated that these weaknesses do not affect their opinion on the standalone financial statement of the Company.

#### **Scheme of arrangement and amalgamation between Beaver Engineering and Holdings Private Limited and the Company**

The Board of Directors of your Company, at a meeting held on March 23, 2016, have approved the Scheme of Arrangement and Amalgamation of Beaver Engineering and Holdings Private Limited ('Beaver' or 'Transferor Company') with HBL Power Systems Limited ('HBL' or 'the Transferee Company') and their respective shareholders and creditors (herein referred to as the 'Scheme') after taking into consideration, inter alia, an independent valuation report and a fairness opinion. The Scheme shall be subject to the approval / sanction by the Hon'ble High Court at Hyderabad and/or such other competent authority as may be necessary. Proposed Appointed Date for the amalgamation is April 1, 2016. Necessary approvals have been received from BSE and NSE. The Company has filed necessary application to the Hon'ble High Court.

The Board recommended the following share exchange / share entitlement ratio

- i) 3,883 fully paid up Equity Shares of ₹1/- each of the Transferee Company shall be issued and allotted as fully paid up for every 10 Equity Shares of ₹10/- each fully paid up held in the Transferor Company.
- ii) 3,753 fully paid up Equity Shares of ₹1/- each of the Transferee Company shall be issued and allotted as fully paid up for every 10 Compulsorily Convertible Preference Shares of ₹10/- each fully paid up held in the Transferor Company.
- iii) 3,901 fully paid up Equity Shares of ₹1/- each of the Transferee Company shall be issued and allotted as fully paid up for every 10 Optionally Convertible Redeemable Preference Shares of ₹20/- each fully paid up held in the Transferor Company.

Beaver Engineering and Holdings Private Limited is the holding company for HBL Power Systems Ltd. Beaver is also engaged in the

business of providing engineering know-how and services; sales of engineered products; developing as a center of competence for engineering knowledge and skill, in all branches of engineering and technology. The proposed merger shall allow the shareholders of the Transferor Company viz. the promoters and the investors to directly hold shares in the listed company. This will result in benefits to the Companies and their respective shareholders and stakeholders, such as:

- Improved debt equity ratio for Transferee Company
- Increase in public float of the Transferee Company. This will in turn increase trading stock and positively impact the liquidity of shares of the Transferee Company.
- Simplification of group structure.

### Updates on merger of SCIL Infracon Private Limited

With regard to the proposal of merger of SCIL Infracon Private Limited with the Company as envisaged earlier, considering the priorities in merger proposal of Beaver Engineering and Holdings Private Limited with the Company, no formal application was made during the year to the Hon'ble High Court of Andhra Pradesh and Telangana though the proposal has been cleared by the BSE Limited and the National Stock Exchange of India Limited.

### Material changes and commitments:

No material changes and commitments have occurred after the closure of Financial Year 2015-16 till the date of this Report which would affect the financial position of your Company.

### Directors' responsibility statement:

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;

- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16 except to the extent of possible insignificant effects on internal controls due to stage wise migration of existing ERP system to SAP, which is at its final stage. However, such migration will not have any material impact on the overall internal controls and reporting established by the Company as stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

### Directors and key managerial personnel

Mr. Sanjiv Singhal has resigned from the Board with effect from March 23, 2016. Your Board conveys sincere appreciation for his advice during his tenure as a Director.

Mr. Mitin Jain has been appointed as a director in the vacancy caused by Mr. Sanjiv Singhal with effect from March 23, 2016. Your Board welcomes him.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company. There was no change in key management personnel.

Mr. MSS Srinath retires by rotation and is eligible for re-appointment. Your Board recommends his reappointment.

### Number of meetings of the Board

Five meetings of the Board were held during the year. For details of the meetings of the Board, please refer to the corporate governance report, which forms part of this report.

### Board evaluation

Pursuant to the provisions of the Companies Act and the Corporate Governance requirements prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the annual evaluation of the Board, Committees of the Board and the individual Directors was carried out.

Necessary inputs were obtained from all the directors on the Board and members of the respective Committees to evaluate the performance of the Board and the Committees as a whole on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee ("NRC") while reviewing the performance of the individual directors considered the contribution of the individual director to the Board and Committee meetings on the basis of the criteria such as preparedness on the issues circulated in agenda, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated taking into account the views of executive directors and non-executive directors.

### **Policy on Directors' appointment and remuneration and other details**

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of the Directors' report.

### **Audit committee**

The details pertaining to composition of audit committee are included in the Report on Corporate Governance, which forms part of this report. The Board of Directors has accepted all the recommendations of the audit committee.

### **Statutory auditors**

M/s Rao & Kumar, Chartered Accountants (FRN 03089S) Visakhapatnam who are the statutory auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. Your directors recommend their reappointment.

### **Risk management**

The Company has deployed a comprehensive framework to identify, monitor and take all necessary steps towards mitigation of various risk elements which can impact the existence of the Company, on a periodic basis. All the identified risks are managed through continuous review of business parameters by the Management and the Board of Directors are also informed of the risks and concerns.

### **Internal financial controls**

Pursuant to Section 134 of the Companies Act 2013, the Directors state that the Board, through the operating management, has laid down internal financial controls to be followed by the Company. To the best of their knowledge and ability and inputs provided by various assurance providers confirm that such financial controls are adequate with reference to the size and operations of the Company. It is pertinent to note that the Company is in the final stage of phase wise migration to SAP platform. The migration from ERP system would certainly have transitional effects on the internal controls. The effect of such migration will be insignificant in nature on the entire internal controls. The Internal controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India. Based on the results of such assessments carried out by the management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

### **Particulars of loans, guarantees and investments**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

### **Transactions with related parties**

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure I in Form AOC-2 and the same forms part of this report. Related party transactions are in the ordinary course of business and on arm's length basis.

### **Corporate social responsibility**

The Company has a Board-level committee that supervises its Corporate Social Responsibility (CSR) activities. The brief outline of the CSR policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure II of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

### **Extract of annual return**

Pursuant to Section 92(3) of the Act, the extract of annual return is given in Annexure III in the prescribed Form MGT-9, which forms part of this report.

## Particulars of employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

1.	Employee name	Mr. Suresh Kalyan
2.	Total remuneration CTC (₹ lakhs)	₹121.50 lakhs
3.	Designation and nature of duties	Chief Operating Officer (COO)
4.	Qualification	BSc. Chartered Accountant
5.	Exp.(Year )	26
6.	Date of commencement of employment	17.11.2014
7.	Age	52
8.	Last employment held before joining the Company	Amara Raja Batteries Limited, Hyderabad, as President – Finance

- a. The ratio of the remuneration of each non-executive director to the median remuneration of the employees of the Company for the financial year: Not Applicable as none of the non-executive director was paid any remuneration.
- b. The percentage increase in remuneration of each Director, finance head and Company Secretary in the financial year:

Name of the Directors / Key Managerial Personnel	% increase in remuneration in the financial year
Dr. A J Prasad, Chairman and Managing Director	62.80 (excluding commission)
Mr. MSS Srinath, Whole-Time Director	98.50

*At the AGM held on September 29, 2015, shareholders have approved increased remuneration to Dr. A J Prasad and Mr. MSS Srinath w.e.f. October 1, 2015 and September 1, 2015 respectively.*

- c. The percentage increase in the median remuneration of employees in the financial year: 15.7%
- d. There are 2197 permanent employees on the rolls of Company as at March 31, 2016
- e. The explanation on the relationship between average increase in remuneration and Company performance:

On an average, employees received an annual increase of 15.7%. The individual increments varied from 8% to 20%, based on individual performance. As per the remuneration policy of your Company, employees are compensated broadly in comparison with the median of the comparator basket, on the basis of performance, potential and criticality for achieving competitive advantage in the business. Salary increases during the year were in line with your Company's performance as well as per inflation and motivational factors.

- f. **Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the Company:**

Aggregate remuneration of KMP in FY2015-16 (₹ lakhs)	304.26
Revenue (₹ lakhs)	1,28,835.87
Profit before Tax (PBT)	3277.43
Remuneration of KMPs (as % of revenue)	0.24
Remuneration of KMP (as % of PBT)	9.28

- g. **Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2016	March 31, 2015	% Change
Market capitalisation (₹ crores)	919.65	1290.30	(28.73)
Price Earnings Ratio	47.20	87.93	(46.32)



## h. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

(₹ In Lakhs)

Particulars	Dr. AJ Prasad	Mr. MSS Srinath	Mrs. Kavita Prasad	Mr. MVSS Kumar	Mr. K Mahidhar
Designation	CMD	Executive Director	Executive Director (Non-Board)	Company Secretary	Vice President Finance
Remuneration in FY 2015-16	67.20	36.45	16.92	23.00	30.92
Commission on profit	129.77	-	-	-	-
Revenue (net)	1,28,835.87	1,28,835.87	1,28,835.87	1,28,835.87	1,28,835.87
Profit before Tax (PBT)	3,277.43	3,277.43	3,277.43	3,277.43	3,277.43
Remuneration as % of Revenue	0.15	0.03	0.01	0.02	0.02
Remuneration (as % of PBT)	6.01	1.11	0.52	0.72	0.94

## i. The key parameters for any variable component of remuneration availed by the directors:

Only commission on net profits was paid to Chairman and Managing Director in addition to the monthly remuneration. The remuneration paid to Dr. A J Prasad, Chairman and Managing Director is restricted to aggregate of basic pay of ₹60 lakhs plus perquisites, benefits and allowances as approved by the members in their meeting held on September 29, 2015.

## j. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not applicable

### Disclosure requirements

As required under SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, report on corporate governance and auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.

The Company has formulated and published a whistle blower policy to provide a vigil mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

### Deposits from public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### 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 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the Annexure hereto.

### Corporate governance:

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, a separate section titled "Report on Corporate Governance" is attached to the annual report.

### Cost auditors:

Your Board has appointed M/s K. Narashima Murthy & Co., Cost Accountants, Hyderabad, as cost auditors of the Company for conducting the audit of cost records of the Company for the financial year 2015-16. Your Board proposes to re-appoint them as cost auditors for 2016-17 subject to the approval from the Central Government.

### Secretarial auditor:

Your Board has appointed Mr. CN Kranthi Kumar (CP No: 13889), Practicing Company Secretary, as a secretarial auditor for the financial year 2015-16 and his secretarial audit report is attached to this report as Annexure IV.

### Acknowledgements:

Your Board of Directors places on record its sincere appreciation towards the Company's valued customers and esteemed

shareholders for the support and confidence reposed by them in the management of the Company and look forward to continuance of this mutually supportive relationship in future.

Your Directors take this opportunity to thank all the Company's Bankers and Financial Institutions, the concerned Central and State

Government Departments and Agencies for their support and co-operation to the Company.

The Board has special appreciation for the employees for their dedicated services and their ability to deliver good results.

For and on behalf of the Board

Place: Hyderabad

Date : August 11, 2016

**Dr. A J Prasad**

Chairman and Managing Director

## ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR 2015-16

### 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:

		(₹ In Lakhs)	
S No.	Particulars	2015-16	2014-15
1	Value of imports (on CIF basis)		
	Raw materials, components & spares	17,825.07	22,479.84
	Capital items/ equipment	-	21.34
2	Expenditure in foreign currency		
	Commission	263.90	166.40
	Traveling expenses	162.83	52.84
	Professional charges	94.52	21.48
	Marketing expenses	467.13	314.03
	Others	374.24	37.43
3	Investment in subsidiary	99.03	-
4	Foreign exchange earnings		
	Export sales (on FOB basis)	17,323.37	17,812.24
	Services	44.80	77.72

For and on behalf of the Board

Place: Hyderabad

Date : August 11, 2016

**Dr. A J Prasad**

Chairman and Managing Director



## Annexure I – Directors' Report

### Form No. AOC-2

*(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

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

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2015-16.

#### 2. Details of material contracts or arrangements or transactions at arm's length basis:

##### a. Name(s) of the related party and nature of relationship:

Name of the Related party	Nature of relationship
Beaver Engineering and Holdings Private Limited	Holding company of HBL. Promoters/ Directors are common.
SCIL Infracon Private Limited	Wholly owned subsidiary
HBL Germany, GmbH	Wholly owned subsidiary
HBL America Inc, USA	Wholly owned subsidiary
Gulf Batteries Company Limited, KSA	Joint venture company.
HBL Suntech LLP	HBL holds 60% as a partner in LLP.
Naval Systems and Technologies Private Limited	Associate company

##### b. Nature of contracts / arrangements / transactions: Supply and service of batteries, rentar, concrete products, moulds, tools and equipment.

##### c. Duration of the contracts / arrangements / transactions: Contracts are ongoing.

##### d. Date(s) of approval by the Board, if any: For all the above mentioned related parties, necessary approvals have been obtained at the 28th Annual General Meeting of the Company held on December 27, 2014

##### e. Amount paid as advances, if any: Nil

For and on behalf of the Board

Place: Hyderabad  
Date : August 11, 2016

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

## Annexure II – Directors' Report

### ANNUAL REPORT ON CSR ACTIVITIES

#### A brief outline of the Company's CSR policy, including overview of projects or programs undertaken:

HBL's CSR policy, well before the statutory mandate, is intended to take care of the community through its focus on improvement of quality of lives and living of the residents in and around the Company's manufacturing facilities. The CSR policy inter alia emphasises more on education and skill development, health and wellness, pre-school education for children below 6 years of age, providing safe drinking water to school children, promoting gender equality, eradication of undernourishment and rehabilitation of the under privileged. The projects undertaken by the Company are within the broad framework of Schedule VII of the Companies Act, 2013 as amended from time to time.

#### Composition of CSR Committee:

The Company has a CSR committee of directors comprising of Mr. P Ganapathi Rao, Chairperson of the Committee, Mr. MSS Srinath and Mrs. Preeti Khandelwal are the members.

#### Prescribed CSR Expenditure:

As per the requirement under the provisions of the Companies Act, 2013 Companies are required to spend atleast 2% of the profits calculated in the manner prescribed. During the year the Company was required to spend ₹34.63 lakhs, being 2% of the profits. However, a voluntary higher budget for ₹68.00 lakhs was approved by the Board compared to the minimum statutory requirement of 2%. Against the approved budget, the actual spent was ₹51.05 lakhs during the financial year 2015-16 as per the statement below

(₹ In Lakhs)				
S. No	Sectors Covered and CSR Project	Project area (Local or other)	Spent directly	Spent through agencies
1	Health and Education : Eradicating poverty, hunger, malnutrition, health and pre-school education for children below 6 years of age	Shameerpet	13.02	1.20
		Bhoothpur	12.66	0.48
		Vizianagaram	11.14	-
2	Water: Providing safe drinking water to school children	Bhoothpur	0.85	-
		Nandigaon	0.10	-
3	Health: Promoting preventive health care through medical camps	Shameerpet & Tumkunta	0.70	-
		Vizianagaram	1.10	-
		Bhoothpur	0.20	-
4	Livelihood: Providing livelihood enhancing skills & empowering women & youth	Shameerpet & Tumkunta	0.30	-
		Bhoothpur	0.05	-
5	Education: Promoting quality of education for children by providing required facilities (Soft & Hard)	Shamirpet & Tumkunta	1.17	-
		Bhoothpur	0.10	-
6	Education: Promoting education and gender equality through assisting finance to girl child and under privileged children	Shamirpet & Tumkunta	1.87	-
		Vizianagaram	0.33	-
		Bhoothpur	0.14	-
7	To provide financial assistance to the projects related to setting up old age homes/orphanages and such other facilities for senior citizens.		-	1.20
8	To provide financial assistance to the projects related to skills development for differently abled and livelihood enhancement.		-	1.80
9	Rural development projects - Village Development		-	2.64
	<b>Grand Total</b>		<b>43.73</b>	<b>7.32</b>

**Responsibility statement of the CSR committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company:**

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

Place: Hyderabad

Date : August 11, 2016

**Mr. P Ganapathi Rao**  
Chairperson of CSR Committee

## Annexure III – Directors' Report

### FORM NO. MGT-9

#### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

- i. CIN: L40109TG1986PLC006745
- ii. Registration Date: 29.08.1986
- iii. Name of the Company: HBL POWER SYSTEMS LIMITED
- iv. Category / Sub-Category of the Company: Company Limited by shares / Indian Non-Government Company
- v. Address of the Registered office and contact details:  
8-2-601, Road No.10, Banjara Hills, Hyderabad-500034, Telangana  
Tel: 91 40 2335 5575, Fax: 91 40 2335 5048  
Email: contact@hbl.in Website: www.hbl.in
- vi. Whether listed company: Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent, if any  
M/S Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032.  
Tel : +91 040 67161530  
E-mail : mailmanager@karvy.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Manufacture of batteries	272	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Relevant Section
1.	Beaver Engineering and Holdings Private Limited 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034, Telangana	U21011TG1992PLC014050	Holding	59.25	2(46)
2	SCIL Infracon Private Limited Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015	U45400TG2007PTC054295	WOS	100%	2(87)
3	HBL America Inc. USA	Not applicable	WOS	100%	2(87)
4	HBL Germany GmbH, Germany	Not applicable	WOS	100%	2(87)
5	HBL Suntech LLP 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034, TS	AAA-6399	Subsidiary	60%	2(87)
6	Naval Systems and Technologies Pvt Ltd. Plot#563, Road#31, Jubilee Hills Hyderabad-500033, TS	U31403TG2006PTC051006	Associate	41%	2(6)
7	Kairos Engineering Limited	U31400TG1998PLC029359	Associate	23%	2(6)
8	Gulf Batteries Co. Ltd, KSA	Not applicable	Joint Venture	40%	2(6)

## IV. Share Holding Pattern (equity share capital breakup as percentage of total equity)

### i. Category-wise Share holding

Sr. No	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2015				No. of Shares held at the end of the year i.e. 31.03.2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A</b>	<b>PROMOTERS</b>									
<b>1.</b>	<b>INDIAN</b>									
a.	Individual /HUF	4,39,71,629	-	4,39,71,629	17.38	3,71,48,879	-	3,71,48,879	14.68	(2.70)
b.	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	14,34,10,653	-	14,34,10,653	56.68	15,03,93,653	-	15,03,93,653	59.44	2.77
d.	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>18,73,82,282</b>	<b>-</b>	<b>18,73,82,282</b>	<b>74.06</b>	<b>18,75,42,532</b>	<b>-</b>	<b>18,75,42,532</b>	<b>74.13</b>	<b>0.07</b>
<b>2.</b>	<b>FOREIGN</b>									
a.	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
b.	Bodies Corporate	-	-	-	-	-	-	-	-	-
c.	Institutions	-	-	-	-	-	-	-	-	-
d.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>18,70,31,072</b>	<b>-</b>	<b>18,70,31,072</b>	<b>73.93</b>	<b>18,75,42,532</b>	<b>-</b>	<b>18,75,42,532</b>	<b>74.13</b>	<b>0.07</b>
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>1</b>	<b>Institutions</b>									
a.	Mutual Funds /UTI	1,29,00,926	-	1,29,00,926	5.10	2,00,06,503	-	2,00,06,503	7.91	2.81
b.	Financial Institutions / Banks	1,84,756	4,000	1,88,756	0.07	4,11,216	4,000	4,15,216	0.16	0.09
c.	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
d.	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e.	Insurance Companies	-	-	-	-	-	-	-	-	-
f.	Foreign Institutional Investors	10,35,436	-	10,35,436	0.41	14,56,90	-	14,56,90	0.06	(0.35)
g.	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i.	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B) (1)</b>	<b>1,41,21,118</b>	<b>4,000</b>	<b>1,41,25,118</b>	<b>5.58</b>	<b>2,05,67,409</b>	<b>4,000</b>	<b>2,05,63,409</b>	<b>8.13</b>	<b>2.55</b>

Sr. No	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2015				No. of Shares held at the end of the year i.e. 31.03.2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2	<b>Non- Institutions</b>									
a.	Bodies Corporate	1,66,57,581	-	1,66,57,581	6.58	69,25,970	5,010	69,30,980	2.74	(3.84)
b.	Individuals									
i.	Individuals holding nominal share capital upto ₹1 lac	2,32,76,764	39,16,724	2,71,93,458	10.75	2,89,13,031	40,25,604	3,29,38,635	13.02	2.27
ii.	Individuals holding nominal share capital in excess of ₹1 lac	57,79,671	1,55,000	59,34,671	2.35	32,41,992	-	32,41,992	1.28	(1.07)
c.	Others	17,06,890	-	17,06,890	0.67	17,78,452	-	17,78,452	0.70	0.03
	<b>Sub-Total (B) (2)</b>	<b>4,74,20,876</b>	<b>40,71,724</b>	<b>5,14,92,600</b>	<b>20.36</b>	<b>4,08,59,445</b>	<b>40,30,614</b>	<b>4,48,90,059</b>	<b>17.74</b>	<b>(2.62)</b>
	<b>Total Public Shareholding Group (B)</b>	<b>6,15,41,994</b>	<b>40,75,724</b>	<b>6,56,17,718</b>	<b>25.94</b>	<b>6,14,22,854</b>	<b>40,34,614</b>	<b>6,54,57,468</b>	<b>25.87</b>	<b>(0.07)</b>
C.	Shares held by Custodians and against which depository Receipts have been issued	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>24,89,24,276</b>	<b>40,75,724</b>	<b>25,30,00,000</b>	<b>100</b>	<b>24,89,65,386</b>	<b>40,34,614</b>	<b>25,30,00,000</b>	<b>100</b>	<b>-</b>

## ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2015			Shareholding at the end of the year i.e. 31.03.2016			% Change during the year
		No. of Shares	% of total Shares	% of Shares Pledged	No. of Shares	% of total Shares	% of Shares Pledged	
1.	Beaver Engineering and Holdings Private Limited	14,30,59,443	56.55	0.00	14,98,99,443	59.25	0.00	2.70
2.	Dr. A J Prasad	2,76,54,500	10.93	0.00	2,08,14,500	8.23	0.00	(2.70)
3.	Mrs. Kavita Prasad	90,42,332	3.57	0.00	90,56,332	3.58	0.00	0.01
4.	Advay Bhagirath Mikkilineni	39,17,600	1.55	0.00	39,17,600	1.55	0.00	0.00
5.	Mr. MSS Srinath	18,26,010	0.72	0.00	18,29,260	0.72	0.00	0.00
6.	Mikkilineni Deeksha	15,31,187	0.61	0.00	15,31,187	0.61	0.00	0.00
7.	Barclays Wealth Trustees India Private Limited - Trustetee for Aluru Family Private Trust and Mikkilineni Family Private Trust	3,66,210	0.14	0.00	4,94,210	0.20	0.00	0.06
	<b>Total</b>	<b>18,73,82,282</b>	<b>74.06</b>	<b>0.00</b>	<b>18,75,42,532</b>	<b>74.13</b>	<b>0.00</b>	<b>0.07</b>

## iii. Change in Promoters' Shareholding

Sr. No	Name of the Shareholder	Shareholding at the beginning of the year		Date and nature of change	Increase/ Decrease in Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	Dr. A J Prasad	2,76,54,500	10.93	15.03.2016 – Sale	68,40,000	2.70	2,08,14,500	8.23
2.	Mr. MSS Srinath	18,26,010	0.72	28.08.2015 – Acquired	3,250	0.00	18,29,260	0.72
3.	Mrs Kavita Prasad	90,42,332	3.57	06.11.2015 and 09.11.2015 Acquired	14,000	0.00	90,56,332	3.58
4.	Barclays Wealth Trustees India Private Limited - Trustee for Aluru Family Private Trust and Mikkilineni Family Private Trust	3,66,210	0.14	Acquired between 01.09.2015 to 24.02.2016	1,28,000	0.05	4,94,210	0.20

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No	Top 10 Shareholders <i>The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.</i>	Shareholding as at 01.04.2015		Cumulative Shareholding as at 31.03.2016	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	HDFC Trustee Company Limited - HDFC Infrastructure Fund	65,26,301	2.58	68,71,301	2.72
2.	IDFC Sterling Equity Fund	-	-	57,58,893	2.28
3.	HDFC Trustee Company Limited - HDFC Prudence Fund	5,20,000	0.21	56,40,000	2.23
4.	IDFC Tax Advantage (ELSS) Fund	-	-	15,65,784	0.62
5.	Ajay Upadhyaya	5,00,000	0.20	8,60,052	0.34
6.	Vishanji Shamji Dedhia	4,75,000	0.19	5,05,000	0.20
7.	Kanuri Family Trust	4,92,207	0.19	4,92,207	0.19
8.	ICM Finance Pvt Ltd	-	-	4,00,000	0.16
9.	Jainam Share Consultants Pvt Ltd	3,94,958	0.16	3,74,817	0.15
10.	Pankaj Jawaharlal Razdan	3,50,000	0.14	3,50,000	0.14

## V. Shareholding of Directors and Key Managerial Personnel:

Sr. No	Beneficiary Account no	Name of the Shareholder	Date	Shareholding as at 01.04.2015		Cumulative Shareholding as at 31.03.2016	
				No. of shares	% of total shares	No. of shares	% of total shares
1	IN303559-10011800 and IN301305-70030772	Dr. A J Prasad	01.04.2015	2,76,54,500	10.93		
			31.03.2016			2,08,14,500	8.23
2	IN303559-10001640	Mr. MSS Srinath	01.04.2015	18,26,010	0.72		
			31.03.2016			18,29,260	0.72
3	IN303559-10001666	Mrs. Kavita Prasad	01.04.2015	90,42,332	3.57		
			31.03.2016			90,56,332	3.58



## VI. Indebtedness : Indebtedness of the Company including interest outstanding / accrued but not due for payment as at 31.03.2016

₹ In lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	10,548.09	15,121.83	-	25,669.92
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	66.95	-	-	66.95
<b>Total (i+ii+iii)</b>	<b>10,615.04</b>	<b>15,121.83</b>	<b>-</b>	<b>25,736.87</b>
<b>Change in indebtedness during the financial year</b>				
- Addition	36.61	-	-	36.61
- Reduction	(5,453.98)	(5,380.82)	-	(10,834.80)
<b>Net Change</b>	<b>(5,417.38)</b>	<b>(5,380.82)</b>	<b>-</b>	<b>(10,798.20)</b>
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	5,159.97	9,741.01	-	14,900.98
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	37.70	-	-	37.70
<b>Total (i+ii+iii)</b>	<b>5,197.67</b>	<b>9,741.01</b>	<b>-</b>	<b>14,938.68</b>

## VII. Remuneration of Directors And Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

₹ In lakhs

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total
		Dr. A J Prasad	Mr. MSS Srinath	
1	Total Salary	67.20	36.45	103.65
2.	Commission on profit	129.77	-	129.77
	<b>Total</b>	<b>196.97</b>	<b>36.45</b>	<b>233.42</b>

### B. Remuneration to other directors:

Sr. No	Fee for attending board / committee meetings	Total Amount (₹)
<b>1</b>	<b>Independent Directors</b>	
	Mr. P Ganapathi Rao	20,000
	Mrs. Preeti Khandelawal	16,000
<b>2</b>	<b>Other Non-Executive Directors</b>	
	Mr. Sanjiv Singhal	8,000
	Mr. Ajay Bhaskar Limaye	12,000
	Mr. J Vidyashankar (paid to IDBI Bank)	4,000
	<b>Total</b>	<b>60,000</b>

### C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sr. No	Particulars of Remuneration	Name of Key Managerial Personnel			Total ₹ In lakhs
		Mrs. Kavita Prasad Executive Director (Non-Board)	Mr. MVSS Kumar Company Secretary	Mr. K Mahidhar Vice-President (Finance)	
1	Total Salary	16.92	23.00	30.92	70.84

## viii. Penalties / Punishment/ Compounding of Offences:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2016.

## Annexure IV – Directors' Report

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

*[Pursuant to Section 204(1) of Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members,  
**HBL POWER SYSTEMS LIMITED,**  
CIN: L40109TG1986PLC006745,  
8-2-601, Road No.10, Banjara Hills,  
Hyderabad - 500 034, Telangana.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HBL POWER SYSTEMS LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 (hereinafter called the "audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and Compliance-Mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 and made available to me, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder (to the extent notified and applicable) and the Companies Act, 1956 (to the extent applicable);
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the regulations and Bye-laws framed thereunder;

- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

The Company has complied with the provisions to the extent applicable to Overseas Direct Investments in its Wholly Owned Subsidiaries and Joint Ventures.

There are no transactions of Foreign Direct Investment and External Commercial Borrowings.

- V. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not applicable as the Company did not issue any securities during the audit period
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable as the Company has not granted any options to its employees during the audit period
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the Company has not issued any debt securities during the audit period

- f) The Securities and Exchange Board of India (Registrars to Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; The Company has duly appointed a SEBI Authorised Category I Registrar and Share Transfer Agent as required under the law
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and No delisting was done during the audit period
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. Not applicable as the Company has not bought back any of its securities during the audit period

I have also examined compliance with the applicable clauses of the following:

- I. The Secretarial Standards issued by The Institute of Company Secretaries of India which came into effect from 01.07.2015;
- II. The Listing Agreements entered into by the Company with:
  - a. BSE Limited (which were applicable up to 30.11.2015);
  - b. National Stock Exchange of India Limited (which were applicable up to 30.11.2015);
  - c. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable from 01.12.2015); and
  - d. Uniform Listing Agreement entered with BSE Limited and National Stock Exchange of India Limited (applicable from 23.03.2016).

I report that, during the year under review, the Company has complied with the provisions of the acts, rules, regulations, guidelines, standards and listing agreements mentioned above.

I further report that, based on present sector / industry of the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws to the extent applicable specifically to the Company including any statutory modification or re-enactment thereof for the time being in force and the rules, regulations, guidelines, notifications, circulars framed thereunder:

- i. The Water (Prevention and Control of Pollution) Act, 1974;
- ii. The Water (Prevention and Control of Pollution) Cess Act, 1974;
- iii. The Air (Prevention and Control of Pollution) Act, 1981;
- iv. The Environment (Protection) Act, 1986;
- v. The National Environment Tribunal Act, 1995;
- vi. The National Environment Appellate Authority Act, 1997;

- vii. The Forest (Conservation) Act, 1980;
- viii. The Electricity Act, 2003;
- ix. National Tariff Policy;
- x. The Public Liability Insurance Act, 1991;
- xi. The Motor Vehicles Act, 1988;
- xii. The Petroleum Act, 1934;
- xiii. The Legal Metrology Act, 2009;
- xiv. The Copyright Act, 1957;
- xv. The Trademarks Act, 1999;
- xvi. The Patents Act, 1970;
- xvii. The Noise (Regulation and Control) Rules, 2000;
- xviii. Batteries (Management and Handling) Rules, 2001;
- xix. The Plastic Waste Management Rules, 2011;
- xx. The Bio-Medical Waste (Management and Handling) Rules, 1998;
- xxi. Municipal Solid Wastes (Management & Handling) Rules, 2000;
- xxii. The Hazardous Waste (Management & Handling) Rules, 1989 (as amended up to 2008);
- xxiii. Hazardous Wastes (Management, Handling & Transboundary Movement) Rules, 2008;
- xxiv. The Petroleum Rules, 2002; and
- xxv. The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996.

I further report that, based on the information provided and the representation made by the Company and also on the review of the compliance reports taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws like Economic Laws, Labour Laws and Environmental Laws.

I further report that, the compliance by the Company of applicable financial laws are not reviewed since the same have been subject to reviewed under statutory audit.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all Directors, and a system exists for

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period the Company:

- I. Has amended its Articles of Association by adding a new Article 84-(IV) and has complied with the provisions of the Act.
- II. Has filed an application with Hon'ble Company Law Board, Chennai Bench as per Section 621A of the Companies Act, 2013 for compounding under Section 149 of the Companies Act, 2013 with respect to minimum number of Independent Directors on the Board arising due to rounding off of a fraction number. The Company has already in place a composition of 6 (Six) Directors, out of which 2 (Two) are Independent Directors.

The Company has a mere delay of 66 days in this regard due to procedural clearances and approvals from the Financial Institutions for withdrawal of their Nominee Director which took place on 05.06.2015. Subsequent to nomination

withdrawal the number of Independent Directors is in order.

As on reporting date the Company's application for condonation of delay in appointment is pending with the aforesaid statutory authority.

- III. Has approved a draft Scheme of Arrangement Amalgamation (Merger) of Beaver Engineering & Holdings Private Limited (Transferor Company) with the Company (HBL Power Systems Limited, Transferee Company). As on reporting date, the Company has obtained in principle approval from the BSE Limited and National Stock Exchange of India Limited with respect to Merger Application. The Company has initiated the necessary process of filing with the Hon'ble High Court of Judicature at Hyderabad for Andhra Pradesh and Telangana.

except these, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

#### **OBSERVATIONS:**

In terms of Section 203 of the Companies Act, 2013, the Company has Whole-time Key Managerial Personnel i.e., Chairman and Managing Director and a Company Secretary. However, the Company is in the process of appointing a Chief Financial Officer. In the interim period, all the necessary functions as per the provisions of the Act were discharged by the Vice President – Finance.

Place: Hyderabad  
Date : July 20, 2016

**C. N. Kranthi Kumar**  
Company Secretary in Practice  
ACS No.30028, CP No.13889

This report is to be read with my letter of even date which is annexed as Annexure – A and forms an integral part of this report.

## Annexure – “A”

To  
The Members,  
**HBL POWER SYSTEMS LIMITED,**  
CIN: L40109TG1986PLC006745,  
8-2-601, Road No.10, Banjara Hills,  
Hyderabad - 500 034, Telangana.

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed, provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. Where ever required, I have obtained management representation about the compliance of laws, rules, regulations, guidelines and happening of events, etc.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, guidelines, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad  
Date : July 20, 2016

**C. N. Kranthi Kumar**  
Company Secretary in Practice  
ACS No.30028, CP No.13889

# Report on Corporate Governance

## Listing Compliances:

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh listing agreements with the stock exchanges.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements and regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to Corporate Governance.

## Company's philosophy:

The Company follows the Principles of Corporate Governance:

### 1. VISION

HBL's vision is to organise India's engineering talent into a globally competitive business, whether in manufacturing or services. We want to become a learning organisation 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 co-existence

### 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.

## A. Board of Directors:

- As on March 31, 2016, the Company has six directors. Of the six directors, four are non-executive directors and two are

independent directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

- None of the directors on the Board holds directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2016 have been made by the directors. None of the directors is related to each other except Dr. A J Prasad and Mr. MSS Srinath.
- Independent directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the independent directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- The names and categories of the directors on the Board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2016 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / memberships of Board Committees shall only include Audit Committee and Stakeholders' Relationship Committee.
- To enable the Board to discharge its responsibilities effectively and take informed decisions, the Chairman & Managing Director apprises the Board at every meeting, of the overall performance of the Company followed by a presentation.
- Non-executive directors of the Company play a crucial role in the independent functioning of the Board. They bring in an external perspective to decision-making, and provide leadership and strategic guidance while maintaining objective judgment. They also oversee corporate governance framework of the Company.



**(I) Composition and category of directors**

Name and designation	Category#	No of Meetings attended during 2015-16	Director-ships in other listed entities*	Attendance at last AGM
Dr. A J Prasad Chairman and Managing Director	PED	5	Nil	Yes
Mr. MSS Srinath Whole Time Director	ED	4	1	No
Mr. P Ganapati Rao	NEID	5	Nil	Yes
Mrs. Preeti Khandelwal,	NEID	4	Nil	No
Mr. Ajay Bhaskar Limaye	NENID	3	Nil	No
Mr. Mitin Jain (w.e.f. 23rd March 2016)	NENID	Nil	1	No
Mr. Sanjiv Singhal (Upto 23rd March 2016)	NENID	2	Nil	No
Mr. J Vidya Shankar, IDBI Nominee (Upto 05.06.2015)	NEND	1	Nil	No

# PED: Promoter and Executive Director; ED: Executive Director; NEID: Non-Executive Independent Director; NENID: Non-Executive Non Independent Director and NEND: Non-Executive Nominee Director

\* Directorship in other listed entities includes this company.

Video / tele-conferencing facilities are also used to facilitate directors travelling abroad or at other locations to participate in the meetings.

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

**(II) Meetings of the Board of Directors:**

The Board has met five times during the financial year as required under Regulation 17(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year 2015-16, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration. The necessary quorum was present for all the meetings. The dates of the Board meeting are as under:

i 29.05.2015	ii 14.08.2015
iii 13.11.2015	iv 11.02.2016
v 23.03.2016	

Details of equity shares of the Company held by the directors as on March 31, 2016 are given below:

Name	Category	Number of equity shares
Dr. A J Prasad	Chairman and Managing Director	2,08,14,500
Mr. MSS Srinath	Whole Time Director	18,29,260

The Company has not issued any convertible instruments.

**(III) Code of conduct**

The Board has laid down a Code of Conduct for all the Board members and senior management of the Company and the same is posted on the website of the Company. All the Board members and senior management personnel affirmed compliance with code of

conduct on an annual basis and a declaration to this effect is signed by the Chairman and Managing Director.

**(IV) Audit committee****(A) Qualified and independent committee:**

The Company has set up a qualified and independent audit committee in terms of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 read with rules made thereunder. The audit committee consists of three members out of whom two are independent directors including the chairperson having professional qualification in their respective field of activity with vast experience and in-depth financial and accounting knowledge. The Vice President – Finance, Mr. K. Mahidhar is an invitee to the meetings. The Company Secretary of the Company is the ex-officio secretary of the audit committee.

The table lists the members of the audit committee and attendance particulars during the financial year 2015-16:

Name of the Director	Status	Category	No. of meetings attended
Mr. P Ganapati Rao	Chairperson	Independent Director	5
Mrs. Preeti Khandelwal	Member	Independent Director	5
Mr. MSS Srinath	Member	Executive Director	4

**(B) Meetings of the audit committee**

The committee met five times (5 meetings) during year on May 29, 2015, August 14, 2015, November 13, 2015, February 11, 2016 and March 23, 2016 respectively. Necessary quorum was present at all the meetings. In addition to the members of the audit committee, these meetings were attended by the executives who were considered necessary for providing inputs to the committee. The Company Secretary acted as the secretary to the audit committee.

**(C) Powers and role of audit committee**

The terms of reference of the audit committee are broadly as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, remuneration and terms of appointment of auditors of the Company including cost and secretarial auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors including cost and secretarial auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (such as public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
- To review the functioning of whistle blower mechanism.
- Approval of appointment of CFO;
- The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the Company;

- Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- Oversee financial reporting controls and process for material subsidiaries;
- Oversee compliance with legal and regulatory requirements for the Company and its material subsidiaries;
- To mandatorily review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the chief internal auditor.

#### (V) Independent directors meeting

During the year, a meeting of the independent directors was held on February 11, 2016. The independent directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

#### (VI) Stakeholders' relationship committee

The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.

The broad terms of reference of the stakeholders' relationship committee are as under:

- a. Consider and resolve the grievances of security holders of the Company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters.
- b. Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

There were twelve meetings of the stakeholders' relationship committee held during the year:

1) 20.04.2015, 2) 13.07.2015, 3) 03.08.2015, 4) 17.08.2015, 5) 15.09.2015, 6) 22.09.2015, 7) 26.10.2015, 8) 17.11.2015, 9) 23.12.2015, 10) 19.01.2016, 11) 08.02.2016 and 12) 24.02.2016.

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

Name of the Director	Status	Membership Status	No. of meetings attended during 2015-16
Mr. P Ganapati Rao	Chairperson	Independent Director	12
Mrs. Preeti Khandelwal	Member	Independent Director	12
Mr. MSS Srinath	Member	Executive Director	12

#### Details of investor complaints / queries during the year 2015-16

S.No	Nature of complaints / query	Opening complaints	During the year		Closing Complaints
			Received	Resolved	
1	Non-receipt of dividend warrants	Nil	31	31	Nil
2	Non-receipt of securities	Nil	55	55	Nil
3	Non-receipt of share certificates after transfer	Nil	21	21	Nil
4	Non-receipt of refund orders	Nil	18	18	Nil
	<b>TOTAL</b>	<b>Nil</b>	<b>125</b>	<b>125</b>	<b>Nil</b>

**(VII) Nomination and Remuneration committee**

The Nomination and Remuneration Committee of the Company is empowered to review the remuneration of the Chairman and Managing Director and the Executive Directors, 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 broad terms of reference of the Nomination and Remuneration Committee are as under:

- Recommend to the board the set up and composition of the board and its committees, including the "formulation of the criteria for determining qualifications, positive attributes and independence of a director". The committee will consider periodically reviewing the composition of the board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the board the appointment or reappointment of directors.
- Devise a policy on board diversity.
- Recommend to the board appointment of key managerial personnel ("KMP" as defined by the Act) and executive team members of the Company (as defined by this committee).
- Recommendation of fees/ compensation/ stock options, if any, to be paid/ granted, to non-executive directors, including independent directors, to the Board of Directors/ Shareholders.
- Carry out evaluation of every director's performance and support the board and independent directors in evaluation of the performance of the board, its committees and individual directors. This shall include "formulation of criteria for evaluation of independent directors and the board".
- Recommend to the board the remuneration policy for directors, executive team or key managerial personnel as well as the rest of the employees. Approval of fixed component and performance linked incentives based on the performance criteria.
- On an annual basis, recommend to the board the remuneration payable to the directors and oversee the remuneration to executive team or key managerial personnel of the Company.
- Oversee the human resource philosophy, human resource and people strategy and human resource practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the board, key managerial personnel and executive team).

- Provide guidelines for remuneration of directors on material subsidiaries.
- Recommend to the board on voting pattern for appointment and remuneration of directors on the boards of its material subsidiary companies.
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

The Nomination and Remuneration Committee was reconstituted with three non-executive independent directors (including the Chairperson of the Committee Mr. P Ganapathi Rao). During the financial year the Committee met on August 14, 2015 to consider the revision in remuneration of Chairman and Managing Director and the Executive Director.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Chairman and Managing Director and the Executive Director and commission (variable component) to its Chairman and Managing Director. Annual increments are recommended by the Nomination and Remuneration Committee within the salary scale approved by the members. The Nomination and Remuneration Committee decides on the commission payable to the Chairman and Managing Director out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company.

The composition of the Nomination and 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	Chairperson	1	1
Mrs. Preeti Khandelwal	Member	1	1
Mr. Mitin Jain	Member	-	-

**Directors' remuneration for the year 2015-16**

Name of the Director	Designation	Remuneration paid for the year ₹ in lakhs	Commission Paid ₹ in lakhs
Dr. A J Prasad	Chairman and Managing Director	67.20	129.77
Mr. MSS Srinath	Whole-Time-Director	36.45	NIL
<b>Total</b>		<b>103.65</b>	<b>129.77</b>

Mrs. Kavita Prasad, (who is a relative of the Chairman and Managing Director and Mr. MSS Srinath, Whole-time Director) has been paid ₹6.39 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 2015-16.

Name of Directors	Meetings Held	Meetings Attended	Sitting fees paid
Mr. P. Ganapathi Rao	5	5	20,000
Mrs. Preeti Khandelwal	5	4	16,000
Mr. J Vidyashankar	5	1	4,000
Mr. Sanjiv Singhal	5	2	8,000
Mr. Ajay Bhaskar Limaye	5	3	12,000
Mr. Mitin Jain (w.e.f. 23rd March 2016)	5	-	Nil
<b>Total</b>			<b>60,000</b>

The Company does not have any Employee Stock Option Scheme.

#### Performance evaluation criteria for Independent Directors

The performance evaluation criterion for independent directors is determined by the Nomination and Remuneration committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

#### (VIII) Corporate Social Responsibility (CSR) committee

CSR Committee of the Company is constituted in line with the provisions of Section 135 of the Act. The broad terms of reference CSR committee is as follows:

- Formulate and recommend to the board, a CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- Recommend the amount of expenditure to be incurred on the activities referred to above; and
- Monitor the CSR Policy of the Company from time to time

Two meetings of the CSR committee were held during the year on May 29, 2015, and February 11, 2016.

The composition of the CSR Committee and details of the meeting attended by its members are given below:

Name of the member	Status	Number of meetings held	Number of Meeting attended
Mr. P Ganapati Rao	Chairperson	2	2
Mrs. Preeti Khandelwal	Member	2	1
Mr. MSS Srinath	Member	2	2

#### (IX) Subsidiary companies

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to make certain disclosures of "material subsidiaries" of the Company in corporate governance. In terms of Regulation 16(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Since the Company does not have any material subsidiary, requirement of disclosure does not arise.

## B. Details of previous three Annual General Meetings:

Date	Venue	Time	No. of Special Resolution passed
September 29, 2015	Federation of Telangana and AP Chambers of Commerce & Industry, Red Hills, Hyderabad-500 004	4.00 pm	3
December 27, 2014			2
September 28, 2013			NIL

The resolutions were passed with requisite majority.

## C. Other Disclosures

### (I) Postal ballot

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

### (II) 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 to review Company's risk mitigation strategies relating to identified key risks as well as the processes for monitoring and mitigating such risks.

### (III) Code for prevention of insider trading

The Company has framed a code for Prevention of Insider Trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. 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.

### (IV) Related party transactions

All transactions entered into with related parties as defined under the Companies Act, 2013 and rules made thereunder and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business. These have been approved by the audit committee from time to time.

### (V) 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.

### (VI) Whistle blower policy

The Company has a general whistle blower policy. The whistle blower policy provides a mechanism to report without fear of victimisation any unethical behaviour, suspected or actual fraud, violation of the code of conduct etc. which are detrimental to the organisation's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, or any other unfair employment practice. No employee has been denied access to the audit committee.

### (VII) Non-mandatory requirement:

The Company has not adopted the non-mandatory requirements as specified in C(10)(d) Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### (VIII) 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 / Financial Express in English version and Nava Telangana in vernacular paper in Telugu. All financial and other vital official news releases and documents under SEBI Listing Regulations, 2015 are also communicated to the concerned Stock Exchanges, besides being placed on the Company's website.

### (IX) General shareholder information

1.	Forthcoming Annual General Meeting - Date, Time & Venue	September 29, 2016 at 4.00 PM KLN Prasad Auditorium, Federation of Telangana and AP Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004
2.	Financial year	2015-16
	Financial reporting:	
	First quarter ending 30/06/15	August 14, 2015
	Half-year ending 30/09/15	November 11, 2015
	Third quarter ending 31/12/15	February 11, 2016
	Audited annual results	Standalone : May 30, 2016 Consolidated : August 11, 2016
3.	Dates of book-closure	23.09.2016 to 29.09.2016 (both days inclusive)
4.	Dividend	Dividend on equity share capital @ 25%



5.	Registered office and Secretarial office	8-2-601, Rd. No.10, Banjara Hills, Hyderabad- 500 034 Contact person: Company Secretary Phone: 040-23355575, Fax: 040-23355048 E-Mail: contact@hbl.in; investor@hbl.in
6.	Registrars for Electronic Transfer and Physical Transfer of Shares	M/S Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Contact Person: Mr. B Srinivas, Deputy Manager Phone nos. + 91-40-67161530 E-mail : mailmanager@karvy.com
7.	Plant locations	1. Aliabad, Shameerpet, RR Dist., TS 2. Nandigoan, Kothur, Mahabubnagar Dist., TS 3. Seripally, Bhoothpur, Mahabubnagar Dist., TS 4. Kandivalasa, Posapatirega, Vizainagaram, AP 5. VSEZ, Visakhapatnam, AP 6. Narsaraopeta, Guntur Dist, AP (under commissioning) 7. Thumkunta, Shameerpet, RR Dist, TS 8. Haridwar, Uttarakhand 9. IMT, Manesar, Haryana
8.	Listing on Stock Exchanges	BSE Limited (BSE) National Stock Exchange of India Limited (NSE)
9.	Stock Code-BSE :	
	BSE/ NSE trading code	517271/ HBL POWER
	ISIN number:	INE 292BO1021

#### (X) Distribution of shareholding as on March 31, 2016

Shareholder category	No. of shares held	% of shares held
a. Indian promoters and relatives	18,74,25,032	74.08
b. Foreign promoters	Nil	Nil
c. Foreign collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	6,55,74,968	25.92
<b>Total</b>	<b>25,30,00,000</b>	<b>100.00</b>

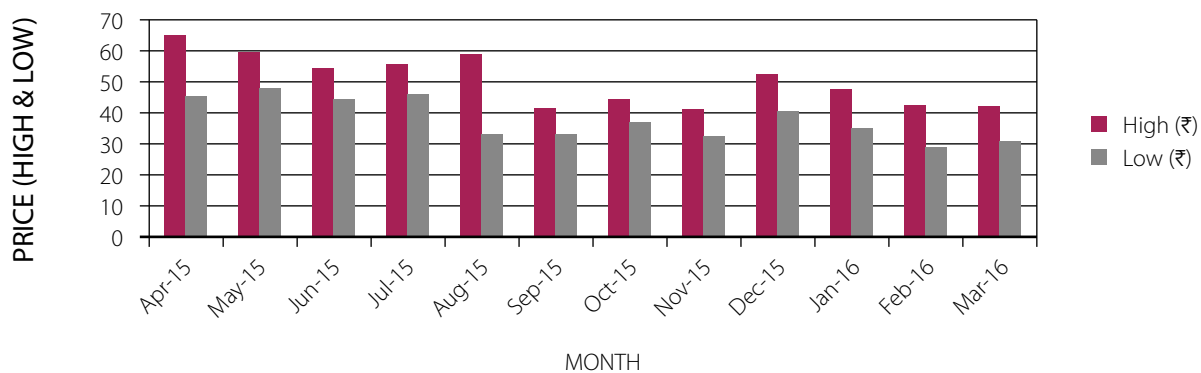
#### (XI) Distribution Schedule as on March 31, 2016 is as follows

S.No	Category	No of Shareholders	% of Shareholders	No. of shares	% to total equity
1	Upto 1 - 5000	27,176	96.09	1,89,33,126	7.48
2	5001 - 10000	577	2.04	44,55,327	1.76
3	10001 - 20000	247	0.87	36,62,234	1.45
4	20001 - 30000	90	0.32	22,71,648	0.90
5	30001 - 40000	52	0.18	18,58,208	0.73
6	40001 - 50000	32	0.11	15,23,955	0.60
7	50001 - 100000	50	0.18	37,52,244	1.48
8	100001 & above	57	0.20	21,65,43,258	85.59
	<b>Total:</b>	<b>28,281</b>	<b>100.00</b>	<b>25,30,00,000</b>	<b>100.00</b>

## (XII) Stock market price data during 2015-16

S.No	BSE Limited			National Stock Exchange		
	Price		No. of shares traded	Price		No. of shares traded
	High	Low		High	Low	
Apr-15	64.50	45.20	82,62,364	64.50	45.35	2,39,22,999
May-15	59.45	47.30	43,34,166	59.50	47.20	1,47,44,876
Jun-15	54.50	44.00	35,03,771	54.95	44.30	1,14,83,078
Jul-15	55.25	45.40	94,18,126	55.30	45.10	3,30,04,441
Aug-15	58.50	32.35	98,78,384	58.45	32.30	3,60,03,361
Sep-15	41.00	32.20	34,07,616	41.00	32.00	1,23,40,713
Oct-15	43.90	36.30	34,17,113	43.90	36.60	1,29,03,704
Nov-15	40.55	32.35	31,39,783	40.50	32.20	96,15,867
Dec-15	52.20	40.00	99,05,328	52.20	40.00	2,97,83,908
Jan-16	47.45	35.10	44,02,463	47.40	35.20	1,18,78,165
Feb-16	41.45	28.75	18,51,819	41.50	28.50	55,22,140
Mar-16	42.20	30.00	35,51,922	42.20	29.65	1,58,65,324

## SHARE PRICE - BSE



## SHARE PRICE - NSE



**XIII. Payment of dividend**

As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants. For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, updated particulars of their bank account, to the share transfer agent of the Company.

**XIV. Unclaimed Dividend:**

The Company has transferred the balance of unclaimed dividend amount of ₹3,01,584/- for Financial Year 2007-2008 to the Central Government's Investor Education and Protection Fund (IEPF) account on October 13, 2015. 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	Rate of dividend	Total dividend declared ₹	Unclaimed dividend as on 31.03.2016 ₹	Due for transfer to IEPF
23rd	17.09.2009	30%	7,28,38,665	5,42,165	24.10.2016
24th	27.09.2010	30%	7,59,00,000	5,37,641	03.11.2017
25th	05.09.2011	10%	2,53,00,000	2,56,721	12.10.2018
26th	24.12.2012	15%	3,79,50,000	4,65,257	30.01.2020
27th	28.09.2013	15%	3,79,50,000	3,87,541	04.11.2021
28th	27.12.2014	20%	5,06,00,000	5,47,879	02.02.2022
29th	29.09.2015	20%	5,06,00,000	5,42,941	05.11.2023

**(XV) Share transfer system**

Share transfers in physical form can be lodged with Karvy 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.

**(XVI) Dematerialisation of shares and liquidity as on March 31, 2016**

Form of existence	Agency	No of Share Holders	No of shares	% of Total Issued Capital
Demat	Central Depositories Securities Limited	10,610	3,96,71,686	15.68
Demat	National Securities Depositories Limited	14,532	20,92,93,700	82.72
Physical	Not applicable	3,139	40,34,614	1.59
	<b>Total</b>	<b>28,281</b>	<b>25,30,00,000</b>	<b>100.00</b>

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.

There are no outstanding GDRs, ADRs, Warrants or Convertible Instruments etc. as on March 31, 2016

**XVII. CMD and Finance Head certification**

The certificate from Chairman and Managing Director and Vice President-Finance of the Company regarding compliance as per Clause D of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 is annexed.

**XVIII. Compliance certificate**

The Certificate on compliance with Corporate Governance by a Practicing Company Secretary as required under Clause E of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 is annexed.

**XIX. Cautionary statement**

Certain statements in the Management Discussion and Analysis describing the Company's view about the industry, objectives and expectations etc., may be considered as 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied in the statement. The Company's operations may be affected with supply and demand situation, input prices and their availability, economic developments, changes in Government regulations, tax laws and other external factors. Investors should bear the above in mind.

For and on behalf of the Board

Place: Hyderabad

Date : August 11, 2016

**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](http://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 [hblpowercs@karvy.com](mailto:hblpowercs@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 D of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed to the compliance with Code of Conduct for the year ended March 31, 2016.

For and on behalf of the Board

Place: Hyderabad  
Date : August 11, 2016

**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 financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. we accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- D. we have indicated to the auditors and the Audit committee
  - (1) significant changes in internal control over financial reporting during the year;
  - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place: Hyderabad  
Date: August 11, 2016

**K Mahidhar**  
Vice-President - Finance

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

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
The Members of  
**M/s HBL Power Systems Limited**

I have examined all applicable records of HBL Power Systems Limited, for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement till November 30, 2015 and Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Regulation 34(3) of the "Listing Regulations" made applicable with effect from December 1, 2015 up to the financial year ended March 31, 2016. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the regulations of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement till 30th November, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from December 1, 2015 up to financial year ended March 31, 2016.

**CN Kranthi Kumar**  
Practicing Company Secretary  
Membership No. 30028  
Certificate of Practice No. 13889

Place: Hyderabad  
Date: August 11, 2016





# STANDALONE FINANCIAL STATEMENTS

# Independent Auditors' Report

To the Members of

HBL Power Systems Limited, Hyderabad

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HBL Power Systems Limited** ("the Company"), which comprise the **Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement** for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

## Emphasis of Matters

- 1) We draw attention to Note 8.1 to Financial Statements which states that interest on delayed payments to parties, registered as MSME under the MSMED Act, 2006, is not provided for, as in the absence of any claim from the said parties, they are reckoned as 'not due' by the company.
- 2) We draw attention to Note 15.3 to Financial Statements in respect of repudiation, by the Insurers, of a claim made by the company, in respect of which the company had initiated legal action for recovery, the outcome of which is uncertain at this stage.
- 3) Reference is drawn to Note No.31 Some of the year end balances appearing under the heads referred to therein are subject to confirmation / reconciliation and consequential adjustments.
- 4) Our opinion is not qualified in respect of the above matters.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure –A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 *except for the disclosure to be made in pursuance of Accounting Standard AS-27, for the reasons detailed in Note No. 34.8.*
  - On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure – B.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and amendments there to, in our opinion and to the best of our information and according to the explanations given to us:
    - The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No: 29 to the financial statements;
    - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Rao & Kumar**

*Chartered Accountants*

Firm's Registration Number 030895

**Anirban Pal**

*Partner*

Place: Hyderabad

Date: May 30, 2016

Membership Number 214919

## Annexure – A

(Referred to in Paragraph 1 of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - The management has carried out physical verification of assets in accordance with a designed programme. In our opinion, the periodicity of the physical verification is reasonable. No material discrepancies were noticed on such verification.
  - According to the information and explanations furnished to us and on the basis of our examination of the records of the

Company and read together with Note No: 10 of the Financial Statements, the details of title deeds of immovable properties not held in the name of the Company, for the reasons stated therein the said note, are as follows:

Fixed Asset	No. of cases	Gross block as at March 31, 2106 (₹ in Lakhs)	Net block as at March 31, 2016 (₹ in Lakhs)
Freehold land	8	508.83	508.83
Non-factory buildings	3	260.62	204.60
<b>Total</b>	<b>11</b>	<b>769.45</b>	<b>713.43</b>

(ii) 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. 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) As at the year end, there are no outstanding loans granted by the Company to parties covered in the Register maintained under Section 189 of the Act. The Company had, in the previous years, granted unsecured loans to one of its subsidiaries, the details of which, are as under:

Sl No.	Name of the subsidiary company	Balance as at March 31, 2016 (₹ in Lakhs)	Balance as at March 31, 2015 (₹ in Lakhs)	Maximum amount outstanding at any time during the year 2015
(1)	SCIL Infracon (P) Ltd. (SIPL)	Nil	424.37	424.37

As there are no outstanding loans as at 31-3-2016, Paragraphs 3 (iii) (a) to (c) of the Order are considered inapplicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions

of Sections 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.

(v) The company has not accepted any deposits to which provisions of Sections 73 to 76 and other relevant provisions of the Act are applicable.

(vi) 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 148 of the Act 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.

(vii) (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, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. No such undisputed amounts payable were in arrears, as at March 31, 2016 for a period more than six months from the date they became payable.

(b) 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 and Period to which it relates	Amount in ₹ lakhs	Forum where the Dispute is pending as at 31-3-16
Excise Act	Duty, Interest and Penalty on Intermediate goods emerged out of job works and used in the manufacture of exempted finished goods for the period from 1994-95 to 1998-99	94.85	Departmental Appeal before High Court, Mumbai
Excise Act	Penalty levied on Cenvat Credit disallowed for the year 2010-11.	5.00	Appeal Before CESTAT, Bengaluru.
Excise Act	Duty, Interest and Penalty for non-maintenance of separate CENVAT Account with respect to Input Services during April 2006 to March 2009.	186.28	Pending before Commissioner, Hyderabad.
Excise Act	Dispute relating to Departmental Order on Refund alleged to be wrongly granted in 2012-13.	24.37	Appeal Before CESTAT, Hyderabad
Excise Act	Duty on Job Work Charges Feb-Sept 2012.	20.31	Appeal Before CESTAT, Hyderabad
Excise Act	Duty on Job Work Charges Oct 12 – May 2013	27.03	Appeal Before CESTAT, Hyderabad
Excise Act	Dispute relating to alleged Irregular availment of Cenvat Credit for the period Dec-08 to Mar 14 and equal amount levied as penalty	375.92	Appeal Before CESTAT, Hyderabad
Excise Act	Dispute relating to irregular availment of benefit on Job work between February 2014 to December 2014	9.77	Appeal before Commissioner Appeals, Hyderabad
Customs Act	Dispute relating to alleged evasion of duty by claiming wrong classification and exemption and equal amount levied as penalty between May 2012 and October 2013.	488.70	Appeal before Tribunal, Chennai.

Name of the Statute	Nature of the dues and Period to which it relates	Amount in ₹ lakhs	Forum where the Dispute is pending as at 31-3-16
Service Tax Act	Dispute with regard to Penalty levied on excess Input availed between April 2008 and December 2010.	8.51	Pending before CESTAT, Hyderabad
CST Act	Dispute in Taxable Turnover relating to 3rd party exports for the year 2005-06.	35.49	Case pending before TVATAT, Hyderabad.
KVAT Act	Dispute with regard to Penalty for stock difference during the year 2010-11.	12.04	Remanded back to Intelligence Officer for modification of order.
TN VAT Act	Dispute regarding Input VAT availed and penalty on Capital Goods which were sold during February 2011.	46.05	Appeal filed before Appellate Deputy Commissioner(C), Chennai
AP VAT Act	Dispute regarding Input availed on LPG – during 2009-10	64.47	Appeal filed before Appellate Deputy Commissioner, Hyderabad
AP VAT Act	Dispute regarding Input availed on LPG- during 2010-11	65.19	Appeal filed before Appellate Deputy Commissioner, Hyderabad
AP VAT Act	Dispute regarding Input availed on LPG- during 2011-12	80.18	Appeal filed before Appellate Deputy Commissioner, Hyderabad
AP VAT Act	Dispute relating to disallowance of input credit on purchase of LPG for the year 2012-13	107.76	Appeal filed before Appellate Deputy Commissioner, Hyderabad
CST Act	Dispute in Taxable Turnover relating to 3rd party exports for the year 2007-08.	36.42	Case pending before TVATAT, Hyderabad
CST, VAT and Entry tax Acts	Dispute relating to interest demand for alleged non-payment of assessed tax	18.85	Appeal pending before Joint Commissioner of Commercial Taxes, , Appeals, Patna
KVAT Act	Dispute relating to tax demanded on alleged undisclosed turnover for the year 2011-12	29.49	Remanded back to Intelligence Officer for modification of order.
CST Act	Dispute relating to tax demanded for alleged non-submission of forms for the year 2010-11	0.56	Appeal pending before Commissioner Appeals, Lucknow.
CST Act	Dispute relating to penalty levied on late remittance of Tax.	18.70	Appeal before Appellate Deputy Commissioner, Hyderabad
AP VAT	Dispute relating to disallowance of input tax credit on LPG.	71.23	Case Remanded back to Assistant Commissioner, Intelligence, Vizianagaram.
CST Act	Dispute relating to demand raised for non-submission of C and TDS Certificates.	3.29	Appeal before Commissioner Appeals, Lucknow.
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.

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to a financial institution, Bank or Government. The company had not issued any Debentures.

(ix) The Company had not raised any money by way of Initial Public Offer or further Public Offer (including Debt Instruments). Based on review of the records of the term loan drawn and utilization thereof on an overall basis, the term loans have been applied for the purposes for which the loans were raised. However, un-applied funds are kept in Fixed Deposit.

(x) 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 by the Company or on the Company by its Officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for Managerial Remuneration in accordance with the requisite approvals mandated by the

provisions of Section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly Paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into Non-Cash transactions with Directors or persons connected with them. Accordingly Paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

**Anirban Pal**  
*Partner*  
Membership Number 214919

Place: Hyderabad  
Date: May 30, 2016

## Annexure – B

(Referred to in Paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

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

We have audited the internal financial controls over financial reporting of HBL Power Systems Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting,



assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Qualified Opinion

According to the information and explanations given to us and based on our audit we are of the opinion that, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over

financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weaknesses in the operating effectiveness of controls described below on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

- a) During the year the Company had migrated from its existing ERP package to SAP which is in its final implementation stage. The Company's internal financial controls implemented through Information Technology Controls and General IT Controls are yet to be fully implemented which may lead to a failure of the Company's control procedures to prevent or detect a misstatement of an account balance or disclosure.
- b) Control documents evidencing the operating effectiveness of controls are not signed off appropriately, resulting in non-identification of deviations from the approved delegation of authority & responsibility, company's controls & procedures. In as much, effecting the assessment of risks associated and determining the effect of the deviations of the control being tested and the evidence to be obtained, as well as forming an opinion on the operating effectiveness of the controls.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

**For Rao & Kumar**

*Chartered Accountants*

Firm's Registration Number 030895

**Anirban Pal**

*Partner*

Place: Hyderabad

Date: May 30, 2016

Membership Number 214919

## Balance Sheet as at 31st March, 2016

(₹ Lakhs)

Particulars	Note	March 31, 2016		March 31, 2015	
<b>I) EQUITY AND LIABILITIES</b>					
<b>A Shareholders' funds</b>					
Share capital	2	2,530.00		2,530.00	
Reserves and surplus	3	57,415.11	59,945.11	56,233.38	58,763.38
<b>B Non current liabilities</b>					
Long-term borrowings	4	12,274.27		19,870.01	
Deferred tax liabilities (Net)	5	1,470.07		1,726.16	
Long-term provisions	6	199.18	13,943.52	197.89	21,794.06
<b>C Current liabilities</b>					
Short term borrowings	7	41,549.43		42,667.26	
Trade payables	8	16,368.24		18,212.33	
Other current liabilities	9	10,138.58		13,958.24	
Short-term provisions	6	2,576.32	70,632.57	1,984.23	76,822.06
<b>Total</b>			<b>144,521.20</b>		<b>157,379.50</b>
<b>II) ASSETS</b>					
<b>A Non-current assets</b>					
Fixed assets					
Tangible assets	10	39,084.04		42,177.43	
Intangible assets	11	2,451.90		2,220.79	
Capital works-in-progress	12	2,008.62		1,558.98	
Intangible assets under development	13	2,798.41	46,342.97	3,379.31	49,336.51
Non-current investments	14	1,465.02		2,274.98	
Long-term loans and advances	15	1,333.90		1,343.75	
Other non-current assets	18	1,729.16	4,528.08	243.22	3,861.95
<b>B Current assets</b>					
Inventories	16	39,171.45		50,925.89	
Trade receivables	17	44,172.44		40,876.75	
Cash and bank balances	18	3,077.99		4,611.42	
Short-term loans and advances	15	7,228.27	93,650.15	7,766.98	104,181.04
<b>Total</b>			<b>144,521.20</b>		<b>157,379.50</b>
Significant Accounting Policies	1				
Notes to Financial Statements	2 to 39				

As per our report of even date annexed

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

Anirban Pal  
Partner  
M.No: 214919

Place : Hyderabad  
Date : May 30, 2016

On behalf of the Board

Dr A J Prasad  
Chairman & Managing Director

K Mahidhar  
Vice President - Finance

M S S Srinath  
Director

M V S S Kumar  
Company Secretary

# Statement of Profit and Loss for the year ended 31st March, 2016

(₹ Lakhs)

Particulars	Note	March 31, 2016		March 31, 2015	
<b>A Revenue</b>					
Revenue from Operations	19		139,566.74		143,205.11
Less : Excise Duty			10,730.87		10,198.08
Revenue from Operations (Net)			128,835.87		133,007.03
Other Income	20		1,208.05		1,660.52
<b>Total Revenue ( A )</b>			<b>130,043.92</b>		<b>134,667.55</b>
<b>B Expenses</b>					
Cost of Material Consumed	21		76,366.52		75,252.90
Purchases of Stock in Trade			349.33		420.82
(Increase) / Decrease in Inventory	22		599.98		6,392.64
Employee Benefits Expense	23		10,280.99		9,483.42
Finance Cost	24		5,264.70		7,066.02
Depreciation and Amortisation Expense	25		4,958.96		5,103.85
Other Expenses	26		28,049.85		26,912.46
<b>Total Expenses ( B )</b>			<b>125,870.33</b>		<b>130,632.11</b>
<b>C Profit/(loss) before Exceptional items and Tax ( A-B )</b>			<b>4,173.59</b>		<b>4,035.44</b>
D Exceptional Items - (Income)/Expense	27		896.16		1,503.82
<b>E Profit/(loss) before tax ( C-D )</b>			<b>3,277.43</b>		<b>2,531.62</b>
<b>F Tax Expense</b>					
- Current Tax		1,600.00		1,460.00	
- Deferred Tax (Asset)/Liability		(256.09)		(410.16)	
- Income Tax & Wealth Tax relating to Previous Years		(9.47)	1,334.44	19.71	1,069.55
<b>G Profit for the period (E-F)</b>			<b>1,942.99</b>		<b>1,462.07</b>
<b>H Earnings per Equity Share</b>	28				
- Basic			0.77		0.58
- Diluted			0.77		0.58
Significant Accounting Policies	1				
Notes to Financial Statements	2 to 39				

As per our report of even date annexed

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

Anirban Pal  
Partner  
M.No: 214919

Place : Hyderabad  
Date : May 30, 2016

On behalf of the Board

Dr A J Prasad  
Chairman & Managing Director

K Mahidhar  
Vice President - Finance

M S S Srinath  
Director

M V S S Kumar  
Company Secretary

## Cash Flow Statement for the year ended 31st March, 2016

(₹ Lakhs)

Particulars	March 31, 2016		March 31, 2015	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before Tax and Exceptional Items		4,173.59		4,035.45
Exceptional Items - Income / (Expenditure) *		(896.16)		(1,503.82)
Operation Profit / (Loss) before adjustments		3,277.43		2,531.63
Adjustments for:				
Depreciation	4,223.18		4,463.52	
Amortisation of Intangible Assets	735.78		640.32	
Diminution in Value of Investments	909.00		668.30	
Loss on Sale of Assets	(12.84)		451.96	
Deposits Written off	6.20		(20.47)	
Debit Balances written off	18.18		(212.57)	
Interest Income	(373.00)		(423.40)	
Interest Expense	849.47		1,262.52	
Provision for Doubtful Debts	20.00		596.00	
Other Provisions	441.14		69.37	
		6,817.10		7,495.55
<b>Operating Profit before working capital changes</b>		<b>10,094.53</b>		<b>10,027.18</b>
(Increase)/Decrease in Sundry debtors	(3,315.70)		4,335.41	
(Increase)/Decrease in Inventories	11,754.44		8,830.81	
(Increase) / Decrease in Loans & advances **	(180.86)		1,062.56	
Increase/(Decrease) in Current Liabilities	(2,490.56)		(14,230.37)	
		5,767.33		(1.59)
Cash generated from Operations		15,861.86		10,025.59
Income taxes paid		(1,571.15)	(517.31)	
Income Tax paid Previous years		(34.56)	(19.71)	(537.02)
<b>Net Cashflow from Operating activities (A)</b>		<b>14,256.15</b>		<b>9,488.57</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(1,863.14)		(2,926.22)	
Sale of Investments (Net)	-		0.26	
Purchase of Investments	(99.03)			
Sale of fixed assets	84.32		117.66	
Interest Received	373.00		423.40	
<b>Net Cash flow from investing activities (B)</b>		<b>(1,504.85)</b>		<b>(2,384.90)</b>

## Cash Flow Statement for the year ended 31st March, 2016

(₹ Lakhs)

Particulars	March 31, 2016		March 31, 2015	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long-term borrowings	-		(10,450.00)	
Repayment of long-term borrowings	5,388.12		14,323.14	
Proceeds from working capital borrowings	(463.63)		4,459.50	
Repayment of Interest Free Sales Tax Loan	321.87		319.38	
(Increase)/Decrease in unsecured loans	6,640.41		(3,884.94)	
Dividend payment	609.01		591.99	
Interest Paid	849.47		1,262.52	
<b>Net cash flow used in financing activities ( C )</b>		<b>13,345.25</b>		<b>6,621.59</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B-C)</b>		(593.95)		482.08
Cash and Cash equivalent at beginning of the period		1,973.24		1,491.16
<b>Cash and Cash equivalent at end of the period</b>		<b>1,379.29</b>		<b>1,973.24</b>
<b>Cash and Cash equivalents</b>				
Cash on hand		14.81		16.03
Balances with Banks in Current account		1,364.48		1,957.21
<b>Total</b>		<b>1,379.29</b>		<b>1,973.24</b>

### Notes to the cash flow statement for the year ended March 31, 2016

- 1 This statement is prepared as per Accounting Standard-3 (indirect method) and as per Regulation 34(2) of SEBI(LODR) Regulations, 2015.
- 2 \* Details of the Exceptional Items are given in Note 27.
- 3 \*\* Including Bank Balances Other than Cash and Cash Equivalents
- 4 Previous year's figures were re-grouped wherever necessary.

As per our report of even date annexed

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

Anirban Pal  
Partner  
M.No: 214919

Place : Hyderabad  
Date : May 30, 2016

On behalf of the Board

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

**K Mahidhar**  
Vice President - Finance

**M S S Srinath**  
Director

**M V S S Kumar**  
Company Secretary

## Notes to Financial Statements for the year ended 31st March, 2016

### 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 the Accounting Principles Generally Accepted in India (GAAP) including the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

#### 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 Fixed Assets (including components thereof) 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:

1. 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. Premium paid for acquiring Leasehold Lands along with directly related expenditure is considered as tangible asset.
2. Depreciation on Tangible Assets including those on leasehold premises is provided under straight line method over the useful life of assets specified in Part 'C' of Schedule II to the Companies Act, 2013 and in the manner specified there in, except in respect of Dies and Moulds used and 'Secured Land Filling' (used for disposal of Lead slag) which are depreciated over their estimated useful lives of 5 years and 10 years respectively on Straight Line Method. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase. Cost of acquisition of Leasehold Land is amortised over the lease period.

#### D Intangible assets and amortization:

1. 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.
2. New product development expenditure, software licences, technical know-how fee, infrastructure and logistic facilities, etc. are recognised as Intangible Assets upon completion of development and commencement of commercial production.
3. Expenditure capitalised under 'Intangible Assets' is amortised over a period of 60 months from the month of commencement of commercial production/utilisation of facility.
4. Amortisation of 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) and Assets under Development

1. Tangible CWIP includes Plant and Equipment under erection, Civil works in progress and preoperative expenses pending allocation to the related assets.
2. Intangible Assets Under Development include
  - a) New Product Expenditure where development is in progress
  - b) Payments made towards fees for software licences, technical know-how, Infrastructure/logistic facilities etc., and also include all related expenditure incurred up to absorption of technology and completion of Development.

#### F Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. Such an impairment loss is recognised when an asset is identified as impaired. Conversely, the impairment loss, recognised in prior accounting period, is reversed if there is an upward revision in the estimate of recoverable amount.

#### G Foreign Currency Transactions:



## Notes to Financial Statements for the year ended 31st March, 2016

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 a rate that approximates the 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.

### H Investments:

- a) Investments classified as "Long Term Investments(Non-Current)" are carried at cost and provision for diminution, if any, 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.
- b) Investment classified as 'Current Investments' are carried at the lower of cost and fair value determined on individual investment basis.

### I Income Recognition:

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

### J Inventories:

Inventories at the year end are valued as under:

a	Raw Materials, Components, Consumables and Stores & Spares.	At lower of weighted average cost and net realisable value.
b	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.
c	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 .
d	Stock-in-trade	At lower of cost and net realisable value
e	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.
- Stock of Finished Goods at Factories and at Branches are inclusive of Excise Duty.
- Customs Duty payable on Bonded Stock/ in transit is provided for and is included in the value of such stocks.
- Inventory arising out of inter divisional transfers is valued at cost to the transferring division after eliminating unrealised profit, if any.

### K Provisions, contingent liabilities and contingent assets:

- a) **Provision for liabilities is recognised if:**
  - i. the Company has a present obligation as a result of a past event
  - ii. a probable outflow of resources is expected to settle the obligation and
  - iii. the amount of obligation can be reliably estimated
- b) Reimbursement of expenditure is recognised only upon virtual certainty of receipt.

## Notes to Financial Statements for the year ended 31st March, 2016

- c) Contingent liability is disclosed but is not provided for, in respect of a present obligation or a possible obligation which do not require an out flow of resources or where the likelihood of such out flow is remote.
- d) Contingent assets are neither recognised nor disclosed.
- e) Provisions and contingent liabilities are reviewed at each Balance sheet date and are adjusted to reflect the current best estimate.

### L Taxes on Income / Deferred tax:

- a) 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. The carrying amount of MAT credit entitlement is reviewed and adjusted wherever required at each Balance Sheet date.
- b) 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 and adjusted at each Balance Sheet date

### M 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 over the period of lease term.

### N 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.

### O Cash Flow statement:

Cash Flow statement is reported using 'Indirect Method' as per Accounting Standard, AS-(3).

### P Prior period and Extra-ordinary items/Exceptional items:

- a) Items of Prior period Income and Expenditure are disclosed distinctly.
- b) 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.

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 2	SHARE CAPITAL	(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015	
<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 shares outstanding at the beginning and end of the reporting period

Equity Shares	March 31, 2016		March 31, 2015	
	No. of Shares	Value in ₹ Lakhs	No. of Shares	Value in ₹ Lakhs
At the beginning of the period	253,000,000	2,530.00	253,000,000	2,530.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	253,000,000	2,530.00	253,000,000	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	As at March 31, 2016 No. of Shares	As at March 31, 2015 No. of Shares
Beaver Engineering & Holdings Private Limited	149,899,443	143,059,443

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
<b>Equity shares of ₹1 each fully paid</b>				
Beaver Engineering & Holdings Private Limited	149,899,443	59.25	143,059,443	56.55
Dr. A J Prasad	20,814,500	8.23	27,654,500	10.93

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 3 RESERVES AND SURPLUS		(₹ in Lakhs)	
Particulars	As at		As at
	March 31, 2016		March 31, 2015
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	36,394.65		36,500.00
Less: Adjustment on account of depreciation based on Companies Act, 2013	-		605.35
Add: Transferred from Profit & Loss Statement	105.35	36,500.00	500.00
Surplus as per Profit & Loss Statement		10,420.55	9,344.17
		<b>57,415.11</b>	<b>56,233.38</b>
<b>3.1 Surplus/(deficit) in the statement of profit and loss</b>			
Balance as per last financial statements	9,344.17		8,991.10
Profit for the Period	1,942.99	11,287.16	1,462.07
Less: Dividend on Equity Shares *	632.50		506.00
Tax on Dividend	128.76		103.01
Transfer to General Reserve	105.35	866.61	500.00
		<b>10,420.55</b>	<b>9,344.17</b>

\* A dividend @ 25 % i.e. ₹ 0.25 per Equity Share is proposed to be paid subject to approval by the Shareholders in the ensuing AGM

Note: 4	LONG TERM BORROWINGS		(₹ in Lakhs)	
Particulars	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
A) Secured loans from banks:				
IDBI Bank Limited	833.40	416.60	1,250.00	-
HDFC Bank Ltd	2,000.00	1,831.00	3,831.00	5,369.00
	2,833.40	2,247.60	5,081.00	5,369.00
B) Secured Loans from Others				
Against Vehicles from HDFC Bank	24.93	54.04	47.99	50.10
	24.93	54.04	47.99	50.10
C) Unsecured loans:				
Interest Free Sales Tax Loan (Deferred Payment Liability)	591.19	258.56	849.75	321.87
Loan from HPFSIPL	17.20	45.70	62.90	40.48
Finance Lease Obligations from HPFSIPL	7.55	20.81	28.37	18.46
Loan from Holding Company	8,800.00	-	13,800.00	-
	9,415.94	325.07	14,741.02	380.81
	12,274.27	2,626.71	19,870.01	5,799.91

### 4.1 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"

### 4.2 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.

#### 4.2.1 Term Loan from IDBI and HDFC :

The capex term loan of ₹2500 lakhs is sanctioned by IDBI Bank for setting up of Spun Concrete Poles unit with a project cost of ₹3350 lakhs with a capacity of 100,000 poles p.a. at Narsaraopet, Guntur District, Andhra Pradesh. The loan is secured by pari passu first charge on the entire fixed assets of the company both present and future. This loan is also guaranteed by Managing Director, another Director, Smt. A. Umadevi and Smt. Kavita Prasad in their personal capacities.

## Notes to Financial Statements for the year ended 31st March, 2016

Term Loan I of ₹7200 lakhs is to refinance the existing debt and Term Loan II of ₹2000 lakhs is towards the refinancing of capital expenditure of the Company. Both the loans are secured by a first charge on the entire fixed assets of the Company both present and future. These loans are also guaranteed by Managing Director, another Director and Kavita Prasad in their personal capacities.

(₹ in Lakhs)

Name of the Bank	Loan Amount Drawn	No of Instalments	% of Interest	Outstanding as on March 31, 2016
IDBI Bank Limited				
- Term Loan I	1250.00	12 (QTLY) commencing from 1-10-2016	12.75	1250.00
HDFC Bank Limited				
- Term Loan I	7200.00	9 (QTLY) commencing from 1-04-2015	10.15	1,831.00
Term Loan - II	2000.00	4 (HY) commencing from 30-09-2017	10.30	2,000.00

### 4.2.2 Other Loans :

#### (a) 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

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

IFST Loan of ₹ 849.75 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. 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.

(b) 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.

(c) 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.

(d) Outstanding Balance of Loan from Holding Company is Interest free and is repayable on or after 01.04.2017 in one or more instalments.

4.4 As on the Balance Sheet date, there were no continuing defaults in repayment of loan instalments and interest

Note: 5 DEFERRED TAX LIABILITY (NET)			(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015		
Deferred Tax Liability (As per last Balance Sheet)	1,726.16	2,456.70		
Less: Adjustment on account of Depreciation Based on Companies Act, 2013	-	320.38		
Add: Deferred Tax (Asset)/Liability for the year	(256.09)	(410.16)		
	1,470.07	1,726.16		

Note: 6 PROVISIONS			(₹ in Lakhs)	
Particulars	As at March 31, 2016		As at March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
<b>Provision for Employee benefits</b>				
Provision for Earned Leave Encashment	199.18	7.08	197.89	5.16
Provision for Gratuity	-	264.50	-	193.53
<b>Other Provisions</b>				
Provision for Warranties	-	965.78	-	854.24
Provision for Excise & Customs Duty on Closing Stocks	-	447.93	-	209.15
Provision for Commission to Director on Profits	-	129.77	-	113.14
Provision for Proposed Equity Dividend	-	632.50	-	506.00
Provision for Dividend Distribution Tax	-	128.76	-	103.01
	199.18	2,576.32	197.89	1,984.23

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 7 SHORT TERM BORROWINGS (Loans repayable on Demand)		(₹ in Lakhs)	
Particulars	As at March 31, 2016		As at March 31, 2015
<b>Secured</b>			
<b>Working Capital Loans from</b>			
State Bank of India	13,139.43		12,424.94
State Bank of Hyderabad	2,143.19		1,910.18
IDBI Bank Ltd	5,895.05		3,321.25
IDBI Short Term Loan	-		1,800.00
ICICI Bank Ltd	4,969.12		3,706.43
Axis Bank Ltd	4,592.78		2,938.21
Buyer's Credit from Banks	556.02	31,295.59	4,730.94
			30,831.95
<b>Unsecured (from Banks) (Loans other than repayable on demand)</b>			
Purchase Bill Discounting from Kotak Mahindra Bank Ltd		2,403.58	1,691.38
Purchase Bill Discounting from IDBI Bank Ltd		4,501.42	3,353.19
Sale Bills (LC backed) Discounted with SBI		962.84	1,391.96
Sale Bills (Clean) Discounted with Yes Bank Ltd		-	1,767.78
HDFC Short Term Loan		1,000.00	2,500.00
<b>Unsecured (from others) (Loans repayable on demand)</b>			
Inter Corporate Deposit from Holding Company		665.00	380.00
Loans from Directors		721.00	751.00
		<b>41,549.43</b>	<b>42,667.26</b>

### 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 Axis Bank 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. IDBI Bank Ltd allowed interchangeability from non fund based limits to fund based limits to an extent of ₹23.75 cr, is repayable within 90 days with interest @ 12.50% p.a. 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.

Purchase Bill Discounting from IDBI Bank Ltd. is secured by accepted bill of exchange and post dated cheque/standing instructions for making payment on due date

### 7.3 Working Capital Short Term Loan from HDFC Bank is secured by personal guarantee of CMD and is repayable within 90 days with interest @ 10.25% p.a.

### 7.4 Inter Corporate Deposit from Holding Company is repayable on demand with interest @ 11% p.a

### 7.5 Loan from Directors is repayable on demand with interest @ 11% p.a

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 8 TRADE PAYABLES		(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015	
Total Outstanding dues of :			
Micro Enterprises & Small Enterprises (MESE)	443.79	624.39	
Payables Other than MESE	15,924.45	17,587.94	
	<b>16,368.24</b>	<b>18,212.33</b>	

### 8.1 Details relating to Micro, Small & Medium Enterprises

Particulars	March 31, 2016	March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	443.79	624.39
Interest	14.24	23.04
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	3543.06	5503.00
Interest	-	-
The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	30.46	118.24
The amount of interest accrued and remaining unpaid	44.70	141.28
The amount of further interest remaining due and payable for the earlier years	692.95	551.68

#### Note:

The information has been given in respect of those suppliers who have intimated the Company that they are registered as micro, small and medium enterprises. 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 the Company. The Company expects that there will be no claims in future also for interest.

Note: 9 OTHER CURRENT LIABILITIES		(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015	
Current Maturities of Long-Term Debt(Refer Note no: 4.1 )	2,626.71	5,799.91	
Other Payable Employees (Refer Note : 9.1)	1,715.16	1,178.13	
Trade Deposits	249.14	229.53	
Advances Against Sales	3,052.64	4,228.56	
Statutory Dues	433.66	485.20	
Interest Accrued But not Due on Loans	91.36	144.40	
Unpaid/unclaimed Dividends	32.80	33.33	
Directors' Current Account	176.08	142.84	
Creditors for Capital Expenditure	269.03	534.37	
Other Payables	1,492.00	1,181.97	
	<b>10,138.58</b>	<b>13,958.24</b>	

9.1 Includes ₹264.20 lakhs towards additional provision on account of amendment to Payment of Bonus Act, 1965 with retrospective effect.



## Notes to Financial Statements for the year ended 31st March, 2016

Note: 10	TANGIBLE ASSETS (AT COST)										(₹ in Lakhs)
Description	GROSS BLOCK				DEPRECIATION/AMORTISATION BLOCK				NET BLOCK		
	As on April 1, 2015	Additions	Adjustments/ deletions	As on March 31, 2016	As on April 1, 2015	Transitional adjustment	For the Period	Adjustments/ deletions	As on March 31, 2016	As on March 31, 2016	As on March 31, 2015
Land - Freehold	3,729.99	43.22	7.26	3,765.95	-	-	-	-	-	3,765.95	3,729.99
Land - Leasehold	246.99	-	-	246.99	23.48	-	2.65	-	26.14	220.85	223.50
Buildings - Factory	18,243.72	121.65	-	18,365.36	4,194.86	-	737.11	-	4,931.97	13,433.39	14,048.85
Buildings - Others	734.24	-	-	734.24	85.46	-	12.99	-	98.44	635.80	648.78
Plant & Machinery	42,499.92	904.74	93.82	43,310.84	20,026.01	-	3,179.42	60.42	23,145.01	20,165.83	22,473.91
Office Equipment	1,915.32	73.14	4.79	1,983.67	1,694.51	-	95.97	4.66	1,785.82	197.85	220.81
Assets Under Finance Lease	86.48	-	-	86.48	48.52	-	10.31	-	58.83	27.66	37.97
Furniture & Fixtures	818.49	15.04	0.58	832.95	500.34	-	68.89	0.42	568.81	264.14	318.15
Vehicles	1,308.88	43.49	169.93	1,182.44	833.42	-	115.84	139.40	809.86	372.58	475.47
Technical Library	1.89	-	-	1.89	1.89	-	-	-	1.89	-	-
Sub Total (A)	69,585.91	1,201.27	276.38	70,510.80	27,408.48	-	4,223.18	204.90	31,426.76	39,084.04	42,177.43
Previous Year	68,025.45	2,349.21	788.76	69,585.91	22,212.53	925.73	4,489.36	219.14	27,408.48	42,177.43	

10.1 In respect of Dies & Moulds and Secure Land Filling included in Plant & Machinery group, the Management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively and the company had continued to charge such higher depreciation ( as compared to Schedule II ) on the same basis.

### 10.2 Disclosure in respect of title deeds of immovable properties:

#### 1 Freehold Land:

- The Gross Block of Freehold Land comprises of actual acquisition cost of ₹ 3672.82 lakhs and Land Development Charges Capitalized of ₹93.13 lakhs.
- Out of the value of ₹ 3672. 82 lakhs, the details with regard to the value of land, Companies in whose name the Title Deeds are held and the reasons therefor are as follows :

				(₹ in Lakhs)
	Name of the Company	Cost of Freehold Land	Remarks / Reasons	
1	HBL Power Systems Limited (A)	3163.99	Value of Land , the title deeds in respect of which are in the name of the Company viz., HBL Power Systems Limited	
1	Hyderabad Batteries Private Limited	10.31	Name Changed to Hyderabad Batteries Limited on 11-11-1987	
2	Hyderabad Batteries Limited	24.38	Name Changed to HBL Limited on 09-08-1995	
3	Nicad Systems Private Limited	1.07	Merged with HBL Limited	
4	Pilazetta Batteries Limited	2.59	Merged with HBL Limited	
5	Nagadhara Engineering Private Limited	1.62	Merged with HBL Limited	
6	HBL Limited	45.69	Later merged with Sab Nife Power Systems Limited with effect from 01.04.1999	
7	Sab Nife Power Systems Limited	77.82	Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited	
8	HBL NIFE Power Systems Limited	345.35	Name changed to HBL Power Systems Limited with effect from 12-10-2006	
	<b>Sub Total (B)</b>	<b>508.83</b>	Value of Land, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Power Systems Limited by virtue of approved schemes of merger and name changes.	
	<b>Grand Total ( A + B )</b>	<b>3672.82</b>		

## Notes to Financial Statements for the year ended 31st March, 2016

### 2 Non - Factory Buildings:

- a) The gross block of Non-Factory Buildings of ₹734.24 lakhs, comprise of actual cost of building constructed on factory lands of value of ₹ 509.05 lakhs, and cost of acquisition of buildings, (situated on other than factory lands) purchased from the third parties, is ₹ 225.19 lakhs.
- b) The details with regard to the value of of buildings, and companies in whose name the title deeds are held and the reasons therefor are as follows :

		(₹ in Lakhs)	
	Name of the Company	Cost of Buildings	Remarks / Reasons
<b>A</b>	<b>Buildings constructed on Factory Lands:</b>		
1	HBL Power Systems Limited	473.62	Value of buildings constructed on Factory Land by the Company itself viz., HBL Power Systems Limited
2	HBL NIFE Power Systems Limited	35.43	Name changed to HBL Power Systems Limited with effect from 12-10-2006
	<b>Sub - Total ( A )</b>	<b>509.05</b>	
<b>B</b>	<b>Buildings acquired from Others:</b>		
1	HBL NIFE Power Systems Limited	158.04	Name changed to HBL Power Systems Limited with effect from 12-10-2006
2	Sab Nife Power Systems Limited	67.15	Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited
	<b>Sub Total (B)</b>	<b>225.19</b>	Value of Buildings, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Power Systems Limited by virtue of approved schemes of merger and name changes.
	<b>Grand Total ( A + B )</b>	<b>734.24</b>	

### Note: 11 INTANGIBLE ASSETS (AT COST) (₹ in Lakhs)

Description	GROSS BLOCK			DEPRECIATION/AMORTISATION BLOCK			NET BLOCK	
	As on April 1, 2015	Additions	As on March 31, 2016	As on April 1, 2015	For the Period	As on March 31, 2016	As on March 31, 2016	As on March 31, 2015
New Product Development Expenditure(Internally generated)	3,163.66	-	3,163.66	1,690.66	530.17	2,220.83	942.83	1,473.00
Asset Power Facility	96.16	-	96.16	43.27	19.23	62.51	33.66	52.89
Technical Knowhow fee	864.73	-	864.73	169.83	172.95	342.78	521.95	694.90
SAP Software Development	-	966.89	966.89	-	13.43	13.43	953.46	-
<b>Sub Total (B)</b>	<b>4,124.55</b>	<b>966.89</b>	<b>5,091.44</b>	<b>1,903.76</b>	<b>735.78</b>	<b>2,639.54</b>	<b>2,451.90</b>	<b>2,220.79</b>
<b>Previous Year</b>	<b>2,863.54</b>	<b>1,261.00</b>	<b>4,124.55</b>	<b>1,263.44</b>	<b>640.32</b>	<b>1,903.76</b>	<b>2,220.79</b>	

### Note: 12 CAPITAL WORK-IN-PROGRESS (₹ in Lakhs)

	March 31, 2016	March 31, 2015
Machinery under erection	1485.37	1267.85
Civil works in progress	151.76	47.98
Pre-operative expenses to be capitalised	371.50	243.15
	<b>2008.62</b>	<b>1558.98</b>

### Note: 13 INTANGIBLE ASSETS UNDER DEVELOPMENT/PROGRESS (AT COST) (₹ in Lakhs)

Description	As on April 1, 2015	Additions during the year	Adjustments/ Deletions	Transfer on completion to Intangible Asset	As on March 31, 2016
1) New Product Development Expenditure (Internally generated)					
a) Battery Products	1,333.01	-	-	-	1,333.01
b) Electronic Products	652.20	-	-	-	652.20
2) Technical Knowhow fee paid	643.33	155.00	-	-	798.33
3) Power Facility cost	14.88	-	-	-	14.88
4) SAP Project Expenditure	735.89	231.00	-	966.89	-
<b>Total</b>	<b>3,379.31</b>	<b>386.00</b>	<b>-</b>	<b>966.89</b>	<b>2,798.41</b>
<b>Previous year</b>	<b>3,497.13</b>	<b>1,209.16</b>	<b>65.98</b>	<b>1,261.00</b>	<b>3,379.31</b>

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 14 NON CURRENT INVESTMENTS (AT COST)				(₹ in Lakhs)			
No. of Equity Shares Held		Face	Details	As at		As at	
Current year	Previous Year	Value		March 31, 2016		March 31, 2015	
i) Investments in Equity							
a) Subsidiary Companies							
250	250	Euro 100	HBL Germany GmbH		14.92		14.92
9999500	9999500	₹ 10	SCIL Infracon Pvt Ltd	1,248.37		1,248.37	
			Less : Provision for Diminution	1,050.00	198.37	650.00	598.37
600	450	USD 1000	HBL America Inc		323.02		223.99
b) Associate Company							
41000	41000	₹ 10	Naval Systems & Technologies Pvt Ltd		4.10		4.10
c) Joint Venture Company							
1100000	1100000	SR 10	Gulf Batteries Company Ltd (Kingdom of Saudi Arabia)	1,424.51		1,424.51	
			Less : Provision for Diminution	500.00	924.51	-	1,424.51
d) Controlled Company							
90000	90000	₹ 10	Kairos Engineering Ltd.	9.00		9.00	
			Less : Provision for Diminution	9.00	-	-	9.00
e) Other Companies							
Quoted)							
200	200	₹ 10	Indian Lead Ltd		0.10		0.10
ii) Investment in Limited Liability Partnership (LLP)							
			HBL Suntech LLP	18.30		18.30	
			Less : Provision for Diminution	18.30	-	18.30	-
			<b>TOTAL</b>		<b>1,465.02</b>		<b>2,274.98</b>
14.1 All Investments are Trade and Unquoted (unless otherwise stated) and are classified as permanent (Non Current).							
Aggregate amount of Quoted investments					0.10		0.10
Aggregate Market Value of Quoted Investments					Not Available		Not Available
Aggregate provision for Diminution in value of investments					1,577.30		668.30

14.2 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 above investments.

14.3 The diminution in the value of the Investments, wherever considered to be permanent, in nature, has been recognised.

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 15 LOANS AND ADVANCES		(₹ in Lakhs)			
Particulars	As at March 31, 2016		As at March 31, 2015		
	Long-term	Short-term	Long-term	Short-term	
<b>Capital Advances</b>					
Secured, Considered Good	-	-	-	-	
Unsecured, Considered Good	116.28	-	290.05	-	
<b>(A)</b>	<b>116.28</b>	<b>-</b>	<b>290.05</b>	<b>-</b>	
<b>Security Deposits</b>					
Secured, Considered Good	-	-	-	-	
Unsecured, Considered Good	1,213.28	201.49	1,047.51	304.11	
<b>(B)</b>	<b>1,213.28</b>	<b>201.49</b>	<b>1,047.51</b>	<b>304.11</b>	
<b>Loans &amp; Advances to Related Parties</b>					
Unsecured, Considered Good	-	-	-	426.27	
<b>(C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426.27</b>	
<b>Other Loans &amp; Advances</b>					
Loans and advances to Employees	3.35	102.86	6.19	70.48	
Deposits/Balances with Excise/Sales Tax Authorities	-	634.29	-	651.68	
Advance for Purchases and Others	-	3,405.08	-	2,337.66	
Interest Accrued But not Due on Deposits	-	260.32	-	518.02	
Service Tax Input/Vat Receivables	-	394.06	-	309.73	
Claims & Other Receivables	-	617.18	-	1,324.07	
Other Advances	1.00	812.02	-	381.74	
<b>(D)</b>	<b>4.35</b>	<b>6,225.82</b>	<b>6.19</b>	<b>5,593.40</b>	
MAT Credit Entitlement	-	110.17	-	767.60	
Advance Payment of Income Tax (including TDS)	-	4,045.06	-	3,131.08	
Less : Provision for Income Tax/Wealth Tax	-	3,354.27	-	2,455.48	
<b>(E)</b>	<b>-</b>	<b>800.97</b>	<b>-</b>	<b>1,443.20</b>	
<b>Total (A+B+C+D+E)</b>	<b>1,333.90</b>	<b>7,228.27</b>	<b>1,343.75</b>	<b>7,766.98</b>	

15.1 Particulars of Loans and Advances due from the Related Parties		(₹ in Lakhs)	
	March 31, 2016	March 31, 2015	
SCIL Infracon Pvt Ltd (Subsidiary company)	-	424.37	
Kairos Engineering Ltd (Controlled Company)	-	1.66	
Naval Systems & Technologies Pvt Ltd	-	0.24	
	-	426.27	

15.2 Claims and other receivables include :		(₹ in Lakhs)	
	March 31, 2016	March 31, 2015	
a) Insurance claim on account of Hud Hud Cyclone (Refer Note : 27.1)	200.56	738.95	
b) Insurance claim on account of heavy rainfall (Refer Note : 15.3)	95.16	95.16	
c) Payments under protest for pending litigations	211.36	180.29	
d) Other Receivables	110.10	309.68	
	<b>617.18</b>	<b>1,324.08</b>	

15.3 During the year 2011-12, certain assets of the company were damaged due to a heavy rainfall. The company had incurred ₹95.16 lakhs towards repairing the damages caused and was accounted for as claim recoverable. The cost of new assets acquired is capitalised. However, the claim is made for total cost of repairs and acquisition of assets, as the loss is covered under Re-instatement Policy which was in force. The total claim was repudiated by the Insurer and the company filed a suit for recovery. The matter is still sub-judice.

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 16 INVENTORIES *		(₹ in Lakhs)	
Particulars	As at		As at
	March 31, 2016		March 31, 2015
Raw Materials	20,890.13		30,790.47
Stores, Spares, Process Chemicals, Fuels & Packing Material	679.42		473.41
Stock -in-trade (in respect of goods acquired for trading)	616.96		786.57
Bonded Stocks/In Transit	1,050.66		2,409.07
Consumable Tools	9.25		23.13
Salvageable Stocks	-		87.83
Work In Progress	10,746.34		12,783.80
Finished Goods	5,178.69		3,571.60
	<b>39,171.45</b>		<b>50,925.89</b>

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

Note: 17 TRADE RECEIVABLES		(₹ in Lakhs)			
Particulars	As at		As at		
	March 31, 2016		March 31, 2015		
	Long-Term	Short-Term	Long-Term	Short-Term	
Outstanding for a period exceeding six months from the date they are due for payment					
Secured, Considered Good	-	-	-	-	-
Unsecured, Considered Good	-	5,065.21	-	-	5,415.55
Unsecured and Considered Doubtful	-	616.00	-	-	596.00
Provision for Doubtful Receivables	-	(616.00)	-	-	(596.00)
(A)	-	<b>5,065.21</b>	-	-	<b>5,415.55</b>
Other Receivables					
Secured, Considered Good	-	-	-	-	-
Unsecured, Considered Good	-	39,107.24	-	-	35,461.20
(B)	-	<b>39,107.24</b>	-	-	<b>35,461.20</b>
<b>Total (A+B)</b>	-	<b>44,172.44</b>	-	-	<b>40,876.75</b>

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

		(₹ in Lakhs)	
	As at		As at
	March 31, 2016		March 31, 2015
Beaver Engineering & Holdings Pvt Ltd	46.40		536.31
HBL Germany, GmbH	2119.66		2037.96
HBL America	776.88		1096.60
HBL Suntech LLP	430.63		448.63
Gulf Batteries Co. Ltd (KSA) (Joint Venture Company)	729.89		708.67
Kairos Engineering Ltd (Controlled Company)	-		1.49
<b>Total</b>	<b>4103.46</b>		<b>4829.66</b>

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 18 CASH AND BANK BALANCES		(₹ in Lakhs)			
Particulars	As at March 31, 2016		As at March 31, 2015		
	Non-current	Current	Non-current	Current	
<b>Cash and cash equivalents</b>					
Cash on hand		14.81		16.03	
Balances with Banks in Current Accounts		596.58		617.74	
Fixed Deposits with original maturity of less than three months		767.90		1,339.46	
(A)	-	1,379.29	-	1,973.23	
<b>Other bank balances</b>					
Fixed Deposits	23.98	64.39	18.93	61.15	
Margin Money Deposits	1,705.18	1,601.50	224.29	2,543.71	
Dividend Account		32.80		33.33	
(B)	1,729.16	1,698.69	243.22	2,638.19	
<b>Total (A+B)</b>	1,729.16	3,077.99	243.22	4,611.42	

Note: 19 REVENUE FROM OPERATIONS		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Sales of Products	136,315.29	139,183.92	
Traded Goods	268.18	(18.23)	
Sales of Services	2,918.33	3,982.15	
<b>Other Operating Revenue</b>			
Sale of Scrap	64.94	57.27	
	139,566.74	143,205.11	
Less : Excise Duty	10,730.87	10,198.08	
	128,835.88	133,007.03	

19.1 Details of Products sold		(₹ in Lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015	
<b>19.1.1 Sale of Products/Scrap( Net of Duty)</b>			
Lead Acid Batteries	81,271.84	88,236.80	
Nicad Battery Cells	2,408.54	1,596.85	
Silver Zinc Battery Cells	1,232.75	1,858.94	
Lithium Battery Cells	1,212.70	891.21	
Nickel Cadmium Pocket Plate Batteries	16,827.82	17,480.89	
Electronic Chargers/Rectifiers	6,246.00	5,929.74	
Battery Operated Vehicles	-	0.61	
Solar Photovoltaic Module	3,563.33	3,068.37	
Other Products	12,886.39	9,979.70	
	125,649.37	129,043.11	
<b>19.1.2 Traded goods sold</b>			
Batteries	-	(4.00)	
Other Products	268.18	(14.23)	
	268.18	(18.23)	

## Notes to Financial Statements for the year ended 31st March, 2016

### Note: 19 REVENUE FROM OPERATIONS (contd...)

#### 19.1 Details of Products sold

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>19.1.3 Details of Income for services rendered</b>		
Installation & commissioning Charges Received	56.98	798.06
Works Contract Receipts	372.26	532.65
Service Charges	2,477.86	2,541.87
Job Work Charges / Testing Charges	11.23	109.57
Design & Development Service	-	-
	<b>2918.33</b>	<b>3982.15</b>
<b>Grand Total</b>	<b>128,835.88</b>	<b>133,007.03</b>

### Note: 20 OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Interest Received on Deposits with Banks/Others	373.00	423.40
Foreign Exchange Rate Variation	504.85	-
Rents Received	6.00	2.90
Recovery of Bad debts written off	-	52.97
Provisions/Credit Balances no longer required written back	181.75	383.61
Claims Received	31.55	787.64
Miscellaneous Income	3.27	2.62
Duty Drawback Received	107.63	7.38
	<b>1,208.05</b>	<b>1,660.52</b>

### Note: 21 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
Opening Stocks	30,790.47		32,042.11	
Purchases, Material, Components & Consumables	66,486.57		75,699.47	
	97,277.04		107,741.58	
Less : Closing Stocks	20,890.13	76,386.91	30,790.47	76,951.11
Less : Internal Capitalisation		20.38		1,698.21
<b>Cost of Material Consumed</b>		<b>76,366.52</b>		<b>75,252.90</b>



## Notes to Financial Statements for the year ended 31st March, 2016

Note: 21 COST OF MATERIALS CONSUMED (contd.,)

### 21.1 Details of Inventory

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Raw Materials/Components/Consumables		
Lead & Lead Alloys	6,206.65	9,853.93
Battery Components	3,265.06	4,729.74
Nickel Based Materials	3,937.45	3,257.94
Silver	358.09	214.62
Poly Propylene Materials	108.07	469.72
Battery Separator	243.00	508.18
Copper	92.34	453.17
Electrical & Electronic Components	520.89	4,140.37
Packing Materials	272.43	208.96
CR Sheets	136.48	26.67
Solar Panel Materials	408.21	527.43
Others	5,341.46	6,399.74
	<b>20,890.13</b>	<b>30,790.47</b>

### 21.2 Details of Consumption of Raw Materials

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Battery Separator	3,197.30	2,751.12
Lead Calcium	15,771.11	17,218.94
Lead Sub Oxide	21,855.92	23,675.55
Poly Propylene	2,175.57	2,623.71
C R Sheet	2,242.24	2,736.47
Nickel Hydroxide Powder	1,776.42	1,302.29
Nickel Sulphate	786.04	1,054.91
C R Strip	679.08	844.75
Nickel Powder	239.94	237.92
Transformers, Chokes, Electric Items	2,202.00	2,018.63
Others	25,440.90	20,788.61
	<b>76,366.52</b>	<b>75,252.90</b>

### 21.3 Value of Imported Raw Materials consumed and their percentage to Total Consumption

	Year ended March 31, 2016		Year ended March 31, 2015	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Imported Raw Material	16,300.01	21.34	23,065.31	30.65
Indigenous Materials	60,066.51	78.66	52,187.59	69.35
	<b>76,366.52</b>	<b>100.00</b>	<b>75,252.90</b>	<b>100.00</b>

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 22 (INCREASE)/DECREASE IN INVENTORY		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015
<b>a) Manufactured Goods</b>			
i) Opening stocks:			
a) Semi Finished Goods	12,783.81		17,599.08
b) Finished Goods	3,571.60	16,355.41	5,461.16
			23,060.24
ii) Closing stocks:			
a) Semi Finished Goods	10,746.34		12,783.81
b) Finished Goods	5,178.69	15,925.03	3,571.60
		430.38	16,355.41
			6,704.83
<b>b) Traded Goods</b>			
Opening Stock of Traded Goods	786.57		479.98
Less : Internal Capitalisation	-		5.60
Closing Stock of Traded Goods	616.96	169.60	786.57
			(312.19)
<b>(Increase) / Decrease in Inventory</b>		<b>599.98</b>	<b>6,392.64</b>

### 22.1 Details of Inventory

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>22.1.1 Traded Goods</b>		
Batteries	-	1.49
Other Products	616.96	785.08
	<b>616.96</b>	<b>786.57</b>
<b>22.1.2 Work in Progress</b>		
Lead Acid Batteries	7,917.73	9,712.45
Nicad Battery Cells	575.58	640.10
Silver Zinc Battery Cells	17.39	5.80
Lithium Battery Cells	11.37	27.82
Nickel Cadmium Pocket Plate Batteries	1,063.00	849.66
Electronic Chargers/Rectifiers	710.47	1,298.60
Battery Operated Vehicles	-	13.34
Solar Photovoltaic Module	173.50	54.50
Others Products	277.30	181.54
	<b>10,746.34</b>	<b>12,783.81</b>
<b>22.1.3 Finished Goods</b>		
Lead Acid Batteries	3,307.09	1,702.26
Nicad Battery Cells	133.36	116.22
Nickel Cadmium Pocket Plate Batteries	325.09	1,058.98
Lithium Battery Cells	40.62	-
Electronic Chargers/Rectifiers	254.66	263.84
Solar Photovoltaic Module	356.19	308.23
Concrete Towers	688.19	82.81
Others Products	73.49	39.26
	<b>5,178.69</b>	<b>3,571.60</b>
<b>Grand Total</b>	<b>16,541.99</b>	<b>17,141.98</b>

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 23 EMPLOYEES COST		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Salaries, Wages & Bonus (Refer Note : 9.1)	8,235.75	7,435.21	
Contribution to Provident & Other Funds	661.93	697.22	
Gratuity	273.95	203.99	
Staff Welfare Expenses	844.77	942.80	
Recruitment & Training	21.35	15.00	
	10,037.73		9,294.22
Remuneration to Directors:			
Salaries & Allowances	103.65	69.42	
Commission on Profits	129.77	113.14	
Directors Sitting Fees	1.68	1.12	
Contribution to Provident Fund	8.16	5.52	
	243.26		189.20
	10,280.99		9,483.42

Note: 24 FINANCE COST		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Interest on Term Loans	849.47	1,262.52	
Interest on Bank Borrowings	3,462.96	4,390.38	
Interest on Vehicle Loans	10.78	13.31	
Interest on Other Loans	10.22	14.84	
Interest on Unsecured Loans	143.67	106.38	
Interest - Others	96.66	191.78	
Bank Charges	346.06	585.93	
BG Charges	356.71	238.91	
LC Charges	157.60	276.81	
	5,434.13	7,080.86	
Less: Capitalised & Transferred to Pre Operative Expenses	169.43	14.84	
	5,264.70	7,066.02	

Note: 25 DEPRECIATION AND AMORTISATION EXPENSE		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Depreciation on tangible assets	4,223.18	4,463.52	
Amortisation of intangible assets	735.78	640.32	
	4,958.96	5,103.85	

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 26	OTHER EXPENSES		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
<b>Manufacturing Expenses</b>				
Stores & Spares Consumed	1,796.76		1,202.40	
Equipment Lease Rentals	41.99		76.99	
Factory Rent	33.41		31.80	
Consumable Tools Charged Off	13.79		15.61	
Contract Wages	7,893.55		6,912.36	
Testing Charges	70.31		172.85	
Power and Fuel	5,161.53		5,843.02	
Installation Charges paid	667.15		379.76	
Televan Hire Charges	123.10	15,801.61	216.53	14,851.32
<b>Administrative Expenses</b>				
Rent	261.79		288.71	
Rates & Taxes	135.00		154.16	
Licence Fees	8.66		1.19	
Sales Tax on Works Contracts	49.61		39.26	
Excise Duty on Stock Transfers to Branches	-		103.23	
Excise duty paid on Samples & Replacements	267.63		275.22	
Excise duty on Closing Stocks of Finished Goods	300.09		204.28	
Insurance	188.21		177.68	
Professional & Consultancy Charges	570.93		307.77	
Security Expenses	574.48		639.41	
Community Development Expenses	43.73		27.50	
Building & Garden Maintenance	306.55		515.94	
Office & Office Equipment Maintenance	336.42		282.95	
Vehicle Maintenance	212.55		239.05	
Maintenance - Others	312.15		264.30	
Conveyance	815.65		867.57	
Travelling	569.43		515.96	
Printing & Stationery	174.01		146.44	
Postage, Telephones & Telex	288.90		317.67	
Books & Periodicals	78.61		80.73	
Foreign Exchange Rate Variation	-		13.65	
Sundry Expenses	340.30		341.75	
Payment to Statutory Auditors	30.00		35.00	
Audit Expenses	7.60		6.32	
Advances written off	18.18		212.57	
Donations	7.81		22.13	
Deposits Written Off	6.20	5,904.50	20.47	6,100.91

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 26 OTHER EXPENSES (contd...)		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
<b>Selling Expenses</b>			
Freight Outward	3,141.14	3,180.48	
Freight and Insurance on exports	299.96	348.36	
Export Expenses	310.16	464.16	
Liquidated Damages	187.09	168.06	
Commission On Domestic Sales	17.55	1.18	
Commission On Export Sales	263.90	166.40	
Discount to Dealers	0.17	63.41	
Advertisement	16.30	10.79	
Business Promotion	96.14	81.31	
Membership & Subscriptions	5.73	6.83	
Transit Insurance	25.95	39.70	
Royalties On Sales	-	14.73	
Bad debts written off	1,320.66	115.42	
Provision for Bad Debts	20.00	596.00	
Provision for Warranties	111.55	190.40	
Other Selling Expenses	497.53	352.26	5,799.50
<b>Prior Period Expenditure</b>			
Consumption of Materials	14.87	6.30	
Maintenance Expenses	1.05	71.46	
Professional	7.96	0.39	
Selling Expenses	4.15	37.14	
Other Expenses	1.92	45.45	160.73
	28,049.85		26,912.46

### 26.1 Payment to Auditors towards :

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Audit Fee	30.00	30.00
Tax Audit Fee	-	2.50
Tax Representation Fee	-	2.50
Service Tax	4.35	4.33
	34.35	39.33

Note: 27 EXCEPTIONAL ITEMS - (INCOME)/EXPENDITURE		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Loss on Fire Accident	-	14.53	
Damaged Stocks	-	522.81	
Diminution In Value of Investments	909.00	668.30	
Loss/(Profit) on sale of assets	(12.84)	451.96	
Sales Tax Subsidy Received	-	(153.78)	
	896.16	1,503.82	

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 28 DISCLOSURE AS PER AS-20 "EARNINGS PER SHARE" (Face value of share: ₹1/-each)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>Computation of EPS (Basic &amp; Diluted)</b>		
Profit After Tax (₹ Lakhs)	1,942.99	1,462.07
No. of Shares (Basic)	253,000,000	253,000,000
No. of Shares (Diluted)	253,000,000	253,000,000
EPS (Basic) (₹)	0.77	0.58
EPS (Diluted) (₹)	0.77	0.58

Note: 29 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.

### 29.1 Contingent liabilities not provided for:

(₹ in Lakhs)

Nature of Contingent Liability	As at March 31, 2016	As at March 31, 2015
a) Unexpired guarantees issued on behalf of the Company by banks, for which the Company gave counter guarantees to banks	14,956.22	14,381.47
b) 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 ₹ 10065.80 Lakhs (previous year ₹ 9647.96 Lakhs) for which the process of discharging the LUTs by the concerned authorities is at various stages).	1,451.07	2,448.63
c) Claims against the Company not acknowledged as debts towards:		
Excise duty	743.53	733.76
Sales Tax	589.72	496.50
Custom duty	488.70	488.70
Service Tax	8.51	8.51
Income Tax Dispute for Assessment Year 2009-10	65.08	65.08
Property Tax of VSEZ unit	27.64	27.64
Fuel surcharge adjustment (FSA) to the extent billed and disputed	138.79	134.38
Enhancement of Land Cost by Haryana State Industrial & Infrastructure Development Corporation Ltd, Manesar	168.44	168.44
Erstwhile promoters of SCIL Infracon Pvt Ltd	188.31	188.31
Others	9.50	11.50

### 29.2 Commitments:

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	737.13	122.47

Note: 30 INCOME TAX AND SALES TAX ASSESSMENTS:

### 30.1 Income tax:

The Company's Income Tax assessments were completed upto Financial Year 2011-12 and the tax dues as per orders were paid and charged to revenue except for disputed issues under Appeal. Tax assessments for the years 2012-13, 2013-14 and 2014-15 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.

## Notes to Financial Statements for the year ended 31st March, 2016

### Note: 30 INCOME TAX AND SALES TAX ASSESSMENTS: (contd...)

#### 30.2 Sales tax:

The Company has paid/provided for VAT/CST as per the records and returns filed upto 31.03.2016 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: 31 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 some parties most of whom are Government Departments and Public Sector Undertakings.

### Note: 32

In the opinion of the Board, assets other than fixed assets and non-current investments have a value, on realisation in the ordinary course of business, which is at least equal to the amount at which they are stated in the financial statements.

### Note: 33

The Board of Directors in its meeting held on 23rd March, 2016 approved a scheme of arrangement and amalgamation of Beaver Engineering & Holdings Pvt Ltd. (Holding Company) with HBL Power Systems Ltd, with effect from 01.04.2016, subject to necessary approvals and sanction by the Hon'ble High Court and other Authorities.

### Note: 34 DISCLOSURES REQUIRED TO BE MADE AS PER ACCOUNTING STANDARD (AS)

#### 34.1 Disclosure as per AS-7 "Construction Contract"(for contracts in progress at the reporting date)

34.1.1 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.

#### 34.1.2 In respect of Contracts in progress on 31.03.2016

(₹ in Lakhs)

	31 March 2016	31 March 2015
a) Contract revenue recognised in the period	271.48	258.86
b) Aggregate Contract costs incurred upto the reporting date.	2950.02	2703.26
c) Aggregate amount of recognised profits upto the reporting date.	2886.04	2861.33
d) Amount of advances received from Customer outstanding as on date	166.67	166.67
e) Amount retention (Amount billed less amount received and advance adjusted)	381.19	336.18

#### 34.2 Disclosure as per AS-11 "Accounting for Effects of Changes in Foreign Exchange Rates"

(₹ in Lakhs)

	31 March 2016	31 March 2015
a) Exchange differences arising out of settlement / translation on account of Export Sales for the year	663.19	(417.75)
b) Exchange differences arising out of settlement / translation on account of previous year; Imports	(273.96)	406.67
c) Exchange differences arising out of settlement / translation on account of Others	115.62	(2.57)
Net gain (loss) recognised during the year	504.85	(13.65)



## Notes to Financial Statements for the year ended 31st March, 2016

### 34.3 Disclosure as per AS-15 "Employee Benefits"

#### i) Defined contribution plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

(₹ in Lakhs)

Particulars	31 March 2016	31 March 2015
Employer's contribution to PF/ESI/Pension plan	670.09	702.74

#### ii) Defined benefit plan

##### a) Gratuity obligation of the Company:

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/provided for 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.

##### Actuarial assumptions for Gratuity:

(₹ in Lakhs)

	31 March 2016	31 March 2015
Gratuity ceiling (₹ in lakhs)	10.00	10.00
Mortality Table (LIC)	2006-08 (Ultimate)	1994-96 (Ultimate)
Withdrawal rate	1% to 3%	1% to 3%
Discount rate (per Annum)	8%	8%
Salary escalation (per Annum)	4%	4%
Valuation method	PUC	PUC
Percentage of funding	100%	100%

##### Amount contributed/provided during the year:

(₹ in Lakhs)

	31 March 2016	31 March 2015
Towards Gratuity Fund	264.50	193.53
Towards Annual Risk Premium	10.28	10.46
Amount charged to Profit & Loss statement	274.78	203.99

##### Results of Actuarial valuation on liability & funding (as per LIC of India):

(₹ in Lakhs)

	31 March 2016	31 March 2015
Present value of past service benefit	1116.99	1049.72
Current Service cost	123.88	125.89
	1240.87	1175.61
Fund value at the beginning	982.08	918.76
Acquisition Adjustments	-	0.70
Interest credit to the fund	79.94	69.21
Contributions	205.02	249.27
Claims settled	(289.46)	(255.86)
Fund value at the year end	977.58	982.08
Short fall in fund provided for	263.29	193.53

##### Results of independent Actuarial Valuation report for the year:

##### (i) Assets/Liabilities

(₹ in Lakhs)

	31 March 2016	31 March 2015
Present Value (P.V) of obligation at the year end	1240.87	1175.61
Fair Value (F.V) of plan assets at the year end	977.58	982.08
Funded status	(263.29)	(193.53)

## Notes to Financial Statements for the year ended 31st March, 2016

### (ii) Expense to be recognised in Statement of Profit & Loss :

(₹ in Lakhs)

	31 March 2016	31 March 2015
Current service cost	11.75	11.69
Actuarial (gain)/loss	248.92	157.58
Interest cost	94.05	93.50
Settlement Cost/ (credit) benefits paid	(289.46)	(255.86)
	<b>65.26</b>	<b>6.91</b>

### (iii) Changes in the Present Value (P.V) of obligation:

(₹ in Lakhs)

	31 March 2016	31 March 2015
P.V of obligation at the beginning	1175.61	1168.70
Interest cost	94.05	93.50
Current service cost	11.75	11.69
Actuarial (gain)/loss	248.92	157.58
Benefits paid	(289.46)	(255.86)
<b>P.V of obligation at the year end</b>	<b>1240.87</b>	<b>1175.61</b>

### (iv) Changes in the Fair Value (F.V ) of Plan Assets:

(₹ in Lakhs)

	31 March 2016	31 March 2015
F.V at the beginning	982.08	918.76
Expected returns	78.57	73.50
Acquisition Adjustments	-	0.70
Contribution during the year	205.02	253.63
Actuarial gain/(loss)	1.37	(8.65)
Benefits paid during the year	(289.46)	(255.86)
<b>F.V at the year end</b>	<b>977.58</b>	<b>982.08</b>

### (v) Actuarial Gains / Losses:

(₹ in Lakhs)

	31 March 2016	31 March 2015
- on account of obligation	248.92	157.58
- on account of Plan Assets	1.37	(8.65)
Gains/losses recognised	<b>250.29</b>	<b>148.93</b>
Unrecognised gain / loss	NIL	NIL

### (vi) Fair Value (F.V) of Plan Assets:

(₹ in Lakhs)

	31 March 2016	31 March 2015
F.V at the beginning	982.08	918.76
Actual return on Plan Assets	79.94	64.85
Acquisition Adjustments	-	0.70
Contributions	205.02	253.63
Claims settled	(289.46)	(255.86)
<b>F.V at the year end</b>	<b>977.58</b>	<b>982.08</b>
P.V of obligation at the year end	1240.87	1175.61
Fund status	(263.29)	(193.53)
	<b>977.58</b>	<b>982.08</b>

## Notes to Financial Statements for the year ended 31st March, 2016

### b) Long Term Compensated Absences:

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.

(₹ in Lakhs)

	31 March 2016	31 March 2015
Provision held at the beginning of the year	203.05	217.48
Expense recognised during the year	51.09	50.29
Claims paid (encashed during the year)	(47.88)	(64.72)
<b>Provision required and held at the year end</b>	<b>206.26</b>	<b>203.05</b>

### I. Changes in present value of obligations (P.V.O)

(₹ in Lakhs)

	31 March 2016	31 March 2015
PVO at beginning value of period	203.05	217.48
Interest cost	16.07	17.22
Current Service Cost	4.02	4.28
Claims paid (encashed during the year)	(47.88)	(64.72)
Actuarial (gain)/loss on obligation	31.00	28.79
<b>PVO at end period</b>	<b>206.26</b>	<b>203.05</b>

### II. Changes in Fair Value of Plan Assets and Fair Value of Plan Assets

Not applicable as the obligations are not funded

### III. Actuarial (Gain)/Loss recognized

(₹ in Lakhs)

	31 March 2016	31 March 2015
Actuarial (Gain)/Loss for the period recognised	31.00	28.79
Unrecognised (Gain)/Loss	NIL	NIL
	<b>31.00</b>	<b>28.79</b>

### IV. Amounts to be recognized in the Balance sheet

(₹ in Lakhs)

	31 March 2016	31 March 2015
Present Value of Obligation at the year end	206.26	203.05
Net Asset/(Liability) recognized in the balance sheet	(206.26)	(203.05)
<b>Net Asset/(Liability) unrecognized</b>	<b>0.00</b>	<b>0.00</b>

### V. Expense recognized in the statement of P&L a/c.

(₹ in Lakhs)

	31 March 2016	31 March 2015
Current Service Cost	4.02	4.28
Interest cost	16.07	17.22
Expected Return on Plan Assets		
Net Actuarial (Gain)/Loss recognized for the period	31.00	28.79
Less: Benefits paid	(47.88)	(64.72)
<b>Expense recognized in the statement of P &amp; L</b>	<b>3.21</b>	<b>(14.43)</b>

### VI. Movements in the Liability recognized in Balance Sheet

(₹ in Lakhs)

	31 March 2016	31 March 2015
Opening Net Liability	203.05	217.48
Add : Expense as above	51.09	50.29
Less : Benefits Paid	(47.88)	(64.72)
<b>Closing Net Liability</b>	<b>206.26</b>	<b>203.05</b>

## Notes to Financial Statements for the year ended 31st March, 2016

### 34.4 Disclosure as per AS-17 "Segment Reporting"

(₹ in Lakhs)

Particulars	31 March 2016		31 March 2015	
<b>Segment Revenue</b>				
Batteries				
Exports	15,072.95		15,030.96	
Domestic sales	88,252.66	103,325.61	96,927.14	111,958.10
Electronics				
Exports	2,135.11		2,036.86	
Domestic sales	13,763.22	15,898.33	11,711.92	13,748.78
Unallocated				
Exports	160.11		67.58	
Domestic sales	9,884.16	10,044.27	8,394.36	8,461.94
Total		129,268.21		134,168.82
Less : Inter-segment Revenue		432.33		1161.79
<b>Net Revenue</b>		<b>128,835.88</b>		<b>133,007.03</b>
<b>Segment Result</b>				
Batteries		11,198.18		14,989.36
Electronics		750.85		(128.92)
Unallocated		574.46		(972.34)
Total		12,523.49		13,888.10
Less : Interest		5,264.70		7,066.02
Exceptional Items - (Income)/Expenses		896.16		1,503.82
Unallocable expenditure net of unallocable income		3,085.20		2,786.64
Net Profit before taxes		3,277.43		2,531.62
<b>Segment Assets</b>				
Batteries		99,927.91		111,900.94
Electronics		20,798.67		19,808.08
Unallocated		23,794.62		25,670.48
Total Assets		144,521.20		157,379.50
<b>Segment Liabilities</b>				
Batteries		15,707.69		15,798.82
Electronics		5,868.21		8,638.83
Unallocated (includes Term Loans,Bank Loans,Hire Purchase Loans)		63,000.19		74,178.47
Total Liabilities		84,576.09		98,616.12
<b>Segment Capital expenditure during the year</b>				
Batteries		230.25		1,794.87
Electronics		29.22		76.87
Unallocated		1,777.44		1,129.29
Total		2,036.91		3,001.03
<b>Segment Depreciation(Including Amortisation of Intangible Assets )</b>				
Batteries		3,756.41		3,818.34
Electronics		454.35		464.94
Unallocated		748.20		820.57
<b>Total</b>		<b>4,958.96</b>		<b>5,103.85</b>

#### Notes:

- The company's operations include Batteries of different types, Electronics, Railway Signalling contracts etc. Except for Batteries and Electronics, 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 and Electronics segments are shown separately as reportable segments and others are included in Unallocated segments.
- Batteries and Electronics segment comprises of various types of products for defence , aviation , telecom and industrial application.
- Inter segment revenue is measured at the market price at which the products are sold to external Customers

## Notes to Financial Statements

for the year ended 31st March, 2016

### 34.5 Disclosure as per AS-18 "Related Party Disclosure";

1. Holding Company	Beaver Engineering & Holdings Private Limited, Hyderabad
2. Subsidiaries	SCIL Infracon Pvt Ltd
	HBL Germany, GmbH
	HBL America Inc
	HBL Suntech LLP
3. Joint venture	Gulf Batteries Company Ltd, Kingdom of Saudi Arabia
4. Controlled companies	Kairos Engineering Limited, Hyderabad
5. Associate	Naval Systems & Technologies Private Limited
	Guided Missile Engineering India Private Limited
6. Key management personnel	Dr A J Prasad, Chairman & Managing Director
	M S S Srinath, Whole Time Director
	Kavita Prasad, Executive Director (Non Board)
	K Mahidhar, Vice President - Finance
	M V S S Kumar, Company Secretary

### Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2016 (₹ in Lakhs)

Sl. No	Name	Nature of transaction	During the year Debit/ (Credit)	As on March 31, 2016		
				Investments	Amount Receivable	Amount Payable
1	Holding company	Funds Borrowed	285.00			9677.64
		Purchase of Goods	185.72			
		Corporate Loans repaid	(5,000.00)			
		Interest Paid	58.45			
		Sale of Goods	390.77		46.40	
		Service Recived	7.99			
2	Subsidiaries	Investment in Shares	99.03	1604.60		
		Sale of investments	-			
		Loans repaid	424.37			
		Service Rendered	3.05		3327.17	
		Interest Received	-			
		Rent Received	-			
		Reimbursement of Expenses	5.81			
		Sale of Goods	4,367.94			
		Services Received	52.08			61.42
		Purchase of Goods	16.57			16.31
		Purchase of Assets	413.10			
3	Joint Venture	Investment in Shares		1424.51		
		Service Rendered	-		729.89	
		Sale of Goods	866.55			
4	Controlled Companies	Investment in Shares	-	9.00		
5	Associate Companies	Sale of investments	-	4.10		
		Advance for services				
		Purchase of solar Power				
6	Key Management Personnel	Funds Borrowed	-			721.00
		Funds repaid	30.00			
		Remuneration Paid	304.25			194.47
		Rent Paid	6.39			
		Interest Paid	85.22			

## Notes to Financial Statements for the year ended 31st March, 2016

### 34.6 Disclosure as per AS-19 "Leases"

(₹ in Lakhs)

	31 March 2016	31 March 2015
<b>Finance Leases</b>		
Amount of Finance Lease	46.82	63.19
Less : Lease amount repaid during the period	18.45	16.37
Amount outstanding at the end of the period	28.37	46.82
Amount payable not Later than one year	20.82	18.46
Amount payable later than one year and not later than five years	7.55	28.36

### 34.7 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:

(₹ in Lakhs)

Particulars	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
1. Depreciation	-	2,088.88	-	2,365.31
2. Warranties	334.24	-	295.64	-
3. Leave encashment	71.38	-	70.27	-
4. Gratuity	-	-	66.98	-
5. Bad debts	213.19	-	206.26	-
<b>Total</b>	<b>618.81</b>	<b>2,088.88</b>	<b>639.15</b>	<b>2,365.31</b>

### 34.8 Disclosure as per AS-27 "Financial reporting of interest in Joint Venture"

S. No.	Name of the venture	Country of Incorporation	Percentage of ownership interest as on 31.03.2016	Percentage of ownership interest as on 31.03.2015
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 is stated at Cost.
- Pending receipt of Audited/Unaudited financial statements of JV company for the year ending 31-03-2016, the disclosure of the company's share of the Assets, Liabilities, Income and Expenditure is not made as required under AS-27

### 34.9 Disclosure as per AS-29 "Provisions, Contingent Liabilities, Contingent Assets";

(₹ in Lakhs)

	31 March 2016		31 March 2015	
<b>Provision for Warranty:</b>				
Provision at the beginning of the year	-	854.24	-	663.84
Provision required for the year	662.21		648.95	
Provision reversed from the opening Balance (after warranty period)	550.66		458.55	
Charge for the year		111.55		190.40
Carrying amount		965.79		854.24

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.

## Notes to Financial Statements for the year ended 31st March, 2016

Note: 35	VALUE OF IMPORTS ON CIF BASIS	(₹ in Lakhs)	
Nature	31 March 2016	31 March 2015	
Raw Materials, Components & Spares	17,825.07	22,479.84	
Capital Items / Equipment	-	21.34	
	17,825.07	22,501.18	

Note: 36	EXPENDITURE IN FOREIGN CURRENCY	(₹ in Lakhs)	
Nature	31 March 2016	31 March 2015	
Travelling Expenses	162.83	52.84	
Professional Charges	94.52	21.48	
Commission	263.90	166.40	
Marketing Expenses	467.13	314.03	
Investment in Subsidiary Company	99.03	-	
Others	374.24	37.43	
	1,461.65	592.18	

Note: 37	INCOME IN FOREIGN CURRENCY	(₹ in Lakhs)	
Nature	31 March 2016	31 March 2015	
Export Sales (FOB Value of Exports)	17,323.37	17,812.24	
Services	44.80	77.72	
	17,368.17	17,889.96	

Note: 38	CSR EXPENDITURE INCURRED TOWARDS:	(₹ in Lakhs)	
	31 March 2016	31 March 2015	
a) Promotion of Education of Children	11.97	7.98	
b) Eradication of Malnutrition	11.44	8.22	
c) Health Care	20.32	11.30	
d) Contribution to eligible Orphanages/Oldage homes	7.32	5.74	
<b>Total</b>	<b>51.05</b>	<b>33.24</b>	

Note: 39

Previous years figures have been regrouped wherever necessary.

As per our report of even date annexed

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

Anirban Pal  
Partner  
M.No: 214919

Place : Hyderabad  
Date : May 30, 2016

On behalf of the Board

Dr A J Prasad  
Chairman & Managing Director

K Mahidhar  
Vice President - Finance

M S S Srinath  
Director

M V S S Kumar  
Company Secretary





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# CONSOLIDATED FINANCIAL STATEMENTS

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# Independent Auditors' Report

To the Members of

HBL Power Systems Limited, Hyderabad

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HBL Power Systems Limited (hereinafter referred to as "the Holding Company") its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group") its associates and a jointly controlled entity, comprising the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and a jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules") (particularly Accounting Standard 21 – Consolidated Financial Statements, Accounting Standard 23 – Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 – Financial Reporting of Interest in Joint Ventures). The respective Board of Directors of the companies included in the Group its Associates and of its jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. 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 the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the group, jointly controlled entity and associates, the aforesaid consolidated 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:

- (i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group its Associates and its jointly controlled entity as at 31 March 2016;
- (ii) in the case of the Consolidated Statement of Profit and Loss Account, of the consolidated profits for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 29.1.1 to the consolidated financial statements which, describes the uncertainty related to the outcome of the lawsuit filed against the Company and its Subsidiary SCIL Infracon (P) Limited.

Our opinion is not modified in respect of this matter.

### Other matters

We did not audit the financial statements / financial information of Four (4) subsidiaries, and One (1) jointly controlled entity, whose financial statements / financial information reflect total assets of ₹ 4,589.27 lakhs as at 31st March, 2016, total revenues of ₹ 6,557.06 lakhs and net cash flows amounting to ₹ 46.96 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of ₹ 79.32 lakhs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of two (2) associates, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors. (Reference is invited to Note No. 37.2).

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by sub-sections 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements of subsidiaries its associates and the jointly controlled entity, as noted in the 'Other Matter' paragraph, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Rules.

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and on the basis of the relevant assertion contained in the audit reports on standalone financial statements of each subsidiary company its associates and the jointly controlled entity which are incorporated in India, none of the Directors of the Group its associates and the jointly controlled entity are disqualified as on 31 March 2016 from being appointed as a Director of that entity in terms of sub section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the holding company and its subsidiary companies incorporated in India as of that date and the operating effectiveness of such controls, refer to our separate report in "Annexure-A";
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of subsidiaries, associates and the jointly controlled entity, as noted in the 'Other Matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group its associates and its jointly controlled entity – Refer Note 29 to the consolidated financial statements;
  - ii. The Group its associates and the jointly controlled entity incorporated in India did not have any, long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group its associates and the jointly controlled entity incorporated in India.

**For Rao & Kumar**

*Chartered Accountants*

Firm's Registration Number 030895

**Anirban Pal**

*Partner*

Place: Hyderabad

Date: August 11, 2016.

Membership Number 214919

## Annexure - A

(Referred to in Paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

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

In conjunction with our audit of the consolidated financial statements of HBL Power Systems Limited ("the Holding Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Holding Company and its subsidiary companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's and its subsidiary company's incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit

evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's and its subsidiary company's incorporated in India, internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over

financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Qualified Opinion

According to the information and explanations given to us and based on our audit we are of the opinion that, the Holding Company and its subsidiary companies incorporated in India, have in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weaknesses in the operating effectiveness of controls in the Holding Company described below on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

- a) During the year the Holding Company had migrated from its existing ERP package to SAP which is in its final implementation stage. The Company's internal financial controls implemented through Information Technology Controls and General IT Controls are yet to be fully implemented which may lead to a failure of the company's control procedures to prevent or detect a misstatement of an account balance or disclosure.
- b) Control Documents in the Holding Company evidencing the operating effectiveness of controls are not signed off appropriately,

resulting in non-identification of deviations from the approved delegation of authority & responsibility, company's controls & procedures. In as much, effecting the assessment of risks associated and determining the effect of the deviations of the control being tested and the evidence to be obtained, as well as forming an opinion on the operating effectiveness of the controls.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 Consolidated Financial Statements, and these material weaknesses do not affect our opinion on the Consolidated Financial Statements of the Holding Company and its subsidiary companies and the jointly controlled entity.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary, which is a company incorporated in India, is based on the corresponding report of the auditor of such company.

**For Rao & Kumar**

*Chartered Accountants*

Firm's Registration Number 030895

**Anirban Pal**

*Partner*

Place: Hyderabad

Date: August 11, 2016.

Membership Number 214919

## Consolidated Balance Sheet as at 31st March, 2016

(₹ Lakhs)

Particulars	Note	March 31, 2016		March 31, 2015	
<b>I) EQUITY AND LIABILITIES</b>					
<b>A Shareholders' Funds</b>					
Share Capital	2	2,530.00		2,530.00	
Reserves and Surplus	3	55,597.49		53,947.58	
			58,127.49		56,477.58
<b>B Non current liabilities</b>					
Long-Term Borrowings	4	12,531.24		20,146.16	
Deferred Tax Liabilities	5	1,567.83		1,851.91	
Long-Term Provisions	6	215.09		212.86	
			14,314.16		22,210.93
<b>C Current liabilities</b>					
Short Term Borrowings	7	41,549.43		42,667.26	
Trade Payables	8	16,630.90		18,541.97	
Other Current Liabilities	9	10,331.43		14,314.20	
Short Term Provisions	6	2,576.32		1,984.23	
			71,088.08		77,507.66
<b>Total</b>			<b>143,529.73</b>		<b>156,196.17</b>
<b>II) ASSETS</b>					
<b>A Non-Current Assets</b>					
Fixed Assets					
Tangible Assets	10	39,492.44		43,009.77	
Intangible Assets	11	2,493.13		2,630.10	
Capital Works in Progress	12	2,008.62		1,558.98	
Intangible Assets under development	13	2,798.41		3,379.31	
			46,792.60		50,578.16
Non Current Investments	14	275.03		199.00	
Long Term Loans and Advances	15	1,534.09		1,560.22	
Other Non Current Assets		1,739.16	3,548.28	274.87	2,034.09
<b>B Current Assets</b>					
Inventories	16	39,583.01		51,789.32	
Trade Receivables	17	42,767.38		39,364.24	
Cash and Cash equivalents	18	3,374.77		4,829.85	
Short Term Loans and Advances	15	7,463.69	93,188.85	7,600.51	103,583.92
<b>Total</b>			<b>143,529.73</b>		<b>156,196.17</b>
Significant Accounting Policies	1				
Notes forming part of Financial Statements	2 to 39				

As per our report of even date annexed

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

Anirban Pal  
Partner  
M.No: 214919

Place : Hyderabad  
Date : 11th August, 2016

On behalf of the Board

Dr A J Prasad  
Chairman & Managing Director

K Mahidhar  
Vice President -Finance

M S S Srinath  
Director

M V S S Kumar  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

(₹ Lakhs)

Particulars	Note	March 31, 2016		March 31, 2015	
<b>A Revenue</b>					
Revenue from Operations	19		140,997.74		145,228.32
Less : Duties			10,730.87		10,198.08
Revenue from Operations (Net)			130,266.87		135,030.24
Other Income	20		1,273.10		2,155.42
<b>Total Revenue ( A )</b>			<b>131,539.97</b>		<b>137,185.66</b>
<b>B Expenses</b>					
Cost of Material Consumed	21		76,697.26		76,470.44
Purchase of Traded goods			349.33		420.82
(Increase) / Decrease in Inventory	22		1,051.67		6,611.69
Employee Benefits Expenses	23		10,703.55		9,912.53
Finance Cost	24		5,269.84		7,070.83
Depreciation and Amortisation Expense	25		5,111.73		5,290.98
Other Expenses	26		28,392.59		27,708.15
<b>Total Expenses ( B )</b>			<b>127,575.97</b>		<b>133,485.44</b>
<b>C Profit/(loss) before Exceptional and Extra-ordinary items and Tax (A-B)</b>			<b>3,964.00</b>		<b>3,700.22</b>
D Exceptional (Income)/Expenses	27		138.17		1,294.31
<b>E Profit/(loss) before tax ( C-D )</b>			<b>3,825.83</b>		<b>2,405.91</b>
<b>F Tax Expense</b>					
- Current Tax			1,600.00		1,447.44
- Deferred Tax (Asset)/Liability			(284.08)		(425.56)
- Income Tax & Wealth Tax relating to Previous Years			(9.47)	10.20	1,032.08
<b>G Profit after tax before share of results of Minority Interest (E-F)</b>			<b>2,519.38</b>		<b>1,373.83</b>
H Minority Interest-C/Y share of Profit/(Loss)			-		(2.25)
I Share of Net Profits/(Losses) of Associates			79.33		50.39
<b>J Profit for the period ( G-H-I )</b>			<b>2,598.71</b>		<b>1,421.97</b>
<b>K Earnings per Equity Share</b>	28				
- Basic			1.03		0.56
- Diluted			1.03		0.56
Significant Accounting Policies	1				
Notes forming part of Financial Statements	2 to 39				

As per our report of even date annexed

On behalf of the Board

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

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

**M S S Srinath**  
Director

**Anirban Pal**  
Partner  
M.No: 214919

**K Mahidhar**  
Vice President -Finance

**M V S S Kumar**  
Company Secretary

Place : Hyderabad  
Date : 11th August, 2016



**Consolidated Cash Flow Statement** for the year ended 31st March, 2016

(As per Regulation 34(2) of SEBI(LODR) Regulations, 2015)

(₹ Lakhs)

Particulars	March 31, 2016		March 31, 2015	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and after Minority Interest		4043.33		3748.36
Exceptional Items - Income / (Expenditure) *		(138.17)		(1294.31)
Operatin Profit / (Loss) before adjustments		3905.16		2454.04
Adjustments for:				
Depreciation and Amortisation	5111.73		5290.98	
Deposits Written off	6.20		20.47	
Debit Balances written off	20.18		217.69	
Interest Income	(388.13)		(425.20)	
Interest Expense	849.47		1262.52	
Provision for Doubtful Debts	0.00		196.00	
Exchange Variation	(177.59)		219.00	
Other Provisions	442.07		251.87	
JV Reserve Adjustment	(9.96)	5853.97	-	7033.34
<b>Operating Profit before working capital changes</b>		<b>9759.13</b>		<b>9487.38</b>
(Increase)/Decrease in Sundry debtors	(3403.14)		4089.42	
(Increase)/Decrease in Inventories	12206.31		9056.35	
(Increase) / Decrease in Loans & advances **	(531.83)		296.00	
Increase/(Decrease) in Current Liabilities	(2721.61)	5549.73	(14526.46)	(1084.69)
Cash generated from Operations		<b>15308.86</b>		<b>8402.70</b>
Income taxes paid		(1571.19)		(494.27)
Income Tax paid Previous years		(34.56)		(19.71)
<b>Net Cashflow from Operating activities (A)</b>		<b>13703.11</b>		<b>7888.72</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(1904.69)		(2841.10)	
Sale of Investments(Net)	(76.03)		(50.13)	
Sale of fixed assets	752.28		1191.03	
Net outflow on account of minority interest	-		2.25	
Interest Received	388.13		425.20	
<b>Net Cash flow from investing activities (B)</b>		<b>(840.31)</b>		<b>(1272.75)</b>

## Consolidated Cash Flow Statement for the year ended 31st March, 2016

(As per Regulation 34(2) of SEBI(LODR) Regulations, 2015)

(₹ Lakhs)

Particulars	March 31, 2016		March 31, 2015	
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long-term borrowings	-		(10450.00)	
Repayment of long-term borrowings	5404.72		14270.67	
Proceeds from working capital borrowings	(463.63)		4459.50	
Repayment of Interest Free Sales Tax Loan	321.87		319.38	
Increase(+)/Decrease(-) in unsecured loans	6642.04		(3831.29)	
Dividend payment	609.01		591.99	
Interest Paid	849.47		1262.52	
<b>Net cash flow used in financing activities ( C )</b>		<b>13363.48</b>		<b>6622.76</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		(500.68)		(6.79)
Cash and Cash equivalent at beginning of the period		2147.11		2153.90
<b>Cash and Cash equivalent at end of the period</b>		<b>1646.43</b>		<b>2147.11</b>
<b>Cash and Cash equivalents (₹ Lakhs)</b>				
Cash on hand		14.90		16.30
Balances with Banks(current a/c & term deposits)		1631.53		2130.81
<b>Total</b>		<b>1646.43</b>		<b>2147.11</b>

### Notes to the cash flow statement for the year ended March 31, 2016

- 1 This statement is prepared as per Accounting Standard-3 (indirect method)
- 2 \* Details of The Exceptional Items are given in Note 27.
- 3 \*\* Including Bank Balances Other than Cash and Cash Equivalents
- 4 Previous year's figures were re-grouped wherever necessary.

As per our report of even date annexed

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

Anirban Pal  
Partner  
M.No: 214919

Place : Hyderabad  
Date : 11th August, 2016

On behalf of the Board

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

**K Mahidhar**  
Vice President -Finance

**M S S Srinath**  
Director

**M V S S Kumar**  
Company Secretary

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

### Note: 1 SIGNIFICANT ACCOUNTING POLICIES

#### SIGNIFICANT ACCOUNTING POLICIES ADOPTED FOR PREPARATION AND PRESENTATION OF CONSOLIDATED BALANCE SHEET (CFS)

##### A. Basis of presentation of financial statements:

- 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, 2013 and Accounting Standards specified in the Companies (Accounting Standards) Rules, 2014 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 at the date of the financial statements. Examples of such estimates include useful lives of some of the 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 are consolidated following Accounting Standard (AS-21), 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 intra group transactions 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:

- a) 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. Premium paid for acquiring Leasehold Lands along with directly related expenditure is considered as tangible asset.
- b) Depreciation on Tangible Assets including those on leasehold premises is provided under straight line method over the useful life of assets specified in Part 'C' of Schedule II to the Companies Act, 2013 and in the manner specified there in, except in respect of Dies and Moulds used and 'Secured Land Filling' (used for disposal of Lead slag) which are depreciated over their estimated useful lives of 5 years and 10 years respectively on Straight Line Method. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase. Cost of acquisition of Leasehold Land is amortised over the lease period.
- c) 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. 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

- b) New product development expenditure, software licences, technical knowhow fee, infrastructure and logistic facilities, etc. are recognised as Intangible Assets upon completion of development and commencement of commercial production. Goodwill paid for purchase of Business (in HBL Suntech LLP) and Goodwill representing the difference between the Group's share in the net worth of a subsidiaries and the cost of acquisition at each point of time of making the investments in the subsidiaries is also considered as Intangible Asset.
- c) Expenditure capitalised under 'Intangible Assets' is amortised over a period of 60 months from the month of commencement of commercial production/utilisation of facility. Goodwill paid for purchase of business is amortised over a period of 60 months. Technical know fee paid for Elelctronic Products is amortised over a period of 60 months from commercial production. Technical know fee paid for Other Products is amortised over a period of 10 years from commercial production.
- d) Goodwill at the time acquisition of Subsidiaries:  
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 date of 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.
- e) 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.
- f) 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 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 straight line basis over the lease term.

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

- a) Tangible CWIP includes Plant and Equipment under erection, Civil works in progress and preoperative expenses pending allocation to the related assets.
- b) Intangible Assets Under Development includes:
  - 1 New Product Expenditure where development is in progress
  - 2 Payments made towards fees for software licences, technical knowhow, Infrastruture/logistic facilities etc., and also includes all related expenditure incurred upto absorption of technology and completion of Development.

### G Foreign Currency Transaction / Translations:

- a) 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 a rate that approximates the 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.
- b) The accounts of foreign subsidiaries and joint venture companies, which are reported in respective currencies of the countries 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 for using 'equity method' prescribed in Accounting Standard (AS) – 23.
- b) Investments in other than in associate companies are accounted for as per the method prescribed in Accounting Standard (AS) – 13.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

### I Income Recognition:

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

### J Inventories:

Inventories at the year end are valued as under:

a	Raw materials, components, consumables and stores & spares	At lower of weighted average cost and net realisable value.
b	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.
c	Long Term contract work-in-progress, (where the income is not eligible for recognition as per income recognition policy stated above.)	At direct and attributable costs incurred in relation to such contracts.
d	Stock-in-trade	At lower of cost and net realisable value
e	Consumable tools	At cost less amount of charged off (which is at 1/3rd of value each year)

- Cost of materials is net of CENVAT / VAT availed on all items
- Stock of Finished goods at Factories and at Branches are inclusive of Excise Duty
- Customs Duty payable on Bonded stocks / in-transit is provided for and is included in the value of such stocks
- Inventory arising out of inter divisional transfers is valued at cost to the transferring division after eliminating unrealized profit, if any.

### K 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, bonus, exgratia etc., are recognised in the period in which the employee renders the related services.

#### b) Post-employment benefits:

##### *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.

##### *Defined benefit plans:*

The Company's obligation towards Gratuity is a defined benefit plan. The present value of the estimated 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 and 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 recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

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

- a) Provision for liabilities is recognised if:
  - i) the Company has a present obligation as a result of a past event
  - ii) a probable outflow of resources is expected to settle the obligation and
  - iii) the amount of obligation can be reliably estimated
- b) Reimbursement of expenditure is recognised only upon virtual certainty of receipt.
- c) Contingent liability is disclosed but is not provided for, in respect of a present obligation or a possible obligation which do not require an out flow of resources or where the likelihood of such out flow is remote.
- d) Contingent assets are neither recognised nor disclosed.
- e) Provisions and contingent liabilities are reviewed at each Balance sheet date and are adjusted to reflect the current best estimate.

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

- a) 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. The carrying amount of MAT Credit entitlement is reviewed and adjusted wherever required at each Balance Sheet date.
- b) 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 and adjusted at each Balance Sheet date.

### **N 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:

- i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment and also inter-segment revenue. Income which relates to the Group as a whole and not allocable to segment is included under 'Unallocable Corporate Income'.
- ii) 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'.
- iii) 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 for on the basis of transfer price agreed to between the segments. Such transfer price is determined to yield a desired margin.

### **O Cash Flow statement:**

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

### **P Prior period and Extra-ordinary items/Exceptional items:**

- a) Items of Prior period Income and Expenditure are disclosed distinctly.
- b) 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 2	SHARE CAPITAL	(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015	
<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	
	<b>2,530.00</b>	<b>2,530.00</b>	

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

Equity Shares	March 31, 2016		March 31, 2015	
	No. of Shares	Value in ₹ Lakhs	No. of Shares	Value in ₹ Lakhs
At the beginning of the period	253,000,000	2530.00	253,000,000	2530.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	253,000,000	2,530.00	253,000,000	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:

	March 31, 2016	March 31, 2015
	Number of shares	
Beaver Engineering and Holdings Private Limited	149,899,443	143,059,443

### 2.4 Details of shareholders holding more than 5% of shares in the Company

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	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 and Holdings Private Limited	149,899,443	59.25	143,059,443	56.55
Dr. A J Prasad	20,814,500	8.23	27,654,500	10.93



## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 3 RESERVES AND SURPLUS		(₹ in Lakhs)	
Particulars	As at March 31, 2016		As at March 31, 2015
Capital Reserve		1.02	1.02
Investment Subsidy from State Government		55.77	55.77
Securities Premium Account		10,437.77	10,437.77
<b>General reserve</b>			
Opening balance	36,394.65		36,500.00
Less: Adjustment on account of depreciation based on Companies Act, 2013	-		605.35
Add: Transferred from Profit and Loss Account	105.35		500.00
Closing balance		36,500.00	36,394.65
Exchange Variation Reserve		(213.51)	(28.78)
Surplus as per Profit and Loss Account		8,871.31	7,149.17
<b>Total</b>		<b>55,652.36</b>	<b>54,009.60</b>
<b>Share of Joint Venture</b>			
Exchange variation Reserve		(54.87)	(62.02)
<b>Grand Total</b>		<b>55,597.49</b>	<b>53,947.58</b>
<b>Surplus/(deficit) in the statement of profit and loss</b>			
Balance as per last financial statements	7,149.17		6,963.19
Add : Accumulated Losses Adjustments in Joint Venture	(9.96)		-
Less : Transferred to Minority Interest Group	-		126.98
	7,139.21		6,836.20
Add : Profit for the Period	2,598.71	9,737.92	1,421.97
Less : Dividend on Equity Shares	632.50		506.00
Tax on Dividend	128.76		103.01
Transfer to General Reserve	105.35	866.61	500.00
<b>Total</b>		<b>8,871.31</b>	<b>7,149.17</b>

Note: 4	LONG TERM BORROWINGS		(₹ in Lakhs)	
Particulars	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
Non-Current Liabilities				
Secured				
A) Loans from				
IDBI Bank Limited	833.40	416.60	1,250.00	-
HDFC Bank Ltd	2,000.00	1,831.00	3,831.00	5,369.00
	2,833.40	2,247.60	5,081.00	5,369.00
B) Loans from Others				
Against Vehicles from HDFC Bank	24.94	54.04	47.99	50.10
Others (Refer Note : 4.3)	196.96	33.01	216.15	30.42
	221.90	87.05	264.14	80.52
C) Unsecured ( Refer Note : 4.4 )				
Interest Free Sales Tax Loan (Deferred Payment Laibility)	591.19	258.56	849.75	321.87
Loan from HPFSIPL	17.20	45.70	62.90	40.48
Finance Lease Obligations from HPFSIPL	7.55	20.81	28.37	18.46
Loan from Holding Company	8,800.00	-	13,800.00	-
Lease Finance Obligation	-	-	-	1.63
Others (Refer Note : 4.4.1)	60.00	-	60.00	-
	9,475.94	325.08	14,801.02	382.44
Total	12,531.24	2,659.73	20,146.16	5,831.96
Share of Joint Venture	-	-	-	-
Grand Total	12,531.24	2,659.73	20,146.16	5,831.96

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 4 LONG TERM BORROWINGS (contd.,)

### 4.1 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"

### 4.2 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.

#### 4.2.1 Term Loan from IDBI and HDFC :

The capex term loan of ₹2500 lakhs is sanctioned by IDBI Bank for setting up of Spun Concrete Poles unit with a project cost of ₹3350 lakhs with a capacity of 100,000 poles p.a. at Narsaraopet, Guntur District, Andhra Pradesh. The loan is secured by pari passu first charge on the entire fixed assets of the company both present and future. This loan is also guaranteed by Managing Director, another Director, Smt. A. Umadevi and Smt. Kavita Prasad in their personal capacities.

Term Loan I of ₹7200 lakhs is to refinance the existing debt and Term Loan II of ₹2000 lakhs is towards the refinancing of capital expenditure of the Company. Both the loans are secured by a first charge on the entire fixed assets of the Company both present and future. These loans are also guaranteed by Managing Director, another Director and Kavita Prasad in their personal capacities.

(₹ in Lakhs)

Name of the Bank	Loan Amount Drawn	No of Instalments	% of Interest	Outstanding as at March 31, 2016
IDBI BANK LIMITED				
- Term Loan I	1250.00	12 (QTLY) commencing from 1-10-2016	12.75	1250.00
HDFC BANK LTD				
- Term Loan I	7200.00	9 (QTLY) commencing from 1-04-2015	10.15	1831.00
- Term Loan II	2000.00	4 (HY) commencing from 30-09-2017	10.30	2000.00

#### 4.2.2 Other Loans :

##### (a) HDFC Bank

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

### 4.3 HBL USA : ₹ 229.98 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% and is secured by corporate assets.

### 4.4 Unsecured Loans

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

IFST Loan of ₹ 849.75 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. 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.

(b) 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.

(c) 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.

(d) Outstanding Balance of Loan from Holding Company is Interest free and is repayable on or after 01.04.2017 in one or more instalments.

#### 4.4.1 Unsecured Loan from Others

SCIL Infracon Pvt. Ltd : From others ₹ 60.00 Lakhs

### 4.5 As on the Balance Sheet date, there were no continuing defaults in repayment of loan instalments and interest.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 5 DEFERRED TAX LIABILITY (NET)		(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015	
Deferred tax liability (as per previous year Balance Sheet)	1,851.91	2,597.85	
Less: Adjustment on account of depreciation based on Companies Act, 2013	-	320.38	
Add: Deferred Tax (Asset)/ Liability for the year	(284.08)	(425.56)	
<b>Total</b>	<b>1,567.83</b>	<b>1,851.91</b>	
Share of Joint Venture	-	-	
<b>Grand Total</b>	<b>1,567.83</b>	<b>1,851.91</b>	

Note: 6	PROVISIONS		(₹ in Lakhs)	
Particulars	As at March 31, 2016		As a March 31, 2015	
	Long-term	Short-term	Long-term	Short-term
Provision for employee benefits				
Provision for Earned Leave Encashment	199.18	7.08	197.89	5.16
Provision for Gratuity	-	264.50	-	193.53
Other Provisions			-	-
Provision for Warranties	-	965.79	-	854.24
Provision for Excise & Customs Duty on Closing Stocks	-	447.93	-	209.15
Provision for Commission to Director on Profits	-	129.76	-	113.14
Provision for Proposed Equity Dividend	-	632.50	-	506.00
Provision for Tax on Proposed Equity Dividend	-	128.76	-	103.01
Total	199.18	2,576.32	197.89	1,984.23
Share of Joint Venture	15.91	-	14.97	-
Grand Total	215.09	2,576.32	212.86	1,984.23

Note: 7 SHORT TERM BORROWINGS (Loans repayable on Demand)		(₹ in Lakhs)	
Particulars	As at March 31, 2016		As a March 31, 2015
<b>Current Liabilities</b>			
<b>Secured</b>			
<b>Working Capital Loans from</b>			
State Bank of India	13,139.42		12,424.94
State Bank of Hyderabad	2,143.19		1,910.18
IDBI Bank Ltd	5,895.06		3,321.25
IDBI Short Term Loan	-		1,800.00
ICICI Bank Ltd	4,969.12		3,706.43
Axis Bank Ltd	4,592.78		2,938.21
Buyers Credits from Banks	556.02	31,295.59	4,730.94
<b>Unsecured (from Banks)</b>			
Purchase Bill Discounting from Kotak Mahindra Bank Ltd		2,403.58	1,691.38
Purchase Bill Discounting from IDBI Bank Ltd		4,501.42	3,353.19
Sale Bills (LC backed) Discounted with SBI		962.84	1,391.96
Sale Bills (Clean) Discounted with Yes Bank Ltd		-	1,767.77
HDFC Short Term Loan		1,000.00	2,500.00
<b>Unsecured Loans</b>			
Inter Corporate Deposit from Ultimate Holding Company		665.00	380.00
Loans from Directors		721.00	751.00
<b>Total</b>		<b>41,549.43</b>	<b>42,667.26</b>
Share of Joint Venture		-	-
<b>Grand Total</b>		<b>41,549.43</b>	<b>42,667.26</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

### Note: 7 SHORT TERM BORROWINGS (contd...)

#### 7.1 HBL Power Systems Ltd

##### 7.1.1 Working Capital Loans

The Working Capital Loans from the State Bank of India, State Bank of Hyderabad, IDBI Bank Ltd, ICICI Bank Ltd and Axis Bank 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. IDBI Bank Ltd allowed interchangeability from non fund based limits to fund based limits to an extent of ₹23.75 cr is repayable within 90 days with interest @ 12.50% p.a. All the loans are also guaranteed by Chairman & Managing Director, two other Directors of the Company, and Smt. A. Uma Devi in their personal capacities.

7.1.2 Purchase Bill Discounting from Kotak Mahindra Bank Ltd. is guaranteed by Chairman & Managing Director and a Director of the Company in their personal capacity.

Purchase Bill Discounting from IDBI Bank Ltd. is secured by accepted bill of exchange and post dated cheque/standing instructions for making payment on due date

7.1.3 Working Capital Short Term Loan from HDFC Bank is secured by personal guarantee of Chairman & Managing Director and is repayable within 90 days with interest @ 10.25% p.a.

7.1.4 Inter Corporate Deposit from Holding Company is repayable on demand with interest @ 11% p.a

7.1.5 Loan from Directors is repayable on demand with interest @ 11% p.a.

Note: 8 TRADE PAYABLES		(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015	
Total Outstanding dues of :			
Micro Enterprises & Small Enterprises (MESE)	443.79	624.39	
Payables Other than MESE	15,978.14	17,618.21	
<b>Total</b>	<b>16,421.93</b>	<b>18,242.60</b>	
Share of Joint Venture	208.97	299.37	
<b>Grand Total</b>	<b>16,630.90</b>	<b>18,541.97</b>	

Note: 9 OTHER CURRENT LIABILITIES		(₹ in Lakhs)	
Particulars	As at March 31, 2016	As at March 31, 2015	
Current Maturities of Long-Term Debt(Refer Note : 4.1.1 )	2,659.73	5,831.96	
Other Payable Employees	1,715.16	1,178.13	
Trade Deposits	249.14	229.53	
Advances Against Sales	3,074.33	4,234.45	
Statutory Dues	441.91	544.41	
Interest Accrued and Due	29.30	-	
Interest Accrued But not Due on Loans	91.36	173.70	
Unpaid/unclaimed Dividends	32.80	33.33	
Directors Current Account	176.08	142.84	
Creditors Capital Expenditure	269.03	621.87	
Other Payables	1,554.51	1,275.82	
<b>Total</b>	<b>10,293.35</b>	<b>14,266.03</b>	
Share of Joint Venture	38.08	48.17	
<b>Grand Total</b>	<b>10,331.43</b>	<b>14,314.20</b>	

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 10 TANGIBLE ASSETS (AT COST) <span style="float: right;">(₹ in Lakhs)</span>										
Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on April 1, 2015	Additions	Deletions on disinvestment of Subsidiary	Adjustments/deletions	As on March 31, 2016	As on April 1, 2015	Transitional adjustment	For the year	Deletions on disinvestment of Subsidiary	Adjustments/deletions
Land - Freehold	3,856.67	43.22	-	134.14	3,765.75	-	-	-	-	-
Land - Leasehold	246.99	-	-	-	246.99	23.48	-	2.65	-	-
Buildings - Factory	18,264.98	121.65	-	21.26	18,365.36	4,194.86	-	737.11	-	-
Buildings - Others	663.51	-	-	0.34	663.17	109.40	-	12.99	-	0.04
Plant & Machinery	42,950.61	904.74	-	429.62	43,425.74	20,111.38	-	3,208.94	-	146.22
Office Equipment	1,997.87	114.68	-	13.79	2,098.76	1,732.09	-	109.59	-	10.58
Assets Under Finance Lease	86.48	-	-	-	86.48	48.52	-	10.31	-	-
Furniture & Fixtures	820.19	15.04	-	0.58	834.65	500.79	-	69.05	-	0.42
Vehicles	1,325.11	43.49	-	169.93	1,198.67	845.11	-	117.77	-	139.40
Technical Library	1.89	-	-	-	1.89	1.89	-	-	-	-
<b>Sub Total (A)</b>	<b>70,214.29</b>	<b>1,242.82</b>	-	<b>769.65</b>	<b>70,687.46</b>	<b>27,567.52</b>	-	<b>4,268.41</b>	-	<b>296.65</b>
<b>Share of Joint Venture (B)</b>	<b>498.43</b>	-	-	-	<b>498.43</b>	<b>135.43</b>	-	<b>22.56</b>	-	<b>3.82</b>
<b>Grand Total (A+B)</b>	<b>70,712.72</b>	<b>1,242.82</b>	-	<b>769.65</b>	<b>71,185.89</b>	<b>27,702.95</b>	-	<b>4,290.97</b>	-	<b>300.47</b>
<b>Previous Year</b>	<b>69,544.12</b>	<b>2,259.40</b>	-	<b>1,090.80</b>	<b>70,712.72</b>	<b>22,433.73</b>	<b>925.73</b>	<b>4,591.40</b>	-	<b>247.91</b>

10.1 In respect of Dies & Moulds and Secure Land Filling included in Plant & Machinery group, the Management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively and the company had continued to charge such higher depreciation (as compared to Schedule II) on the same basis.

Note: 11 INTANGIBLE ASSETS (AT COST) <span style="float: right;">(₹ in Lakhs)</span>										
Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on April 1, 2015	Additions	Deletions on disinvestment of Subsidiary	Adjustments/deletions	As on March 31, 2016	As on April 1, 2015	Transitional adjustment	For the year	Deletions on disinvestment of Subsidiary	Adjustments/deletions
New Product Development Expenditure	3,228.94	-	-	49.77	3,179.17	1,730.43	-	544.25	-	41.89
Intangible Asset Power Facility	96.16	-	-	-	96.16	43.27	-	19.23	-	-
Trade Marks and Other Business Intangibles	53.40	-	-	-	53.40	30.91	-	10.40	-	-
SAP Software Development	-	966.89	-	-	966.89	-	-	13.43	-	-
Technical know how fee for Electronic Products	864.73	-	-	-	864.73	169.83	-	172.95	-	-
Technical know how fee for Other Products	500.00	-	-	500.00	-	175.07	-	49.73	-	224.79
<b>Sub Total (A)</b>	<b>4,743.23</b>	<b>966.89</b>	-	<b>549.77</b>	<b>5,160.35</b>	<b>2,149.51</b>	-	<b>809.99</b>	-	<b>266.68</b>
<b>Share of Joint Venture (B)</b>	<b>72.07</b>	-	-	-	<b>72.07</b>	<b>35.69</b>	-	<b>10.78</b>	-	-
<b>Grand Total (A+B)</b>	<b>4,815.30</b>	<b>966.89</b>	-	<b>549.77</b>	<b>5,232.42</b>	<b>2,185.20</b>	-	<b>820.77</b>	-	<b>266.68</b>
<b>Previous Year</b>	<b>3,947.19</b>	<b>1,266.25</b>	-	<b>398.14</b>	<b>4,815.30</b>	<b>1,509.78</b>	-	<b>725.42</b>	-	<b>50.00</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 12 CAPITAL WORK-IN-PROGRESS		(₹ in Lakhs)	
		March 31, 2016	March 31, 2015
Machinery under Erection		1,485.37	1,267.85
Civil Works in Progress		151.76	47.98
Pre-operative Expenses pending to be capitalised		371.50	243.15
<b>Total</b>		<b>2,008.62</b>	<b>1,558.98</b>
Share of Joint Venture		-	-
<b>Grand Total</b>		<b>2,008.62</b>	<b>1,558.98</b>

Note: 13 INTANGIBLE ASSETS UNDER DEVELOPMENT/PROGRESS (AT COST)		(₹ in Lakhs)				
S. No	Description	As on April 1, 2015	Additions during the year	Adjustments/Deletions	Transfer on completion to Intangible Asset	As on March 31, 2016
1	New Product Development Expenditure (Internally generated)					
	a) Battery Products	1,333.01	-	-	-	1,333.01
	b) Electronic Products	652.20	-	-	-	652.20
2	Technical Knowhow fee paid	643.33	155.00	-	-	798.33
3	Power Facility Cost	14.88	-	-	-	14.88
4	SAP Project Expenditure	735.89	231.00	-	966.89	-
5	Others	-	-	-	-	-
	<b>Sub Total (A)</b>	<b>3,379.31</b>	<b>386.00</b>	<b>-</b>	<b>966.89</b>	<b>2,798.41</b>
	Share of Joint Venture (B)	-	-	-	-	-
	<b>Grand Total (A+B)</b>	<b>3,379.31</b>	<b>386.00</b>	<b>-</b>	<b>966.89</b>	<b>2,798.41</b>
	Previous Year	3,497.13	1,209.16	65.98	1,261.00	3,379.31

Note: 14 NON CURRENT INVESTMENTS (AT COST)			(₹ in Lakhs)			
No. of Equity Shares Held		Details	As at		As at	
Current year	Previous Year		March 31, 2016		March 31, 2015	
A. Investments in Equity						
i) Investment in Equity						
a) Associate Company						
41000	41000	Naval Systems & Technologies Pvt Ltd				
₹ 10	₹ 10	Cost of acquisition	4.10		4.10	
		Add/(Less) :Group Share of Profits/(Losses) upto the Balance Sheet date	270.83	274.93	191.50	195.60
90000	90000	Kairos Engineering Ltd.				
₹ 10	₹ 10	Cost of acquisition	9.00		9.00	
		Add/(Less) :Group Share of Profits/(Losses) upto the Balance Sheet date	(5.70)		(5.70)	
		Less : Provision for Diminution	(3.30)	-	-	3.30
c) Other Companies						
(Quoted)						
200	200	Indian Lead Ltd		0.10		0.10
₹ 10	₹ 10					
B Current Investments (at or below cost )						
Share of Joint Venture				-		-
Total				275.03		199.00
14.1 All Investments are Trade and Un quoted (unless other wise stated) and are classified as permanent (Non Current).						
Aggregate amount of Quoted investments				0.10		0.10
Aggregate Market Value of Quoted Investments				Not Available		Not Available

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 15 LOANS AND ADVANCES		(₹ in Lakhs)			
Particulars		As at March 31, 2016		As at March 31, 2015	
		Long-term	Short-term	Long-term	Short-term
<b>Capital Advances</b>					
Secured, Considered Good		-	-	-	-
Unsecured, Considered Good		309.71	-	483.48	-
	(A)	<b>309.71</b>	<b>-</b>	<b>483.48</b>	<b>-</b>
<b>Security Deposits</b>					
Secured, Considered Good		-	-	-	-
Unsecured, Considered Good		1,220.02	208.03	1,070.55	310.89
	(B)	<b>1,220.02</b>	<b>208.03</b>	<b>1,070.55</b>	<b>310.89</b>
<b>Loans &amp; Advances to Related Parties</b>					
Unsecured, Considered Good (Refer Note : 15.1)		-	17.62	-	1.90
	(C)	<b>-</b>	<b>17.62</b>	<b>-</b>	<b>1.90</b>
<b>Other Loans &amp; Advances</b>					
Loans and advances to Employees		3.36	106.79	6.19	70.48
Deposits/Balances with Excise/Sales Tax Authorities		-	635.00	-	651.68
Advance for investment pending allotment		-	-	-	13.97
Advances for Purchases and Others		-	3,419.05	-	2,350.05
Interest Accrued But not Due on Deposits		-	291.18	-	544.84
Service Tax Input/Vat Receivables		-	426.44	-	356.38
Claims & Other Receivables		-	617.18	-	1,365.57
Other Advances		1.00	850.99	-	442.15
Income Tax Refunds Receivable		-	-	-	8.53
	(D)	<b>4.36</b>	<b>6,346.63</b>	<b>6.19</b>	<b>5,803.66</b>
MAT Credit Entitlement		-	110.17	-	767.60
Advance Payment of Income Tax (including TDS)		-	4,045.82	-	3,131.79
Less : Provision for Income Tax/Wealth Tax		-	3,354.27	-	2,455.48
	(E)	<b>-</b>	<b>801.72</b>	<b>-</b>	<b>1,443.92</b>
<b>Total</b>	<b>(A+B+C+D+E)</b>	<b>1,534.09</b>	<b>7,374.00</b>	<b>1,560.22</b>	<b>7,560.36</b>
<b>Share of Joint Venture</b>		<b>-</b>	<b>89.69</b>	<b>-</b>	<b>40.15</b>
<b>Grand Total</b>		<b>1,534.09</b>	<b>7,463.69</b>	<b>1,560.22</b>	<b>7,600.51</b>

### 15.1 Particulars of loans and advances due from related parties

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
Kairos Engineering Ltd (Associate Company)	-	1.66
Naval Systems & Technologies Pvt Ltd	-	0.24
Deepa Shashidhar Kuckian - Designated Partner in Suntech LLP	17.62	-
<b>Total</b>	<b>17.62</b>	<b>1.90</b>

### 15.2 Claims and other receivables

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
a) Insurance claim on account of Hud Hud Cyclone (Refer Note : 29.1)	200.56	738.95
b) Insurance claim on account of heavy rainfall (Refer Note : 17.3)	95.16	95.16
c) Payments under protest for pending litigations	211.36	180.29
d) Other Receivables	110.10	351.17
<b>Total</b>	<b>617.18</b>	<b>1,365.57</b>

15.3 During the year 2011-12, certain assets of the company were damaged due to Heavy rainfall. The company had incurred ₹95.16 lakhs towards repairing the damages caused and was accounted for as claim recoverable. The cost of new assets acquired is capitalised. However, the claim is made for total cost of repairs and acquisition of assets, as the loss is covered under Re-instatement Policy which was in force. The total claim was repudiated by the Insurer and the company filed a suit for recovery. The matter is still sub-judice.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 16 INVENTORIES *		(₹ in Lakhs)	
Particulars	As at		As at
	March 31, 2016		March 31, 2015
Raw Materials	20,890.13		30,790.47
Stores, Spares, Process Chemicals, Fuels & Packing Material	679.42		473.41
Stock -in-trade (in respect of goods acquired for trading)	616.96		786.57
Bonded Stocks	1,050.66		2,409.07
Consumable Tools	9.25		23.13
Salvageable Stocks	-		87.83
Work In Progress	10,746.34		12,783.80
Finished Goods	5,500.74		4,354.93
<b>Total</b>	<b>39,493.50</b>		<b>51,709.22</b>
<b>Share of Joint Venture</b>	<b>89.51</b>		<b>80.10</b>
<b>Grand Total</b>	<b>39,583.01</b>		<b>51,789.32</b>

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

Note: 17	TRADE RECEIVABLES		(₹ in Lakhs)			
Particulars		As at March 31, 2016		As at March 31, 2015		
		Long-Term	Short-Term	Long-Term	Short-Term	
Outstanding for a period exceeding six months from the date they are due for payment						
Secured, Considered Good						
Unsecured, Considered Good			5,583.24		5,927.60	
Unsecured and Considered Doubtfull			196.00		196.00	
Provision for Doubtful Receivables			(196.00)		(196.00)	
(A)		-	5,583.24	-	5,927.60	
Other Receivables						
Secured, Considered Good			-		-	
Unsecured, Considered Good			36,977.74		33,073.98	
(B)		-	36,977.74	-	33,073.98	
Total	(A+B)	-	42,560.98	-	39,001.59	
Share of Joint Venture			206.40		362.65	
Grand Total		-	42,767.38		39,364.24	

Note: 18	CASH AND BANK BALANCES				(₹ in Lakhs)
Particulars		As at March 31, 2016		As at March 31, 2015	
		Non-Current	Current	Non-Current	Current
Cash & Cash Equivalents					
Cash on hand			14.90		16.30
Current Accounts			863.63		791.35
Fixed Deposits with original maturity of less than three months			767.90		1,339.46
(A)		-	1,646.43	-	2,147.11
Other Bank Balances					
Fixed Deposits		33.97	92.04	18.93	61.15
Margin Money Deposits		1,705.18	1,601.50	255.94	2,543.70
Dividend Account		-	32.80	-	33.33
(B)		1,739.16	1,726.34	274.87	2,638.18
Total	(A+B)	1,739.16	3,372.78	274.87	4,785.30
Share of Joint Venture		-	2.00	-	44.55
Grand Total		1,739.16	3,374.77	274.87	4,829.85



## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 19 REVENUE FROM OPERATIONS		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Sales of Products	137,387.66	140,385.01	
Traded Goods	268.18	(18.23)	
Sales of Services	2,863.20	3,952.51	
Other Operating Revenue		-	
Scrap Sales	64.94	57.27	
	140,583.99	144,376.57	
Share of Joint Venture	413.75	851.75	
Grand Total	140,997.74	145,228.32	
Less : Excise Duty	10,730.87	10,198.08	
	130,266.87	135,030.24	

Note: 20 OTHER INCOME		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Interest earned on Deposits with Banks/Others	388.13	425.20	
Foreign Exchange Variation	497.77	11.74	
Rent Received	6.00	2.00	
Recovery of Bad Debts Written off	-	52.97	
Provisions /Credit Balances no longer required written back	184.78	601.79	
Claims Received	31.55	787.64	
Miscellaneous Income	56.75	265.82	
Duty Drawback Received	107.63	7.38	
Total	1,272.60	2,154.54	
Share of Joint Venture	0.50	0.88	
Grand Total	1,273.10	2,155.42	

Note: 21 COST OF MATERIALS CONSUMED		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015
Materials Consumed			
Opening Stock	30,790.47		32,042.11
Purchases, Material, Components & Consumables	66,483.26		76,361.54
	97,273.73		108,403.64
Less : Closing Stock	20,890.13	76,383.60	30,790.47
Less : Internal capitalisation		20.38	1,698.21
Cost of Material Consumed		76,363.21	75,914.96
Share of Joint Venture		334.05	555.48
Grand Total		76,697.26	76,470.44

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 22 (INCREASE) / DECREASE IN INVENTORY		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015
<b>a) Manufactured Goods</b>			
i) Opening Stocks			
a) Finished Goods	4,354.93		6,497.57
b) Semi Finished Goods	12,783.80	17,138.73	17,599.08
			24,096.65
ii) Closing Stocks			
a) Finished Goods	5,500.74		4,354.93
b) Semi Finished Goods	10,746.34	16,247.08	12,783.80
			17,138.73
		891.66	6,957.92
<b>b) Traded Goods</b>			
Opening Stock of Traded Goods	786.57		479.98
Less : Internal Capitalisation	-		5.60
Closing Stocks of Traded Goods	616.96	169.60	786.57
			(312.19)
	(A + B+C)	<b>1,061.26</b>	<b>6,645.73</b>
Share of Joint Venture		(9.59)	(34.04)
<b>Grand Total</b>		<b>1,051.67</b>	<b>6,611.69</b>

Note: 23 EMPLOYEES BENEFIT EXPENSES		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015
Salaries, Wages & Bonus	8,551.97		7,698.47
Contribution to Provident Fund & Other Funds	667.24		697.22
Gratuity	273.95		203.99
Staff Welfare Expenses	901.61		996.27
Recruitment & Training	22.73		25.30
		10,417.50	9,621.25
<b>Remuneration to Directors:</b>			
Salaries & Allowances	107.65		73.42
Commission on Profits	129.77		113.14
Directors Sitting Fees	1.68		1.12
Contribution to Provident Fund	8.16	247.26	5.52
			193.20
<b>Total</b>		<b>10,664.76</b>	<b>9,814.45</b>
Share of Joint Venture		38.79	98.08
<b>Grand Total</b>		<b>10,703.55</b>	<b>9,912.53</b>

Note: 24 FINANCE COST		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Interest on Term Loans	849.47	1,262.52	
Interest on Bank Borrowings	3,462.96	4,390.38	
Interest on Vehicle Loans	10.78	13.31	
Interest to Other Loans	15.07	14.84	
Interest on Unsecured Loans	143.67	106.38	
Interest - Others	96.94	196.51	
Bank Charges	346.06	586.00	
BG Charges	356.71	238.91	
LC Charges	157.60	276.81	
	5,439.26	7,085.67	
Less: Capitalised and transferred to Pre Operative Expenses	169.43	14.84	
<b>Total</b>	<b>5,269.83</b>	<b>7,070.83</b>	
Share of Joint Venture	0.01	-	
<b>Grand Total</b>	<b>5,269.84</b>	<b>7,070.83</b>	

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 25 DEPRECIATION AND AMORTISATION EXPENSE		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	
Depreciation of Tangible Assets	4,268.41	4,539.92	
Amortisation of Intangible Assets	809.99	715.18	
<b>Total</b>	<b>5,078.40</b>	<b>5,255.09</b>	
Share of Joint Venture	33.34	35.89	
<b>Grand Total</b>	<b>5,111.73</b>	<b>5,290.98</b>	

Note: 26 OTHER EXPENSES		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015
<b>Manufacturing/Service Cost</b>			
Stores & Spares Consumption	1,799.54		1,206.86
Factory Rent	33.41		31.80
Equipment Lease Rent	41.99		77.05
Consumable Tools Charged Off	13.79		15.61
Contract Wages	7,893.55		6,912.36
Testing Charges	70.31		164.48
Power and Fuel	5,161.53		5,846.24
Installation Charges Paid	667.15		379.76
Televan Hire Charges	123.10	15,804.39	216.53
			14,850.70
<b>Administrative Cost</b>			
Rent	329.33		358.14
Rates & Taxes	140.82		158.06
Licence Fees	8.66		1.22
Sales Tax on Works Contracts	49.61		39.26
Excise Duty on Stock Transfers to Branches	-		103.23
Excise duty paid on Samples & Replacements	267.63		275.22
Excise duty on Closing Stocks of Finished Goods	300.09		204.28
Insurance	213.10		228.53
Professional & Consultancy Charges	593.07		388.87
Security Expenses	574.48		690.01
Community Development Expenses	43.73		27.50
Building & Garden Maintenance	306.55		515.94
Office & Office Equipment Maintenance	342.51		304.12
Vehicle Maintenance	216.48		253.81
Maintenance - Others	312.15		264.30
Conveyance	816.13		887.38
Travelling	597.93		539.39
Printing & Stationery	174.02		146.48
Postage, Telephones & Telex	302.56		332.69
Books & Periodicals	78.61		80.73
Foreign Exchange Rate Variation	-		23.18
Sundry Expenses	301.43		350.23
Payment to Auditors	41.13		45.38
Audit Expenses	7.60		6.32
Advances written off	20.18		217.69
Donations	7.81		22.13
Deposits Written Off	6.20	6,051.82	20.47
			6,484.55

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 26	OTHER EXPENSES (contd...)		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
<b>Selling Cost</b>				
Freight Outward	3,144.34		3,180.58	
Freight and Insurance on exports	299.96		348.36	
Export Expenses	310.16		464.16	
Liquidated Damages	187.09		168.06	
Commission On Domestic Sales	17.55		13.11	
Commission On Export Sales	273.31		166.40	
Discount to Dealers	0.17		63.41	
Advertisement	27.09		27.54	
Business Promotion	96.28		81.72	
Membership & Subscription	6.60		8.78	
Transit Insurance	25.95		39.70	
Royalties On Sales	-		14.73	
Bad debts written off	1,330.50		235.83	
Provision for bad debts	-		196.00	
Provision for Waranties	111.55		190.40	
Selling and Forwarding Expenses	-		0.69	
Other Selling Expenses	544.25		437.97	
Capital Issue Expenses	-		0.30	
Prior Period Expenditure	76.93	6,451.71	606.06	6,243.80
<b>Total</b>		<b>28,307.92</b>		<b>27,579.06</b>
<b>Share of Joint Venture</b>		<b>84.67</b>		<b>129.09</b>
<b>Grand Total</b>		<b>28,392.59</b>		<b>27,708.15</b>

Note: 27	EXCEPTIONAL - (INCOME)/EXPENSES		(₹ in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
Loss on Transfer of Technical Know How	120.21		-	
Loss on Fire Accident	-		14.53	
Damaged Stocks	-		522.81	
Goodwill Written Off	-		273.14	
Diminution In Value of Investments	3.30		-	
Loss/(Profit) on sale of assets	14.67		637.61	
Sales Tax Subsidy Received	-		(153.78)	
	<b>138.17</b>		<b>1,294.31</b>	

Note: 28	DISCLOSURE AS PER AS-20 "EARNINGS PER SHARE"		(in Lakhs)	
Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
<b>Computation of EPS (Basic &amp; Diluted)</b>				
Profit for the Year (₹)	2,599		1,422	
No. of Shares (Basic)	2,530		2,530	
No. of Shares (Diluted)	2,530		2,530	
EPS (Basic) (₹)	1.03		0.56	
EPS (Diluted) (₹)	1.03		0.56	

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

### Note: 29 CONTINGENT LIABILITIES NOT PROVIDED FOR AND COMMITMENTS:

#### 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 at March 31, 2016	As at March 31, 2015
a) Unexpired guarantees issued on behalf of the Company by banks, for which the Company gave counter guarantees	14,956.22	14,381.47
b) Legal Under Takings (LUTs) given to custom's authorities for clearing imports at Nil / Concessional rate of duty pending fulfilment of export obligations, (net of export obligations fulfilled of ₹ 10,065.80 Lakhs (previous year ₹ 9,647.96 Lakhs), for which the process of discharging the LUTs by the concerned authorities is at various stages).	1,451.07	2,448.63
c) Claims against the Company not acknowledged as debts towards:		
Excise duty	743.53	733.76
Sales tax	589.72	496.50
Custom duty	488.70	488.70
Service tax	8.51	8.51
Income tax dispute for Assessment Year 2009-10	65.08	65.08
Property tax claim of VSEZ unit	27.64	27.64
Fuel surcharge adjustment (FSA) to the extent billed	138.79	134.38
Enhancement of land cost by Haryana State Industrial & Infrastructure Development Corporation Ltd, Manesar	168.44	168.44
Erstwhile promoters of SCIL Infracon Pvt Ltd	188.31	188.31
Others	9.50	11.50

##### 29.1.2 Commitments:

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	737.13	122.47

##### 29.2 SCIL Infracon Private Ltd.:

(₹ in Lakhs)

Particulars	As at March 31, 2016	As at March 31, 2015
a) Bank Guarantee issued to the Commissioner of Customs.	31.62	31.62
b) Income Tax Dispute for Asst.Year 2008-09	0.34	0.34

### Note: 30 INCOME TAX AND SALES TAX ASSESSMENTS:

The liability, if any, in respect of pending Income/Sales tax assessments, that may arise upon completion is not ascertainable at this stage.

### 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 under section 133 of the companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules 2014.

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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 32 DISCLOSURES REQUIRED TO BE MADE AS PER ACCOUNTING STANDARD (AS)

### 32.1 Disclosure as per AS-7 "Construction Contract" (for contracts in progress at the reporting date) (HBL Power Systems Ltd)

32.1.1 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.

#### 32.1.2 In respect of Contracts in progress on 31.03.2016

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
a) Contract revenue recognised in the period	271.48	258.86
b) Aggregate contract costs incurred upto the reporting date	2,950.02	2,703.26
c) Aggregate amount of recognised profits upto the reporting date	2,886.04	2,861.33
d) Amount of advances received from customer, outstanding as of date	166.67	166.67
e) Retention amount (Amount billed less amount received and advance adjusted)	381.19	336.18

### Note: 33 SEGMENT REPORT – ACCOUNTING STANDARD (AS)-17:

(₹ in Lakhs)

Particulars	March 31, 2016		March 31, 2015	
<b>Segment Revenue</b>				
Batteries				
Exports	15,072.95		15,030.96	
Domestic sales	89,683.66	104,756.61	99,033.25	114,064.21
Electronics				
Exports	2,135.11		2,036.86	
Domestic sales	13,763.22	15,898.33	11,711.92	13,748.78
Unallocated				
Exports	160.11		67.58	
Domestic sales	9,884.16	10,044.27	8,311.46	8,379.04
Total		130,699.21		136,192.03
Less : Inter-segment Revenue		432.33		1,161.79
		130,266.88		135,030.24
<b>Segment Result</b>				
Batteries		11,073.22		14,394.40
Electronics		750.85		(128.92)
Unallocated		494.97		(503.10)
Total		12,319.04		13,762.38
Less : Interest		5,269.84		7,066.02
Exceptional Items - (Income)/Expenses		138.17		1,503.82
Unallocable expenditure net of unallocable income		3,085.20		2,786.64
Net Profit before taxes		3,825.83		2,405.90
<b>Segment Assets</b>				
Batteries		99,823.46		108,797.45
Electronics		20,798.67		19,808.07
Unallocated		22,907.60		27,590.65
Total Assets		143,529.73		156,196.17
<b>Segment Liabilities</b>				
Batteries		16,336.36		15,456.89
Electronics		5,868.21		8,638.83
Unallocated (includes Term Loans, Bank Loans, Hire Purchase Loans)		63,197.67		75,622.86
Total Liabilities		85,402.24		99,718.58

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note: 33	SEGMENT REPORT – ACCOUNTING STANDARD (AS)-17:		(₹ in Lakhs)	
Particulars	March 31, 2016		March 31, 2015	
Segment Capital expenditure during the year				
Batteries		271.81		1,794.87
Electronics		29.22		76.87
Unallocated		1,777.44		1,129.29
Total		2,078.47		3,001.03
Segment Depreciation(Including Amortisation of Intangible Assets)				
Batteries		3,817.68		4,005.47
Electronics		454.35		464.94
Unallocated		839.70		820.57
Total		5,111.74		5,290.98

### Notes:

- (a) The group's operations include Batteries of different types, Electronics 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	DISCLOSURE AS PER AS-18 "RELATED PARTY DISCLOSURE";	
1 Holding Company	Beaver Engineering & Holdings Private Limited, Hyderabad	
2 Investors of Subsidiaries	Shakthi Concrete Industries Ltd (SCIL)	
3 Controlled companies	Kairos Engineering Limited, Hyderabad	
4 Associates Companies / Directors Interested Companies	Naval Systems & Technologies Private Limited Guided Missile Engineering India Private Limited	
5 Designated Partner of LLP interested Companies	Secure Power India Pvt Ltd	
6 Key management personnel	Dr A J Prasad, Chairman & Managing Director M S S Srinath, Whole Time Director Kavita Prasad, Executive Director (Non Board) K Mahidhar, Vice-President (Finance) M V S S Kumar, Company Secretary (HBL) and Director of SCIL Infracon Private Limited K Surendra Babu, Director of SCIL Infracon Private Limited K Gyan Sagar, Director of SCIL and Former Promoter Deepa Shashidhar Kuckian - Designated Partner	

Disclosure of transactions between the Company and related parties and the status of outstanding balances as of March 31, 2016 (₹ in Lakhs)

Sl. No	Particulars	Nature of transaction	During the year Debit/ (Credit)	As on March 31, 2016		
				Investments	Amount Receivable	Amount Payable
1	Holding company	Funds Borrowed	285.00			9,677.64
		Purchase of Goods	185.72			
		Corporate Loans repaid	(5,000.00)			
		Interest Paid	58.45			
		Sale of Goods	390.77		46.40	
		Service Received	7.99			
2	Investors of Subsidiaries	Advance for Capital Purchase	-		193.43	
3	Controlled Companies	Investment in Shares	-	9.00		
4	Associates Companies/ Directors Interested Companies	Sale of investments	-	4.10		

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

### Note: 34 DISCLOSURE AS PER AS-18 "RELATED PARTY DISCLOSURE" (contd...)

Disclosure of transactions between the Company and related parties and the status of outstanding balances as of March 31, 2016 (₹ in Lakhs)

Sl. No	Particulars	Nature of transaction	During the year Debit/ (Credit)	As on March 31, 2016		
				Investments	Amount Receivable	Amount Payable
5	Designated Partner of LLP Interested Companies		-			
6	Key Management Personnel	Funds Borrowed	-			721.00
		Funds repaid	30.00			
		Remuneration Paid	308.25			194.47
		Rent Paid	6.39			
		Interest Paid	85.22			
		Advance to Designated Partner	-		17.62	

### Note: 35 DISCLOSURE OF LEASES PURSUANT TO ACCOUNTING STANDARD (AS) - 19 "LEASES"

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
<b>a) HBL Power Systems Ltd</b>		
<b>Finance Leases</b>		
Amount of Finance Lease	46.82	63.19
Less : Lease amount repaid during the period	18.45	16.37
Amount outstanding at the end of the period	28.37	46.82
Amount payable not Later than one year	20.82	18.46
Amount payable later than one year and not later than five years	7.55	28.36

### Note: 36 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: (₹ in Lakhs)

Particulars	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
1 Depreciation	-	2186.64		2491.06
2 Warranties	334.24	-	295.64	-
3 Leave encashment	71.38	-	70.27	-
4 Gratuity	-	-	66.98	-
5 Bad debts	213.19	-	206.26	-
<b>Total</b>	<b>618.81</b>	<b>2186.64</b>	<b>639.15</b>	<b>2491.06</b>

### Note: 37 DISCLOSURES UNDER ACCOUNTING STANDARDS (AS) 21, 23 AND 27 :

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

- HBL Power Systems Limited, Hyderabad - Parent/Holding Company
- Subsidiary Companies of HBL Power Systems Ltd

Name of the Company	Country of Operation	% of interest of Holding Company on 31.03.2016
i) HBL Germany, GmbH	Germany	100.00%
ii) HBL America, Inc	USA	100.00%
iii) SCIL Infracon (P) Ltd	India	100.00%
iv) HBL Suntech LLP	India	60.00%

- Joint Venture Company of HBL Power Systems Ltd:

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



## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

**Note: 37 DISCLOSURES UNDER ACCOUNTING STANDARDS (AS) 21, 23 AND 27 : (contd...)**

d) Associates of HBL Power Systems Ltd:

Name of the Company	Country of Operation	% of interest held by it
(i) Kairos Engineering Limited	India	23.35%
(ii) Naval Systems & Technologies (P) Ltd.	India	41.00%

**37.2** The CFS of the Group have been prepared and presented based on the financial statements as on 31.03.2016, the status of which is as under:

a) Holding Company (HBL Power Systems Ltd)	On the basis of Audited Financial Statements on 31.03.2016
b) HBL Germany, GmbH	On the basis of audited financial statements as on 31.03.2016 certified by their Statutory Auditors.
c) HBL America, Inc	On the basis of audited financial statements as on 31.03.2016 certified by their Statutory Auditors.
d) SCIL Infracon (P) Ltd	On the basis of audited statements on 31.03.2016 certified by their Statutory Auditors.
e) HBL Suntech LLP	On the basis of audited statements on 31.03.2016 certified by their Statutory Auditors.
f) Gulf Batteries Company Ltd. (Kingdom of Saudi Arabia)	The JV follows the Calendar Year as their Accounting Year and Audited statements are available upto 31.12.2015. Based on such statements, financial statements as on 31.03.2016 (un-audited) have been prepared by the JV and are considered for inclusion in CFS under proportionate consolidation method.
g) Other Associate Companies:	
Naval Systems & Technologies (P) Ltd	HBL Power Systems Ltd has invested ₹4.10 lakhs (41% share) . Following 'equity method', the value of the investment is restated based on the Audited statements as on 31.03.2016.
Kairos Engineering Ltd.	HBL Power Systems Ltd has invested ₹ 9.00 lakhs (23.35% share). Following 'equity method', the value of the investment is restated based on the Audited statements as on 31.03.2016.

**37.3** Additional Disclosure required as per General Instruction given Schedule III with regard to the preparation of Consolidated Financial Statements is annexed.

**37.4** Form AOC-I as required under Section 129 (3) of the Act, read with Rule 5 of Company (Accounts) Rule 2014 is annexed.

**Note: 38 DISCLOSURE AS PER AS-29 "PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS";**

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

(₹ in Lakhs)

	March 31, 2016		March 31, 2015	
Provision at the beginning of the year		854.24		663.84
Provision required for the year	662.21		648.95	
Provision reversed from the opening Balance(after warranty period)	550.66		458.55	
Charge for the year		111.55		190.40
Carrying amount		965.79		854.24

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: 39**

Previous year's figures have been regrouped wherever necessary

As per our report of even date annexed

On behalf of the Board

for Rao & Kumar  
Chartered Accountants  
FRN No. 03089 S

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

**M S S Srinath**  
Director

**Anirban Pal**  
Partner  
M.No: 214919

**K Mahidhar**  
Vice President -Finance

**M V S S Kumar**  
Company Secretary

Place : Hyderabad  
Date : August 11, 2016

## FORM AOC-I

Annexure referred to in Note No. 37.4

AOC-I : Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014).

### PART "A": SUBSIDIARIES

Sr. No.	Name of the Subsidiary Company	Reporting Period	Reporting Currency	Exchange Rate on the last date of the Financial Year	Share Capital	Reserves & Surplus	Total Assets (excluding investment)	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Tax & Def. Tax	Profit After Taxation	Dividend proposed	% of Share Holding
1)	SCIL Infracon (P) Ltd (Subsidiary Company)	31.03.2016	INR	-	1000.00	(740.96)	456.52	197.48	-	-	(244.71)	(27.99)	(216.72)	-	100
2)	HBL Suntech LLP (Subsidiary Company)	31.03.2016	INR	-	18.30	(339.33)	107.24	428.26	-	-	(21.87)	-	(21.87)	-	60.00
3)	HBL Germany, GmbH (Subsidiary Company)	31.03.2016	EURO	75.10	14.92	(836.73)	1,410.18	2,231.99	-	3811.62	62.35	-	62.35	-	100.00
4)	HBL America (Subsidiary Company)	31.03.2016	USD	66.33	323.02	(705.49)	721.70	1,104.16	-	1645.26	(126.14)	-	(126.14)	-	100.00

### PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures.

Sr. No.	Name of the Company Associates/Joint Venture	Kairos Engineering Ltd Associate	Naval Systems & Technologies Pvt Ltd Associate	Gulf Batteries Company Ltd Joint Venture
1	Latest Audited Balance Sheet Date	31.03.2016	31.03.2016	31.12.2015
2	Shares held by the company on the year end			
	No	90000	41000	1100000
	Amount of Investments	9.00	4.10	1424.51
	Extend of Holding %	23.35	41	40
3	Description of how there is significant influence	Common Directors	Common Directors	Jointly Controlled entity
4	Networth attributable to Shareholding as per latest audited Balance Sheet	16.13	670.51	1236.21
5	Profit/(Loss) for the year	1.99	193.48	(167.54)
	i. Considered in Consolidation	Nil	79.33	(67.02)
	ii. Not Considered in Consolidation	1.99	114.15	(100.52)

As per our report of even date annexed

for Rao & Kumar

Chartered Accountants

FRN No. 03089 S

Anirban Pal

Partner

M.No: 214919

Place : Hyderabad

Date : August 11, 2016

On behalf of the Board

Dr A J Prasad

Chairman & Managing Director

M S Srinath

Director

K Mahidhar

Vice President - Finance

M V S S Kumar

Company Secretary

## Annexure

Annexure referred to in Note No. 37.3

Disclosure of additional information as per general instructions for preparation of Consolidated Financial Statements

(₹ in Lakhs)

Name of the Entity	Net Assets		Share in Profit/(Loss)	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit/(Loss)	Amount
1	2	3	4	5
<b>Parent</b>				
HBL Power Systems Ltd	106.56	61942.41	110.52	2872.00
<b>Subsidiaries</b>				
<b>Indian</b>				
1 SCIL Infracon (P) Ltd	(1.87)	(1084.49)	(8.34)	(216.72)
2 HBL Suntech LLP	(0.58)	(339.33)	(0.84)	(21.87)
<b>Foreign</b>				
1 HBL Germany, GmbH	(1.53)	(890.25)	2.00	51.85
2 HBL America	(1.43)	(832.66)	(3.68)	(95.55)
Minority Interest in all subsidiaries	NIL	NIL	NIL	NIL
<b>Associates</b>				
<b>(Investment as per Equity method)</b>				
<b>Indian</b>				
1 Kairos Engineering Ltd	(0.02)	(9.00)	(0.13)	(3.30)
2 Naval Systems & Technologies Pvt Ltd	0.47	270.83	3.05	79.32
<b>Joint Venture</b>				
<b>(As per Proportionate Consolidation)</b>				
<b>Foreign</b>				
1 Gulf Batteries Company Ltd	(1.60)	(930.02)	(2.58)	(67.02)
	100.00	58127.49	100.00	2598.71

## NOTES

## NOTES

## NOTES



## HBL POWER SYSTEMS LIMITED

CIN: L40109TG1986PLC006745

Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034

Phone No. 040-23355575, Fax: 040-23355048, e-mail :investor@hbl.in

### ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING. NO ATTENDANCE SLIP WILL BE ISSUED AT THE MEETING VENUE.

Folio No. / DP ID No. / Client ID No.	
Name and registered address of the member	
Name(s) of the Joint Holder(s) if any	
Number of Shares held	
Full Name of the Proxy (IN BLOCK LETTERS)	

I hereby record my presence at the 30th Annual General Meeting of the Company held at KLN Prasad Auditorium, Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 at 4.00 p.m. on Thursday, September 29, 2016.

\_\_\_\_\_  
NAME OF THE PROXY IN BLOCK LETTERS

\_\_\_\_\_  
SIGNATURE OF THE SHAREHOLDER/PROXY\*

\* Strike off whichever is not applicable

1. Members are requested to handover the attendance slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members/Proxy holders are requested to bring their copies of the Annual Report to the AGM.
2. Only members/representatives of the Corporate members or proxies are allowed to attend the AGM. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013 (Act). A copy of authorisation should be deposited with the Company.







## HBL POWER SYSTEMS LIMITED

CIN: L40109TG1986PLC006745

Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034

Phone No. 040-23355575, Fax: 040-23355048, e-mail :investor@hbl.in

# PROXY FORM - FORM MGT – 11

30th Annual general Meeting

29th September 2016

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s) :	
Residential Address :	
E-mail ID :	
Folio/DP-ID-Client ID :	

I/We \_\_\_\_\_ being a member(s) of above mentioned Company, hereby appoint:

1. Name \_\_\_\_\_ Address \_\_\_\_\_  
email ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her,
2. Name \_\_\_\_\_ Address \_\_\_\_\_  
email ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her,
3. Name \_\_\_\_\_ Address \_\_\_\_\_  
email ID \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company to be held on Thursday, September 29, 2016 at 4.00 p.m. at KLN Prasad Auditorium, Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Subject matter of the Resolution	Optional*	
		FOR	AGAINST
ORDINARY BUSINESS			
1	Adoption of Balance Sheet, Statement of Profit and Loss and the Reports of the Board of Directors and Auditors thereon for the financial period ended on 31st March, 2016.		
2	Declaration of dividend for the year ended 31st March, 2016		
3	Appoint a Director in place of Mr. MSS Srinath, who retires by rotation and being eligible for re-appointment.		
4	Re-appointment of Auditors and fixation of their remuneration.		
SPECIAL BUSINESS			
5	Appointment of Mr. Mitin Jain as Director of the Company.		

Signed this ..... day of ..... 2016.

Signature of the member

Signature of the Proxy Holder(s)

Affix ₹1/-  
Revenue  
Stamp

### NOTE:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
- \*3. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
4. Please complete all details including detail of member(s) in above box before submission.





M/S Karvy Computershare Private Limited  
Unit : HBL Power Systems Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032

### Sub: e-mail address Registration

Dear Sir,

With reference to the subject, I would like to register my e-mail address to receive all communication from the Company including notice of Annual General Meeting and Notices of other General Meetings and explanatory statement(s) thereto, Financial Statements, Reports of the Director's and Auditors etc. or any other Communication from the Company. Therefore, please register my following e-mail address in your records for sending communication through e-mail:

Folio No. / DP ID & Client ID	
Name of first Registered Holder	
Name of Joint Holder(s), if any	
Registered Address	
E-mail ID (to be registered)	
Contact details	Mobile : Landline:

Signature:

Place:

Date:

---

*Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.*





## Route Map to the Meeting Venue





**HBL Power Systems Limited**

No. 8-2-601

Road No. 10, Banjara Hills,  
Hyderabad-500 034, Telangana, India

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