HBL®

HBL Power Systems Limited

Annual Report 2018-19

"PERSEVERANCE IS NOT A LONG RACE; IT IS MANY SHORT RACES ONE AFTER THE OTHER."

—Walter Elliot

CONTENTS

It doesn't matter what the goal is or how long it takes to reach that goal.

Giving up is never an option.

Circumstances may change. Plans may falter. Progress may be impeded. However, the key is to realise that just like most situations in life, nothing is final.

Difficult times may appear like they're going to last forever – but they WILL pass, and soon, things will be back on track.

Until then, one needs to hold on. Until then, it's important to persevere.

Because the chances of success depend largely on the willingness to persist and persevere.

Every winner out there knows that real victory isn't in those final seconds of crossing the finish line.

It is in those moments in between, where one gets firmly gripped by uncertainty; when one start falling behind, when the willpower seems to be ebbing away – and yet, one refuse to drop out of the race.

The victory is in those moments of utmost perseverance, and when one chooses to fight on, instead of giving up.

At HBL, this then, is our belief system.

We choose to persevere because this journey is vital for us

We choose to persevere because we stay positive and know that better times are around the corner!

About HBL

HBL Power Systems Limited is a Hyderabad based organisation that leverages in-house technology to develop niche products and solutions that address telecom, industrial, railways, and defence applications.

The Company's vertically integrated facilities develop products and solutions that find acceptance across 80+ global destinations. With Dr. A. J. Prasad at the helm, a team of enthusiastic and experienced professionals manage the Company's day-to-day operations.

BSE code: 517271

NSE code: HBL POWER

Face value per share: ₹1/-

Earnings per share: ₹0.90

Book Value per share: ₹28/-

1,257
Revenue, 2018-19 (₹ crore)

40
Profit before tax, 2018-19 (₹ crore)

25
Net Profit, 2018-19 (₹ crore)

165
Net cash from operations, 2018-19 (₹ crore)

Business verticals

Batteries		Electronics	Defence
Lead-acid	**Nickel Cadmium (Ni-Cd)**		
Telecom	Oil & Gas	Industrial electronics	Batteries
Railways	Power	Rail signalling	Ammunition
UPS	Railways	Defence electronics	
Power & Industries	Aviation	Permanent magnet machines	

VIZIANAGARAM
Near Visakhapatnam, Andhra Pradesh

Product line: 2V – AGM VRLA and Tubular Gel

SHAMIRPET
Hyderabad, Telangana

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

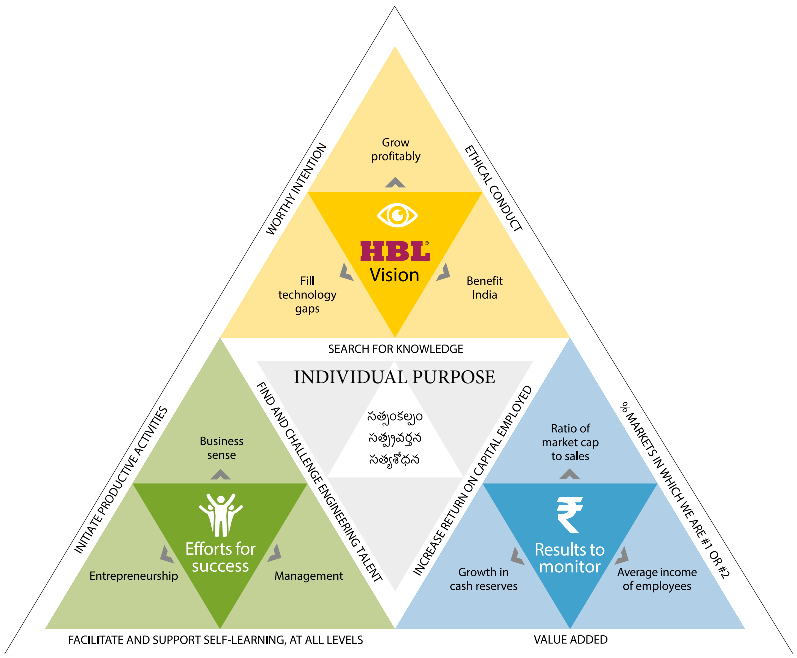
NANDIGAON
Near Hyderabad, Telangana

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

The triangle encapsulates the essence and being of HBL.

It crisply showcases the **'Who', 'Why', 'How'** and **'Where'** of the organisation.

- Who we are and Why we do what we do are embodied in the 'vision'
- How is captured in 'Efforts for Success
- Where reminds us of the results to be achieved



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

- Fairness to all
- Innovative spirit
- Craftsmanship
- Entrepreneurial opportunism
- Development of individuals
- Harmonious co-existence

Our distinctiveness

- The only company in India to offer all battery technologies used in industrial applications under one roof
- Large supplier of batteries for telecom and various defence applications
- The world's second-largest manufacturer of Nickel-Cadmium batteries with Pocket Plate, Sintered Plate, and Fibre Plate technologies
- The only Indian entity to possess Pure Lead Thin (PLT) plate battery technology
- Approved by FAA and EASA for the supply of batteries to aircraft OEMs – Boeing, Airbus, Bombardier
- Pioneered the Train Collision Avoidance System (TCAS) for Indian Railways
- Developed Train Management System (TMS) for the Indian Railways – a first-time effort by the private sector

THUMKUNTA
Hyderabad, Telangana

Product line: Electronics

SPECIAL ECONOMIC ZONE
Visakhapatnam

Product line: Ni-Cd batteries (for exports)

DEVELOPMENT CENTRE
Yapral

Activities: Product development initiatives

"OUR YEARS OF DISCIPLINED PERSEVERANCE SEEM TO BE PAYING OFF AS SOME OF OUR PATHBREAKING TECHNOLOGY-BASED SOLUTIONS ARE ON THE THRESHOLD OF COMMERCIALISATION."

Dear shareholders

Fiscal 2018-19 was an outlier as it truly tested the robustness of the business model and the resilience of the organisation to withstand disruptive headwinds that derailed telecom sectoral growth into the negative zone.

We had anticipated that volatility in the telecom battery space would be significant. However, the intensity of the disruptions that prevailed during the year was way beyond our expectation. It adversely impacted our telecom battery business, which is the key revenue generator for the Company.

Despite this adversity, we remained in the profit zone, although our performance dipped considerably. The Company's Revenue from Operations declined from ₹1,593 crore in 2017-18 to ₹1,257 crore in 2018-19, while the Net Profit dropped from ₹30 crore in 2017-18 to ₹25 crore in 2018-19. More importantly, the batteries' business remained profitable.

Even as revenue and profits dipped, business liquidity increased over the previous year. The net cash from operating activities increased from ₹159 crore in 2017-18 to ₹165 crore in 2018-19. We utilised the liquidity to deleverage our financial statements. During 2018-19, we reduced our overall borrowing by ₹134 crore. Our efforts in pruning our debt over the last three years have substantially reduced the finance costs.

From a performance standpoint, Fiscal 2018-19 remained subdued. However, it was significant for our transformation journey. Our transformation journey has been pivoted on four pillars – 1) Grow nascent business verticals 2) Evaluate every business (product or solution) opportunity from a Return on Resource perspective 3) Focus on operating efficiencies and 4) Monetise surplus assets, and we made considerable headway in each aspect.

1) Grow our nascent business verticals

Our patient perseverance over more than a decade in developing technology-based solutions for the Indian Railways, and the Indian Defence is on the verge of commercialisation.

Electronics division: We expect the electronics division to transform into an important growth driver over the next 12-18 months. Our optimism is based on clear visibilities.

One, our decade long efforts in developing the Train Collision Avoidance System (TCAS) solution is about to yield results. We expect to receive our first order for our indigenously developed TCAS solution in the current year. This acceptance holds considerable significance as it can potentially open doors to exciting growth opportunities over the coming years.

Two, after the successful commissioning of our Train Management System (TMS) solution at the Howrah Division of Eastern Railways, the Indian Railways is considering the deployment of such solutions pan India. We have received our second order for this solution from the Sealdah Division of Eastern Railways – a positive which builds our credibility with the Indian Railways and will hopefully usher in new business opportunities from other divisions of the Indian Railways over the coming years.

Defence division: Our relentless perseverance in developing and delivering products and solutions customised for the Indian Defence has established our credentials with this important customer. This trust equity is strengthening business relations.

We have been awarded the design, development, and manufacture of Submarine Type II (SSK class) battery from the Indian Navy. Moving a step higher, we are also bidding for supply of the Type I (Kilo class) submarine battery with the Indian Navy.

The Company has also bid for the supply of batteries to the "Varunasthra" Torpedo for the Indian Navy. We expect to get a sizable order in the current fiscal year. Success in this product will open up multiple growth avenues in global markets over the medium-term.

2) Return on resource

We had adopted a disciplined strategy of investing in those opportunities where the returns on resources invested would align with the Company's desire of being in sustainable profitable businesses. In this regard, the developments of niche solutions which are underway are continuously being evaluated in line with our articulated product and business development strategy. Each such solution could transform into an attractive revenue spinner in the medium-term

Electronics: We are working on a drive-train solution that holds the potential to make e-mobility a viable proposition in the Indian ecosystem. We hope to develop and deliver this solution, commercially competitive, in the medium-term.

Defence: We are developing the advanced technology power solutions for Light Weight Torpedoes (LWT) and Heavy Weight Torpedoes (HWT) for the Indian Navy. We hope to deliver these challenging solutions in the current year. We also commenced the design and development of Type-II (SSK class) submarine battery, against an order from the Indian Navy and readying resources to manufacture Type I (Kilo class) submarine batteries.

Batteries: We are intensifying our development efforts in lead carbon batteries, and working on new chemistries beyond lead acid including lithium, to create niche products that will find application in the e-mobility and energy storage solutions.

The telecom sector is expected to face disruptive headwinds in next couple of years. As a de-risking strategy, we will carefully select our product spaces and customers in the lead-acid battery segment. In the PLT battery segment, we see a considerable potential to grow business volumes over the coming years. To capitalise on emerging opportunities in this space, we will expand our capacity in this segment.

The Ni-Cd battery segment is equally offering a growth opportunity; we will continue to focus on increasing the volumes of this product from domestic and global customers.

Exports: After stabilising our TCAS, TMS solutions and naval products in the domestic market, we plan to explore opportunities across the globe. We expect our efforts to fructify over the medium-term.

3) Operational efficiency and surplus asset monetisation

We are consolidating our major lead-acid battery operations in a single plant from the earlier two sites. Besides, we are striving to create fungibility in our battery manufacturing infrastructure, which, we believe, will drive operational efficiencies and assist in improving man-machine productivity.

We have made considerable headway in monetising surplus assets. So far, we have monetised real assets cumulating to ₹50+ crore in the last 18 months. We continue our efforts in monetising the remaining surplus assets. We will utilise a significant part of the proceeds in reducing our debt. This would facilitate in reducing finance cost and improving profitability.

These developments should bring an interesting balance in our business mix over the next 24 months – de-risking the organisation from an over-dependence on any one business segment and making our success sustainable.

Going forward

As we step into fiscal 2019-20, we look forward to better times and improved performance. The current year could emerge as an inflection point in our transformation journey.

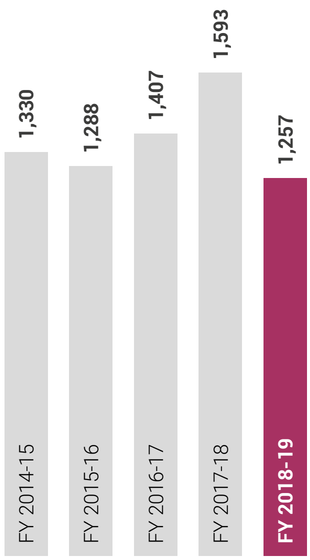
From a performance perspective, the volatility in the telecom sector and the overall slowdown in India's economic progress will cast a shadow on the Company's performance in the current year. Hence, despite the positive developments in our electronics and defence business verticals, we expect a subdued performance in the current year in terms of growth and profitability.

In closing, we would like to thank our esteemed customers, shareholders, bankers, partners, governments and other stakeholders for believing in our story and reposing their confidence in our capability and extending their support in our long journey of perseverance. We would also like to thank our colleagues on the Board for their commitment and professionalism in paving HBL's long-term path.

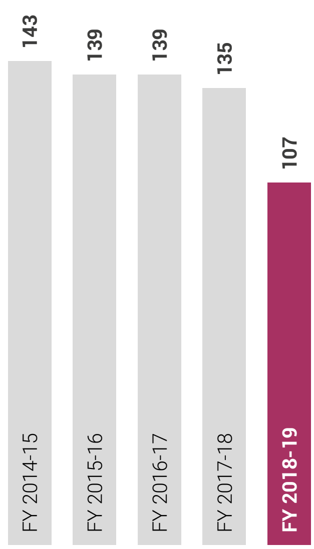
Warm regards

The management team

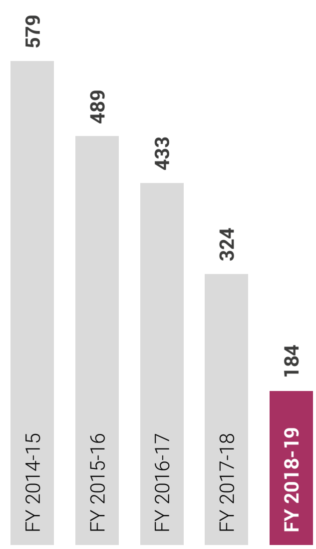
PERFORMANCE, 2018-19



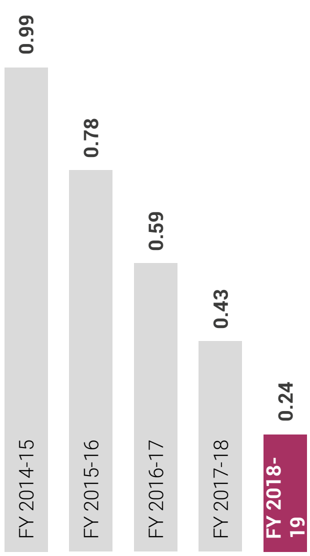
Revenue
(₹ crore)



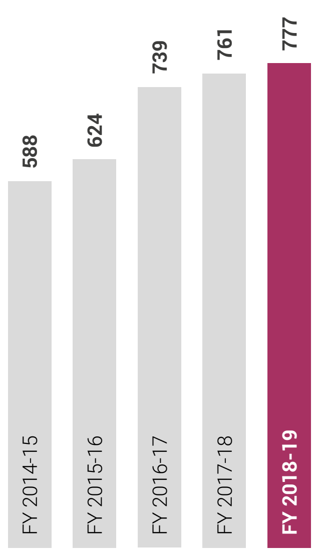
EBIDTA
(₹ crore)



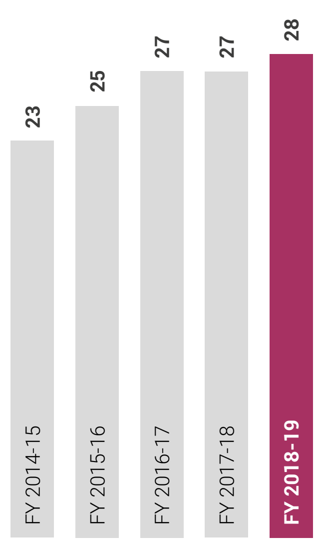
Net Debt
(₹ crore)



Debt-equity
(X)



Networth
(₹ crore)



Book value
(₹)

Financial highlights

Revenue from operations declined by 21% over the previous year; Net Profit dipped by 16% over the same period.

Net Cash flow from operations increased by 5% from ₹157 crore in 2017-18 to ₹165 crore in 2018-19.

Overall borrowings declined by 37% over the previous year; the debt-equity ratio improved to 0.24x as on March 31, 2019, against 0.43x as on March 31, 2018.

Business highlights

Batteries

- Demand reduction and intense competition in the telecom battery space adversely impacted revenue and profitability.
- PLT batteries gained traction with Diesel generator OEMs and Data Center customers.
- Volumes for NiCd batteries registered healthy growth.

Electronics

- Obtained RDSO approval for TCAS for fixed block signaling at 110 km/hr; successfully tested TCAS for 160 km/hr train speed in Delhi – Agra section.
- Participated in a tender by South Central Railway for rolling out TCAS over a 1,200 km stretch.
- Agreement signed with ACTIVE Networks, USA, for local production of RFID readers.
- Awarded a contract for installing TMS in 28 stations in the Sealdah Division of Eastern Railway.

Defence

- Awarded the design, development, and manufacture of Submarine Type II (SSK Class) battery from the Indian Navy.
- Made good progress in developing advanced technology power solutions for Light Weight Torpedoes (LWT) and Heavy Weight Torpedoes (HWT) for the Indian Navy.
- Bid for supplying batteries to the "Varunasthra" torpedo and Type I (Kilo Class) submarine battery for the Indian Navy.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic scenario

India, the bright start in the global economy, appeared to slow a little in fiscal 2018-19 as India's GDP growth dipped for the second consecutive year. According to the National Statistical Office (NSO), the nation achieved GDP growth of 6.8% in 2018-19 down from 7.2% in 2017-18.

The below par growth of the India economy was primarily owing to the sub-optimal performance in the second half of the year – in Q4/2018-19 India's GDP growth declined to 5.8%, the lowest in five years.

India grappled with a liquidity crisis in the second half of 2018-19 as the NBFC sector witnessed a downward spiral. Defaults and repayment delays forced the financial ecosystem to adopt a cautionary approach. This impeded investments by India Inc., which took a toll on economic progress.

India's Industrial Production (IIP) contracted significantly. On an annual basis, IIP growth slowed to a three-year low of 3.6% in the 2018-19 fiscal as against 4.4% in the previous fiscal.

The woes of the telecom sector were largely owing to the prevailing unsustainable tariffs. As a result, revenue and profitability erosion continued unabated for all telecom players. Industry experts suggest that appropriate and timely government intervention is the only solution that could arrest this situation and help the nation progress to the 5G-technology.

On the defence front, India continues to focus on strengthening its self-dependency about its requirements. This drive was initiated by the Government's clarion call of 'Make in India' and further catalyzed by relevant forward-looking policies. More recently, the then Defence Minister Nirmala Sitharaman simplified the industry-funded development procedure (Make-II). A new defence production policy is under deliberation that aims to achieve self-reliance in 13 systems latest by 2025.

Indian Railways continues to strengthen its focus on improving

signaling solutions across the world's second-largest railway network to ensure the safety of the people and minimise damage to railway infrastructure. For this, the Government has budgeted an investment of ₹75,000 crore on a signalling system project to be implemented across India over the next few years.

The promise of a better tomorrow

As we step into 2019-20, there continues to be optimism about India's growth prospects owing to the pro-incumbency wave, which allows India's existing political leadership to continue with its reform and pro-investment policies. This augurs well for the Indian economy.

The International Monetary Fund (IMF) has forecast India's GDP growth at 7.3% in 2019 and 7.5% in 2020. Their optimism is based on the expected recovery of the investment climate in India, robust consumption amid a more expansionary stance of monetary policy, and some impetus from fiscal policy. The Asian Development Bank and the RBI estimate GDP growth for 2019-20 at 7.2%.

According to the Economic Survey 2018-19, the telecom industry's contribution to GDP is estimated to reach 8.2% by 2020, by when industry players are slated to leverage 5G technologies to connect with global markets and ring in a fully-networked, knowledge and services economy.

Business vertical 1

BATTERIES

This vertical is the key revenue spinner for the Company, accounting for about 80% of its revenue. The telecom batteries segment is the essential growth and profitability catalyst within the battery segment. During the year, the revenue from telecom segment declined sharply as demand for batteries from the beleaguered telecom sector continued to wane owing to the continuing volatility in the industry.

The disruptions in the telecom industry forced incumbent operators and tower entities to shelve capex projects, conserve cash and focus on cost optimisation. This reduced the demand for telecom batteries significantly. Further, competitive pressure led to a crash in battery prices, which compromised the profitability of every battery manufacturer.

Despite these volatile headwinds, the Company was able to secure reasonable volumes and register a profitable year. However, going forward, sustaining revenue and profitability in telecom battery business segment could emerge as a challenge. Hence as a prudent practice, the team will focus on further operational efficiency, liquidation of long-pending receivables, and select business opportunities that do not compromise the Company's profitability and liquidity aspiration substantially.

The revenue from mono-block batteries (used in the diverse application UPS, solar, and train lighting) continued to maintain a healthy uptick. After a stellar performance in 2017-18, revenue from the retail channel remained subdued in 2018-19. This was owing to the Company's strategic call in transforming the business model from credit to cash-and carry – thereby reducing the receivables risk.

The Company is leveraging the challenging environment prevailing in the lead-acid battery user segment to strengthen internal efficiencies. As an important step in that direction, the Company plans to consolidate its lead-acid battery operations at one facility. This initiative will drive operational efficiency and optimise costs.

Pure Lead Thin (PLT) plate batteries gained traction from multiple user segments. In the diesel generator segment, the Company improved business volumes with Cummins and focused on expanding its customer base beyond Cummins.

The Company also secured good volumes from the Data Centre segment. Moreover, having obtained product approvals from the Indian Defence for armoured and other heavy vehicles, the Company is working on commencing business with the Indian Defence. It would also make efforts to increase its exposure in the growing Data Centre segment. In keeping with increasing volumes, the Company is increasing the manufacturing capacity of PLT batteries.

For its Ni-Cd pocket plate batteries, the Company was successful in growing business volumes with its domestic customers. The enhanced profits from this product line partially cushioned the fall in profits from the telecom batteries. Going forward, the Company will implement various initiatives to maintain the growth momentum of Ni-Cd batteries.

The management envisions the Energy Storage System (ESS) as an interesting opportunity. The team is working on novel chemistries including lithium to develop solutions for this segment, which should see the light of day over the medium-term.

In three wheeler e-mobility space, the Company is keeping a close watch on the developments transpiring in this segment. The knowledge gathered during this time will enable the Company to develop and launch a holistic solution for e-rickshaws over the coming years.

BSNL – signs of revival on the horizon

The government is considering ₹74,000-crore bailout plan for the distressed state-owned telecom companies BSNL and MTNL. The strategy involves offering a handsome exit package to thousands of employees to cut employee cost, while providing for 4G spectrum and capital expenditure. This augurs well for vendors of the companies as it would help in realising their dues and restart their supplies.

Business vertical 2

ELECTRONICS

Consistent with HBL's vision of benefitting India by filling technology gaps, the Electronics Group is continually repurposing itself to leverage opportunities from industries and the Indian Railways.

Years of perseverance in developing technology-based solutions appear to be seeing fruition as the division's flagship products – the TCAS and TMS - have secured relevant regulatory approvals. The Company has received orders for TMS and about to secure a maiden order for TCAS from the Indian Railways.

Railway electronics: The team has two key solutions in this segment, namely Train Collision Avoidance System (TCAS) and Train Management System (TMS).

Train Collision Avoidance System (TCAS): The Company secured the RDSO's approval for TCAS, which makes the Company eligible to execute large scale projects for the Indian Railways.

Further, the Company successfully demonstrated the functioning of the TCAS at train speeds of 160 km/hr in the Delhi – Agra section; the team also demonstrated the compatibility of the TCAS with auto-signalling sections. These developments have made TCAS suitable for all networks of the Indian Railways.

The Company participated in a tender by South Central Railway for rolling out TCAS over a 1,200 km stretch. On receiving the contract, the Company would focus its energy on accurate and timely execution of the same.

HBL signed an exclusive manufacturing agreement with ACTIVE Networks, USA, for the licensed production of RFID readers in India. Apart from being used in TCAS, these RFID readers will also support other applications in railways like smart yards.

Train Management System (TMS): After the initial success of commissioning the TMS in Eastern Railway, Howrah Division, the Company is actively promoting this solution in other railway zones and divisions. It has recently been awarded a contract for installing TMS in 28 stations in the Sealdah Division of Eastern Railway. This

success has only strengthened the team's impetus in pursuing similar opportunities in other Railway zones. In the current year, the team will work toward executing this order with speed and efficiency.

Industrial Electronics: The Company's Digital Signal Processor controlled battery chargers have gained traction, with several customers switching to this new technology over the traditional analog controlled chargers. These chargers and associated DC Distribution Boards comply with relevant international standards at IPH Labs, in Germany. Besides, chargers for electric vehicles (EVs) are at an advanced stage of internal testing. They are scheduled to go through qualification testing at ARAI in the current financial year.

Electric Mobility: HBL is working on developing a complete DC drive train solution for powering commercial vehicle fleet that runs long distances on fixed routes. The technology has been demonstrated on a 12-meter bus for city traffic applications. The Company will engage in securing the relevant regulatory approvals for its electric drive train solutions, immediately upon completion of the development

The Indian Railways have announced their intention to roll out TCAS over 20,000 km across India and commission TMS pan India, in the next few years.

Business vertical 3

DEFENCE

Determined and diligent efforts of the Company in developing niche batteries for various defence applications have positioned HBL as the largest battery supplier to this marquee customer. The trust equity gained during this journey is translating into growing revenue and increasing opportunities.

During 2018-19, revenue from this business vertical increased at a healthy 58% over the previous year owing to growing volumes. The Company's exports continued to scale new heights due to its expanding global footprint for its battery products.

Moreover, the Company made considerable headway in developing new products that are expected to open sizeable growth opportunities over the medium term.

The Company has been awarded the design, development, manufacture and supply of Submarine Type II (SSK class) battery from the Indian Navy. It is also bidding for the Type I (Kilo class) submarine battery with the Indian Navy. The Company remains hopeful of securing orders for Type I batteries in the current year.

The team has made substantial progress in developing the advanced technology power solutions for Light Weight Torpedoes (LWT) and Heavy Weight Torpedoes (HWT) for the Indian Navy. During fiscal 2019-20, the team will focus on progressing and completing the development of these solutions.

The Company has bid for the supply of batteries to the "Varunasthra" torpedo for the Indian Navy. This is the most powerful silver-zinc torpedo battery indigenously developed and is likely to open up avenues for significant volumes in global markets. The Company expects to get material business volume from this development in the current fiscal.

The Company continues to pursue the sizeable 10-year tender for the supply of artillery fuses to the Indian Army. If the Company is successful, this tender will provide large volumes for a period of ten years.

The Company has temporarily put on hold its project for establishing infrastructure for manufacturing and storage facility of Grad Rockets and Grenades owing to delay in the tendering process. However, the organisation will continue to closely monitor and explore this opportunity at the appropriate time.

BUSINESS ENABLERS

Quality management

Quality has been the hallmark of HBL, which manifests itself in an important reality – majority of the Company's output goes to the large telecom tower entities, global OEMs, the Indian Railways and the Indian Defence with whom the Company enjoys a business relation extending for more than a decade.

The Company's quality passion is visible in the multiple certifications under various standards, secured from global certification agencies [ISO 9001 – 2015, ISO 14001 – 2015, OHSAS 18001-2007, ISO 22167-2017 - IRIS – Rev 3 (Railway business) and AS 9100D (Aviation, Space and Defence Organisations) & EASA regulation, lend an important watermark to the relevance and accuracy of its systems and processes. The Company's laboratory is accredited by NABL under ISO 17025 - 2017

Human resource

Intellectual capital has been the corner stone of HBL's sustenance over the years. HBL has a large pool of engineers - 300+. This critical competitive edge has enabled the Company to stand out of the clutter and develop niche solutions to bridge technological gap in the country.

The Company's people-centric policies have created a unique bond between the Company and its 1700+ team. This is reflected in an important statistic – about 52% of the team is with the Company for more than 10 years.

The Company continued to enhance the intellectual capital of its team through an engagement program with reputed educational institutions and comprehensive learning & development calendar.

Further, the Company intensified its people development initiatives (leveraging multiple tools) to enable the team to make a more meaningful contribution to operational improvement and new product development. In addition, the management team members periodically interacted with the team to update them on the Company's performance and prospects going forward.

Internal control and it's adequacy

HBL maintains a system of well-established practices and procedures for effective internal control of operations and other allied activities. The internal audit function is continually strengthened in consultation with statutory auditors and audit committee for monitoring statutory compliances and operational aspects.

The Company has appointed an independent agency as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Material controls and systems related issues are brought to the attention of the audit committee for periodical review.

Moreover, the Company is diligent in adhering to various QMS standards and to standard operating practices in its manufacturing and operating activities.

Environment management

HBL continues to endeavour to reduce the adverse impact of its business operations on the Earth. It's dedication goes beyond compliance with the environmental laws and encompasses the integration of sound environmental practices in its business practices and decisions.

Entire effluents generated from the operations, across all units, are effectively treated and recycled. Manufacturing units are equipped with adequate treatment plants and maintains zero Liquid discharge. All of HBL plants are equipped with adequate sewage water treatment infrastructure. 90% of the treated water is used for maintaining green cover. Every location also has proper water harvesting points and storage ponds. More than half of the area of manufacturing locations is of green coverage.

Significant changes i.e. change of 25% or more in the key financial ratios

In accordance with the amendments notified by SEBI in Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 on 9th May, 2018, the details of significant changes i.e. change of 25% or more in the key financial ratios as compared to the immediately previous financial year along with detailed explanations are reported hereunder

Particulars	2018-19	2017-18	Change	Reason for change
Debtors Turnover Ratio	2.97	3.48	(15)%	
Inventory Turnover Ratio	3.67	4.15	(11)%	
Interest Coverage Ratio	2.74	2.64	4%	
Current Ratio	2.10	1.63	29%	Improvement owing to reduction in working capital borrowing from banks.
Debt-Equity Ratio	0.24	0.43	44%	Improvement owing to reduction in borrowing.
Operating Profit Margin (%)	3.47	5.01	(25)%	Reduced OPM on account of volume shrinkage and price erosion in telecom battery business.
Net Profit Margin (%)	1.98	1.86	7%	
Return on Net Worth (%)	3.20	3.89	(18)%	Due to lower operating margins during the year.

1682
Children

82
Centers

Corporate Social Responsibility

BUSINESS BEYOND BOUNDARIES

As a responsible corporate citizen, HBL has institutionalised an inclusion model to make an enduring impact on promoting social and economic inclusion. The Company's social upliftment initiatives focus around healthcare, hygiene, and literacy, which facilitates in bettering lives and improving livelihood.

Healthcare: HBL firmly believes that a healthy child provides the foundation for a growing economy and wealthy nation. As such, the Company supports child welfare centers in local communities by providing safe, nutritious, and wholesome meals to children in the 3-6 age group.

Education: HBL understands that a woman contributes more to Nation Building than a man. In keeping with this belief, HBL passionately supports girl child education by providing scholarships to encourage them to pursue higher education. The Company also supports pre-primary and primary education by providing learning aids, sponsoring teachers, and creating a joyful school environment, thereby drawing kids to attend school. Providing this platform, could, over a period of time, facilitate in strengthening the momentum of India's economic progress.

Potable water: HBL is working with local communities to create facilities that enable access to safe, clean water to local communities.

Sanitation: Hygiene and sanitation is a state of mind. Hence to infuse the concept of cleanliness among the masses, change in the mindset is critical. In keeping with this belief, the Company conducts periodic programs and workshops with the local communities to educate them on the benefits of proper sanitation practices. As a supplementary activity, HBL helps them in devising waste collection and management mechanisms and provides garbage collection vehicles. These initiatives have resulted in significant improvements in sanitation levels in the local communities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. A J Prasad	-	Chairman & Managing Director
M S S Srinath	-	Executive Director
Kavita Prasad	-	Executive Director

Non-Executive Independent Directors

P Ganapathi Rao
Preeti Khandelwal
K V Sriram
Richa Datta
M Chandra Mohan

Non-Executive Non-Independent Directors

Ajay Bhaskar Limaye
Abhishek G Poddar

AUDIT COMMITTEE

P Ganapathi Rao	-	Chairperson
M S S Srinath	-	Member
Preeti Khandelwal	-	Member
K V Sriram	-	Member
Richa Datta	-	Member
Kavita Prasad	-	Member

KEY MANAGERIAL PERSONNEL

Chief Financial Officer

K. Sridharan

Company Secretary

MVSS Kumar

BANKERS

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

STATUTORY AUDITORS

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

COST AUDITORS

M/s. Narasimha Murthy & Co.
Cost Accountants,
3-6-365, Pavani Estates, Y V Rao Mansion
Himayatnagar, Hyderabad - 500 029

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 AGENT

Karvy Fintech Private Limited
(Formerly 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

NOTICE

Notice is hereby given that the Thirty Third Annual General Meeting of the members of HBL POWER SYSTEMS LIMITED will be held at KLN Prasad auditorium, Federation of Telangana Chamber of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 on Thursday, September 26, 2019 at 4.00 p.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) of the Company for the financial year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon.

2. To declare dividend for the year ended March 31, 2019.

3. To appoint a director in place of Mr. Ajay Bhaskar Limaye (DIN: 02762738) who retires by rotation and is eligible for re- appointment.

4. To appoint auditors for the year 2019-20 till the conclusion of the next Annual General Meeting (AGM) and to authorize 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 on recommendation of the Board of Directors (including Audit Committee of the Board), M/s. Rao & Kumar, Chartered Accountants, Visakhapatnam (ICAI Firm Registration No. 03089S) who were appointed as statutory independent auditors of the Company at the 31st Annual General Meeting (AGM) held in 2017 and hold office for a period of five years until the conclusion of the 36th AGM of the Company to be held in the year 2022, be and are hereby ratified to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration and reimbursement of out of pocket expenses (if any) as may be determined by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. **Re-appointment of CA P Ganapathi Rao as an Independent Director**

   To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, CA P Ganapathi Rao (DIN 00089685), who was appointed as an Independent Director at the twenty eighth Annual General Meeting of the Company and who holds office up to November 13, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from November 14, 2019 upto November 13, 2024."

6. **Re-appointment of Mrs. Preeti Khandelwal as an Independent Director**

   To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

   "RESOLVED that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as amended from time to time, Mrs. Preeti Khandelwal (DIN 00027999), who was appointed as an Independent Director at the twenty eighth Annual General Meeting of the Company and who holds office up to November 13, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from November 14, 2019 upto November 13, 2024."

7. **Alteration of the Object Clause of the Memorandum of Association of the Company**

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

"RESOLVED THAT pursuant to the provisions of Section 4, 13 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with applicable Rules and Regulations made thereunder (including any statutory modification(s) or reenactment(s) thereof for the time being in force) and subject to such approvals, permissions and sanctions of Registrar of Companies, appropriate authorities, departments or bodies as and to the extent necessary, consent of the members of the Company be and is hereby accorded for effecting the following alterations in the existing Object Clause of the Memorandum of Association (the "MOA") of the Company by - of certain clauses in the following manner:-

Substitution: The existing heading of Clause III (A) be substituted by the new heading titled as

"The Objects to be pursued by the Company on its incorporation are as under:"

Inclusion: After existing S. No. 14, the following shall be included in Clause III(A) to MOA:

15. To import, export, design, development and manufacturing of filled fuses and parts thereof for artillery shells, rockets, missiles, grenades, mines and similar munition of wars; design, development and manufacturing of grenades and parts thereof for both hand mode and rifle mode; design, development, assembly, manufacturing, refurbishment and upgrade of rockets, missiles and parts thereof fired from launchers from surface (land and water), air borne and underwater platforms; design, development, manufacturing of ammunition, high velocity projectiles and parts thereof fired from tanks; design, development, manufacturing of various types of explosives and explosive initiating systems and accessories as permitted by the Ministry of Defence / Government from time to time.

16. To import, export, establish and carry on the business on its own, through any agency, govt. or otherwise of the conversion of all kinds of engines into electric based, battery powered or alternate fuel based engines for all kinds of commercial and non-commercial vehicles and also to provide all kinds of support services / solution in the process of conversion, maintenance, infrastructure, assistance and back end services.

Substitution: The existing heading of Clause III (B) be substituted by the new heading titled as

"Matters which are necessary for furtherance of the objects specified in Clause III (A) are as under:".

Rearrangement: The existing Clause III (C) comprising clauses 1 to 10 be merged with Clause III(B).

The existing Clause III (C) comprising clauses 1 to 10 be merged into Clause III(B) and read as Clause 31 to 40 of the Clause III (B).

Deletion

(iv) The existing Clause III (C) "Other Objects for which the Company is established are" is deleted permanently.

RESOLVED FURTHER that the words 'Companies Act, 1956' in the existing MOA shall be substituted with the words 'Companies Act, 2013', wherever required and reference to various Sections of the Companies Act, 1956 in the existing MOA, be replaced with the reference to the corresponding Sections of the Companies Act, 2013.

RESOLVED FURTHER that the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any of its duly constituted

Committee) or any officer/executive/representative and/or any other person so authorized by the Board, be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, to settle any questions, difficulties or doubts that may arise in this regard and accede to such modifications and alterations to the aforesaid resolution as may be suggested by the Registrar of Companies or such other authority arising from or incidental to the said amendment without requiring the Board to secure any further consent or approval of the members of the Company."

8. Adoption of new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted (by way of placing draft regulations on the website of the Company) to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. Authorisation to enter into related party transactions

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

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act") and Listing Agreement and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be and is hereby accorded to ratify and approve all existing and future contracts / agreements / transactions/ arrangements with the following related parties and authorize the Board of Directors of the Company to enter into such contracts and/or agreements, arrangements, transactions with related parties with respect to sale and purchase, of supply of any goods or services including capital goods, or materials, selling or otherwise disposing off, or buying, leasing of property of any kind, availing or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction of whatever nature on such terms and conditions as the Board of Director may deem fit with related parties given below and also given in the Explanatory Statement annexed hereto:

Name of related party	HBL Germany GmbH, Germany HBL America Inc, USA Gulf Batteris Company Limited, KSA Naval Systems and Technologies Pvt Ltd SCIL Infracon Pvt Ltd
Maximum aggregate value per financial year (excluding applicable taxes if any)	Total aggregate value not exceeding ₹.500 crores in any one financial year with one or more entities or in inter-changeable combination with one or more of the related party(ies) mentioned in the table with each or all the related party(ies) within the aggregate limit of ₹.500 Crores (excluding applicable taxes if any)

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of the Board) be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute all deeds, applications, documents, writings, that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.

For and on behalf of the Board

Place: Hyderabad
MVSS Kumar
Date : August 13, 2019
Company Secretary

Notes:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 5 to 9 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") 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 September 20, 2019 to September 26, 2019 (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 dematerialized 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 Thursday, September 19, 2019;

    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 Thursday, September 19, 2019.

5. Members holding shares in dematerialized 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 Fintech Private Limited (Formerly Karvy Computershare Private Limited) 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 2018-19 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 2011-12 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. The due date for transfer of such unclaimed dividend for the financial year 2011-12 is January 30, 2020.

10. During the financial year 2018-19, the Company has transferred unclaimed dividend and corresponding shares to Central Govt.'s IEPF account as per the details mentioned below:

Financial year	Number of shares transferred	No of records	Date of transfer
2008-2009	972210	824	07.12.2017

The shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules.

11. 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 as amended from time to time, 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., 'HBL Power Systems Limited"

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 Scrutinizer at email saboo.kamal@gmail.com with a copy marked to 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 B Srinivas (Unit: HBL POWER SYSTEMS LIMITED) of Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at einward.ris@karvy.com and evoting@karvy.com or phone no. 040 – 6716 2222 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 23, 2019 (09.00 AM IST) and ends on Wednesday, September 25, 2019 (05.00 PM IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, September 19, 2019 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. Thursday, September 19, 2019.

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., Thursday, September 19, 2019, he/she may obtain the User ID and Password in the manner as mentioned below :

i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may sendSMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:
MYEPWD <SPACE> IN12345612345678

Example for CDSL:
MYEPWD <SPACE> 1402345612345678

Example for Physical:
MYEPWD <SPACE> XXXX1234567890

ii. 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.

iii. Member may call Karvy's toll free number 1-800-345 4001.

iv. Member may send an e-mail request to einward.ris@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

v. The Board of Directors has appointed CS Kamal Saboo, as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

vi. The result of E-voting will be declared after the date of Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.hbl.in and on the website of Karvy i.e. www.evoting.karvy.com within two days of the passing of the resolutions at the 33rd Annual General Meeting of the Company on Thursday, September 26, 2019 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

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

Item No. 5 and 6

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors proposes the re-appointment of CA P Ganapathi Rao (DIN 00089685) and Mrs. Preeti Khandelwal (DIN 00027999) as Independent Directors, for a second term of five years from November 14, 2019 to November 13, 2024, not liable to retire by rotation. CA P Ganapathi Rao and Mrs. Preeti Khandelwal were appointed as Independent Directors at the Annual General Meeting ("AGM") of the Company held in the year 2014 and hold office up to November 13, 2019. The Company has, in terms of Section 160(1) of the Act received in writing a notice from a Member, proposing their candidature for the office of Director.

The Board, based on the performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience and contribution, the continued association of would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors.

The Company has received a declaration from CA P Ganapathi Rao and Mrs. Preeti Khandelwal to the effect that they meet the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge duties.

In the opinion of the Board, both the appointees fulfill the conditions specified in the Act and SEBI Listing Regulations for appointment as Independent Directors and are independent of the management of the Company. The terms and conditions of their appointment remain unchanged.

CA P Ganapathi Rao is Chartered Accountant and Mrs. Preeti Khandelwal is a qualified Company Secretary by profession. Further details and current directorships have been given in the Annexure to this Notice.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of CA P Ganapathi Rao and Preeti Khandelwal as Independent Directors is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution at Item No. 5 and 6 of this Notice for approval of the Members. Except CA P Ganapathi Rao and Mrs. Preeti Khandelwal, none of the Directors and Key Managerial Personnel of the Company, in any way, concerned or interested, in the Resolution set out at Item No. 5 and 6 of the Notice.

Item No. 7

Your Directors are exploring business opportunities in manufacturing and dealing in arms, ammunitions and electric vehicles which would increase the growth process of the Company. Your Directors are expecting rapid growth and consolidation in the proposed business streams, considering the Government of India's vision to strengthen the defence sector and to encourage private participation, while promoting the Make in India initiative. The alteration in the Object Clause of the Memorandum of Association (MoA), as set out in the resolution, is to facilitate Company's entry into new business areas as defined therein. The proposed activities can be carried out conveniently and advantageously along with the existing activities of the Company.

The present Memorandum of Association (MoA) does not specifically cover the proposed line of activities and hence, to enable the Company to seize the anticipated growth opportunities, there is a need to amend present objects in the Memorandum of Association of the Company.

In view of the proposed amendment to MoA and to align with the requirements of the Companies Act 2013 and rules made thereunder, the Board of Directors of the Company in its meeting held on August 13, 2019 has approved, subject to the consent of the shareholders, amendment by way of substitution/rearrangement/inclusion/deletion to the MOA of the Company in the manner as set out in the Special Resolution at Item no.7 of this Notice.

Pursuant to the provisions of Section 4, 13, 110 and all other applicable provisions, if any, of the Act, read with applicable Rules and Regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), alteration of the Object Clause of the MOA of the Company requires the approval of the members by means of a Special Resolution through Postal Ballot. However, pursuant to proviso to Section 110(1)(b), any item of business required to be transacted by means of postal ballot under clause (a), may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section, therefore, the resolution is recommended for approval at this meeting.

Copy of the existing MOA, copy indicating the proposed amendments and other allied documents, if any, being referred in this resolution would be available for inspection by the members, free of cost, at the Registered Office of the Company during 11.00 a.m. to 1.00 p.m. on all working days (Monday to Friday), up to and including the last date of voting through Postal Ballot/e-voting.

None of the Directors and/or Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise in the said resolution except to the extent of their shareholding, if any.

The Board recommends the resolution under Item No. 7 for approval of the members as a Special Resolution.

Item No. 8

The existing Articles of Association (AoA) are based on the Companies Act, 1956. Several regulations in the existing AoA contain references to specific sections of the then Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013 (the Act) which is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal") such as variation of rights of holders of different classes of shares (Section 48), reduction of share capital (Section 66), compromises, arrangements and amalgamations (Chapter XV), prevention of oppression and mismanagement (Chapter XVI), revival and rehabilitation of sick companies (Chapter XIX), winding up (Chapter XX) and certain other provisions including, inter alia, relating to Investor Education and Protection Fund (Section 125) and valuation by registered valuers (Section 247). However, substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act, several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares. Shareholders' attention is invited to certain salient provisions in the new draft AoA of the Company viz:

(a) Company's lien now extends also to bonuses declared from time to time in respect of shares over which lien exists;

(b) the nominee(s) of a deceased sole member are recognized as having title to the deceased's interest in the shares;

(c) new provisions regarding application of funds from reserve accounts when amounts in reserve accounts are to be capitalized;

(d) new provisions relating to appointment of chief executive officer and chief financial officer, in addition to manager and company secretary;

(e) existing articles have been streamlined and aligned with the Act;

(f) the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included; and

(g) provisions of the existing AoA which are already part of statute in the Act have not been reproduced in the new draft AoA as they would only lead to duplication – their non-inclusion makes the new AoA crisp, concise and clear for ease of reading and understanding. The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders http://www.hbl.in/reports/draftaoa.pdf as a part of green initiative.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

Item No. 9

Necessary approval of members was obtained pursuant to Section 188 of the Companies Act, 2013, at the Annual General Meeting of the Company held in the year 2014 in this regard. SEBI vide its amendment to listing regulations on May 10, 2018 (applicable from April 01, 2019) required the Companies to review once in every three years the threshold limits for transactions with related parties subject to approval of the Board / members as the case may be. Since the coming Annual General Meeting is the first AGM after the regulations came into force, the special resolution set out in the notice above is recommended for approval of the members.

Nature of related interest of related parties given below:

Name of the Related party (entity)	Name of the Director or KMP who is related if any	Nature of relationship	Particulars of contract or arrangement with related party
HBL Germany, GmbH	Kavita Prasad	Wholly owned subsidiary	Supply of batteries, power electronic products.
HBL America Inc, USA	Kavita Prasad	Wholly owned subsidiary	Supply of batteries, power electronic products.
Gulf Batteries Company Ltd, KSA	MSS Srinath	JV Company.	Supply of batteries, power electronic products.
Naval Systems and Technologies Pvt Ltd	MSS Srinath Kavita Prasad	Mr. MSS Srinath and HBL together Holds 51% shares in the Company.	Manufacturing, assembly, supply and service of electronic equipment/ devices for defence/ marine use.
SCIL Infracon Pvt Ltd	None	Wholly owned subsidiary	Sale of spun concrete products

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the members.

Except Dr A J Prasad, Mrs. Kavita Prasad and Mr. MSS Srinath and their relatives, if any, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 9 of the Notice.

For and on behalf of the Board

Place: Hyderabad
MVSS Kumar

Date : August 13, 2019
Company Secretary

INFORMATION PURSUANT TO SS 2 OF SECRETARIAL STANDARDS ON GENERAL MEETING AND REGULATION 36(3) OF THE LISTING REGULATION REGARDING APPOINTMENT OR REAPPOINTMENT OF THE DIRECTORS AT THE FORTHCOMING ANNUAL GENERAL MEETING

Name of the appointee	Mr. Ajay Bhaskar Limaye	CA P Ganapathi Rao	Mrs. Preeti Khandelwal
DIN	02762738	00089685	00027999
Category	Non-Executive Non-Independent Director	Non-Executive Independent Director	Non-Executive Independent Director (Woman)
Date of Birth	20.05.1969	01.09.1955	24.03.1971
Date of appointment / re- appointment	14.02.2014	14.11.2014	14.11.2014
Qualification(s)	CFA	Member of Institute of Chartered Accountants of India	Member of Institute of Company Secretaries of India
Brief profile and expertise in specific functional area	Vast experience in the investment industry in India including Private Equity Fund, Venture Capital fund etc.	Practicing Chartered Accountant and has expertise in Finance, Audit Systems and as well as Capital Market.	Expertise in Corporate laws.
Chairman/ Member of Committees of the Board of Companies of which he is a director	NIL	4	4
Shareholding as on 31.03.2019 (Equity)	NIL	NIL	NIL
Last remuneration drawn	NIL	NIL	NIL
Relationship with other Directors/KMP etc.	No relation	No relation	No relation
Number of meetings of Board attend in 2018-19	Two	Four	One

For and on behalf of the Board

MVSS Kumar

Company Secretary

Place: Hyderabad

Date : August 13, 2019

DIRECTORS' REPORT

Dear Members

Your Directors take pleasure in presenting the 33rd Annual Report for the financial year ended on March 31, 2019. The standalone financial performance is presented below prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended.

(₹ in Lakhs)

Sl.	Particulars	2018-19	2017-18
1	Revenue from Operations	1,25,720.03	1,62,411.26
2	Other Income	1,694.48	2,271.99
3	Total Income	1,27,414.51	1,64,683.25
4	Total Expenditure	1,16,578.84	1,49,825.95
5	(Earnings before interest, depreciation and tax (EBIDTA	10,835.67	14,857.30
6	Finance Costs	3,059.66	4,054.57
7	Depreciation & Amortization expenses	4,435.21	4,603.19
8	Profit before Exceptional items and Tax	3,340.80	6,199.54
9	(Exceptional Items – Income / (Expenses	664.45	(975.77)
10	**(Profit before tax (PBT**	4,005.25	5,223.77
11	Provision for tax & Deferred tax adjustment	1,494.35	2,258.08
12	(Other comprehensive income (net	24.65	10.10
13	(**Total Comprehensive Income for the Period (PAT**	2,486.25	2,955.59
14	(Earnings Per Share (Diluted EPS of Rupees	0.90	1.07
15	(Proposed Dividend (on share of ₹ 1 each	30%	25%

Performance review 2018-19

Year 2018-19 was a challenging year for the Company amidst disruptive headwinds in the Telecom segment with a negative growth. Both revenue from operations and Profit before Tax have shown a consequent decline over the previous year. Your Company continued to focus on managing cash efficiently and ensured that it had adequate liquidity and minimized borrowing costs. Continuing initiatives on cost saving, product optimization and developments have provided positive results. Notwithstanding this, there was an intense competition in Telecom industry business, which is our main business segment, forcing reduction in demand and our margins. And this affected our revenues and profitability as you would have noticed. In this situation, your Company managed an overall creditable performance with a stronger Balance Sheet.

Current year's performance 2019-20

Going forward, economic activity is likely to be supported by the continuing political leadership which we believe possesses the vision and resolve to usher in an era of inclusive growth. We are making steady progress towards our vision to gain from potential opportunities in Railways and Defence business. While we do not anticipate any major momentum in Telecom sector demand in the immediate future, to offset this to an extent, your Company is examining alternative product initiatives. Your Company will continue to pursue its initiatives on cost reduction, product development to stay healthy in a turbulent market. The Management Discussion and Analysis section in the Annual Report provides more information and the shareholders may refer to the same for further insights.

Dividend

Your Directors are pleased to recommend a dividend of 30% (ie ₹0.30 paise per equity share of ₹.1 each fully paid up) for the Financial Year 2018-19 subject to the approval of the members at the ensuing Annual General Meeting. The proposed dividend including dividend distribution tax will absorb ₹ 1002.51 Lakhs.

Subsidiaries, Associate and Joint Venture Companies (as on March 31, 2019)

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:

Subsidiary companies	HBL America Inc. HBL Germany GmBH, Germany SCIL Infracon Pvt Ltd
Associate companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act").	Naval Systems & Technologies Pvt Ltd (NSTL)
Joint Venture Company	Gulf Batteries Company Ltd in the Kingdom of Saudi Arabia (KSA).

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary and associate except JV company i.e. Gulf Batteries Company Ltd, prepared in accordance with the Companies Act, 2013 (Act) and applicable Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended.

Pursuant to provisions of section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company and as per the provisions of section 136 of the Act, the standalone financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company. There has been no material change in the nature of the businesses of the subsidiaries except as disclosed hereunder.

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

Operational and financial performance of the subsidiaries, associates and joint venture shall be provided as and when the same is made available.

Subsidiary Companies

SCIL Infracon Private Limited (SIPL)

Shareholders are already aware that SIPL is not in operation since over five years. Hence, the Board of Directors of SIPL in its on 15th March 2019 claimed the status of the Company as dormant and filed necessary forms with the Ministry of Corporate Affairs.

Joint Venture Company

Gulf Batteries Co. Ltd (GBC) in the Kingdom of Saudi Arabia (KSA)

Your Company holds 40% stake in GBC. Your Company therefore filed a petition for liquidation (winding up) of GBC before a Commercial Court in Saudi Arabia. The case was not decided in favour of the Company. The Company is in consultation with the legal counsel for filing a fresh appeal for liquidation (winding up) of GBC as the accumulated loss of nearly 75% of its capital, as per Saudi Arabian laws, in a situation like this, such Company is terminated by force of law. GBC financials statements have not been available for consolidated financial statements of the Company.

Material Changes and Commitments

No material changes and commitments have occurred after the closure of the FY 2018-19 on March 31, 2019, 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 preparation of the annual accounts, the applicable Ind AS accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies as per Ind AS 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 the 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 are 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, cost, statutory and secretarial 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 2018-19.

Directors and Key Managerial Personnel (KMP)

Name of the appointee	Date of appointment
Kavita Prasad	as CFO Upto 12.11.2018
K Sridharan	as CFO w.e.f. 12.11.2018

Mr. Ajay Bhaskar Limaye (DIN 02762738) retires by rotation and is eligible for re-appointment. Your Board recommends his reappointment.

Independent Directors:

As per sub-section (10) and (11) to Section 149 of the Companies Act, 2013 (Act), an independent Director shall hold office not more than two terms of five consecutive years in each term. Explanation to sub-section (11) clarifies that any tenure of an independent director on the date of commencement of the Act shall not be counted as a term under those sub-sections. Accordingly, P Ganapathi Rao and Preeti Khandelwal, Non-Executive Independent Directors whose first five years term of office ends on November 13, 2019 are eligible and recommended for appointment for a further period of five years in terms of sub-section (10) and (11) to Section 149 of the Act at the forthcoming Annual General Meeting (AGM) of the Company.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company except for the sitting fee paid for attending the Board meetings.

Number of meetings of the board

Four 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, 2013 and the Corporate Governance requirements prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of all the Directors individually during the year. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and effectiveness of its Committees, execution and performance of specific duties, governance, meaningful and constructive contribution and inputs in meetings etc. Evaluation was carried out based on responses received from the Directors. A separate meeting of the Independent Directors also was held where in performance of non-Independent Directors, performance of the board as a whole and performance of the Chairman and Managing Director was evaluated. The Directors expressed their satisfaction with the evaluation process.

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. Powers and role of the Audit Committee are included in Corporate Governance Report. The Board of Directors has accepted all the recommendations of the Audit Committee placed at respective meetings.

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 is 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 and such policies and procedures were adopted by the Company 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. The Audit Committee evaluates the internal financial control system periodically. 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 and no reportable material weakness or deficiency 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.

Information regarding employees and related disclosures

Your Company consistently believes in concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives. Rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow. During the year, there were no complaints relating to child labour, forced labor, involuntary labor, sexual harassment in the last financial year and pending as on the end of the financial year.

S.No	Category	No.of complaints filed	No.of complaints pending
1	Child labor / forced labor/ involuntary labor	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

Disclosure as required under Section 22 of Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company believes in providing a healthy environment to all HBL Employees and does not tolerate any discrimination or harassment in any form. The Company has in place a gender neutral, Prevention of Sexual Harassment (POSH) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This policy is frequently communicated in assimilation programs and at regular intervals to all HBL employees. Following are some of the awareness programs imparted to train HBL Employees and Internal complaints committee (ICC).

1. It is mandatory for every new joiner to undergo a program on 'Prevention of Sexual Harassment ' during induction program.
2. The Internal Complaints Committee is trained by external agency when the committee members are on-boarded to the committee.
3. Policy of 'Prevention of Sexual Harassment' at workplace is available on internet for HBL employees to access as and when required.
4. The 'Prevention of Sexual Harassment' policy is placed in conspicuous places for better visibility and communication of the policy. The posters are also displayed in regional languages at all HBL offices.

HBL has setup an Internal Complaints Committee(ICC) both at the Head office / Corporate office and at every major location where it operates in India. ICC has equal representation of men and women. ICC is chaired by a senior woman employee and has an external women representation.

ICC investigates the case(s) and provides its recommendations to the apex authority . The apex authority upon receiving the recommendations from ICC arrives at the conclusion and acts upon such recommendations.

Penal Consequences of Sexual Harassment ("SH") and the constitution of the ICC is displayed at conspicuous places.

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:

Employee Name	Dr. AJ Prasad	Mr. Suresh Kalyan	Mr. MVV Vidyasagar
Total remuneration CTC (₹ Lakhs)	₹ 96.15 Lakhs and commission ₹101.59 Lakhs	₹122.24 Lakhs	₹63.16 Lakhs
Designation and Nature of Duties	Chairman and Managing Director	Chief Operating Officer (COO)	President – Electronics Group
Qualification / Experience (years)	B. Tech from IIT, Khargpur, MS in Management from Massachusetts Institute of Technology USA, Doctorate in International Business from Columbia University, USA.	BSc. Chartered Accountant 30	BE (Electrical & Electronics) 34
Date of commencement of employment	Promoter of the Company	17.11.2014	01.04.2011
Age (years)	74	55	55
Last employment held before joining the Company	Administrative Staff College of India	Amara Raja Batteries Limited, Hyderabad, as President – Finance	Director(Operations) at Axiom Consulting Ltd.

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 was paid any remuneration.

b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Dr. A J Prasad, Chairman and Managing Director	No change
MSS Srinath, Executive Director	No change
A Kavita Prasad, Executive Director	No change
MVSS Kumar, Company Secretary	NIL
K Sridharan (appointed as CFO w.e.f. 12.11.2018 in place of Kavita Prasad)	NIL

c. The percentage increase in the median remuneration of employees in the financial year: 10-15 %

d. The number of permanent employees on the rolls of Company: 1816 (as at 31 March 2019)

e. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

(₹ in Lakhs)

Aggregate remuneration of key managerial personnel (KMP) in 2018-19	218.80
Commission on profits to CMD	101.59
Total	320.39
Revenue	1,25,720.03
Remuneration of KMPs as % of revenue	0.25
Remuneration of KMP as % of PBT	7.99

f. Comparison of remuneration of each the key managerial personnel(KMP) against the performance of the Company:

(₹ in Lakhs)

Name	Designation	Remuneration	Commission on profit	Total
Dr. AJ Prasad	Chairman and Managing Director	96.15	101.59	197.74
MSS Srinath	Executive Director	50.55	-	50.55
Kavita Prasad	Executive Director	30.83	-	30.83
MVSS Kumar	Company Secretary	22.61	-	22.61
K Sridharan	Chief Financial Officer (w.e.f. 12.11.2018)	18.66	-	18.66
Total		218.80	101.59	320.39

g. 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.

h. 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 per listing Regulations, corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.

Vigil Mechanism / Whistle blower policy

The Company has formulated a vigil mechanism /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 the Regulation 22 of the SEBI (LODR) 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 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.

Statutory Auditors

M/s Rao & Kumar, Chartered Accountants (FRN 03089S) Visakhapatnam who are the Statutory Auditors of the Company have been appointed by the members at the 31st Annual General Meeting (AGM) of the Company held on 26th September 2017 for a period of five years to hold office till the conclusion of AGM in 2022 subject to ratification of members at every year AGM. Accordingly, they retire at the conclusion of the ensuing AGM and are eligible for reappointment. Your Directors recommend for their reappointment at the AGM.

The Report given by M/s. s Rao & Kumar, Chartered Accountants on the financial statements of the Company for the year 2018-19 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act. Therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Companies Act, 2013.

Cost Auditors

Your Board has appointed M/s K. Narashima Murthy & Co., Hyderabad, Cost Accountants (FRN 000042) as Cost Auditors of the Company for conducting the audit of cost records of the Company. Your Board, on recommendation of the Audit Committee, proposes to re-appoint them as Cost Auditors for 2019-20, subject to the approval from Central Government.

Disclosure under Section 148(1) of the Companies Act, 2013

The Company has been maintaining required cost records as specified under Section 148(1) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 as mended from time to time.

Secretarial Auditors

CS Kamal Saboo has been proposed to be reappointed (CP No: 20802), Practicing Company Secretary as a Secretarial Auditor for the financial year 2018-19 and his secretarial audit report is attached to this Report in Annexure IV. There are no qualifications, adverse comments and observations in the secretarial audit report for the year 2018-19.

Cautionary Statement

Statements in this Annual Report, particularly those that relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations to enable shareholders and investors to comprehend our prospects. Although the expectations are based on reasonable assumptions, the actual results might differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as plant breakdowns, industrial relations etc.

Acknowledgements

Your Directors place 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 the continuance of this mutually supportive relationship in future and remains committed to delivering and enhancing shareholder value.

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

For and on behalf of the Board

Dr. A J Prasad
Chairman and Managing Director

Place: Hyderabad
August 13, 2019

ANNEXURE ON
Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo for the Financial Year 2018-2019.

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)

Sl.	Particulars	2018-19	2017-18
1	**Value of Imports (on accrual basis)**		
	Raw Materials, Components & Spares	11,654.61	13,887.18
	Capital items/ Equipment	214.28	54.71
2	**Expenditure in Foreign Currency**		
	Commission	245.30	217.46
	Traveling expenses	132.12	150.63
	Professional charges	949.65	177.81
	Marketing expenses	276.77	272.21
	Advances & Others	336.19	58.73
3	**Foreign Exchange Earnings (on accrual basis)**		
	Export sales	18,282.92	16,758.00
	Services	20.38	18.07

For and on behalf of the Board

Dr. A J Prasad
Chairman and Managing Director

Place: Hyderabad
Date : August 13, 2019

Annexure I

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 2018-19.

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:

(i) Entities

Name of the related party	Nature of relationship
SCIL Infracon Private Limited	Wholly owned subsidiary – Dormant Company
HBL Germany, GmbH	Wholly owned subsidiary
HBL America Inc, USA	Wholly owned subsidiary
Gulf Batteries Company Limited, KSA	Joint venture company.
HBL Suntech LLP	Subsidiary - HBL held 60% as a partner in LLP (name struck off and dissolved)
Naval Systems and Technologies Private Limited	Associate company
Barclays Wealth Trustees India Private Limited - Trusetee for Aluru Family Private Trust	Holding 49.41% shareholding in the Company.**

** No approval of Board / shareholders is required in this regard.

(ii) Key Managerial Personnel -

Name of the Key Managerial Personnel	Nature of relationship
Dr A J Prasad	Chairman and Managing Director
M S S Srinath	Executive Director
Kavita Prasad	Executive Director
MVSS Kumar	Company Secretary
K Sridharan	Chief Financial Officer

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 entities mentioned in table (a)(i) above, necessary approval was obtained at the 28th Annual General Meeting of the Company held on December 27, 2014. In respect of the related parties covered in table (a)(ii) approval of the Board was obtained as per the provisions of section 188 of the Act and rules made thereunder.

e. Amount paid as advances, if any: Nil

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

Corporate Social Responsibility (CSR) has been an important part of the HBL's overall philosophy of giving back to the society which was initiated even before the statutory mandate. The Company believes in undertaking business in a way that will lead to overall development of all stakeholders in and around the locations it operates. Achieving various means of social combination is the administrative ideology of the Company's CSR policy.

The focus areas of our CSR initiatives, as in the past, are education and skill development, livelihood based skills through sponsoring or tie-up with institutions, health and wellness, pre-school education for children below six years of age, providing safe drinking water to school children, promoting gender equality, eradication of undernourishment and rehabilitation of the under privileged communities through its CSR agenda. The Company's CSR activities made a difference to the society and the efforts of the Company were well appreciated in various press clippings. 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 comprising of Directors, CA. P Ganapathi Rao, Chairperson of the Committee. Mr. MSS Srinath, Kavita Prasad, Preeti Khandelwal, K V Sriram and Richa Datta are the members.

Prescribed CSR expenditure:

The Company has been spending on CSR focused programmes which have been approved by the CSR Committee and the Board. A budget of ₹128.30 Lakhs for FY 2018-19 was approved by the CSR Committee and the Board of Directors. Against the approved budget, the Company spent ₹107.35 Lakhs during the reporting period as per the statement below, which was higher than the minimum required spending being ₹106.12 Lakhs under the Companies Act, 2013 for the financial year 2018-19.

(₹ in Lakhs)

Sl	CSR Project	Project area	Spent directly	Spent through agencies	Total
1	Health and Education : Eradicating poverty, hunger, malnutrition, health and pre-school education for children below six years age	Shameerpet & Narsaraopeta	33.24	1.20	34.44
		Nandigaon & Bhoothpur	22.95	0.48	23.43
		Vizianagaram and VSEZ	40.20	-	40.02
2	Water: Providing safe drinking water to school children	Shameerpet	0.14	-	0.14
		Nandigaon & Bhoothpur	0.84	-	0.84
		Vizianagaram and VSEZ	0.05	-	0.05
3	Health: Promoting preventive health care through medical camps	Shameerpet	0.05	-	0.05
4	Livelihood: Providing livelihood enhancing skills, empowering women and youth	Shameerpet	0.10	-	0.10
		Nandigaon & Bhoothpur	0.08	-	0.08
		Vizianagaram and VSEZ	0.11	-	0.11
5	Education: Promoting quality of education for children by providing required facilities (Soft and Hard)	Shameerpet	0.40	-	0.40
		Nandigaon & Bhoothpur	0.35	-	0.35
		Vizianagaram and VSEZ	0.44	-	0.44

Sl	CSR Project	Project area	Spent directly	Spent through agencies	Total
6	Gender equality: Promoting education and gender equality through assisting finance to girl child and under privileged children	Shameerpet	1.43	-	1.43
		Nandigaon & Bhoothpur	0.05	-	0.05
		Vizianagaram and VSEZ	0.04	-	0.04
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	1.20	
8	To provide financial assistance to the projects related to skills development for differently abled and livelihood enhancement.	-	1.80	1.80	
9	Rural development projects - Village Development	-	2.20	2.20	
		Grand Total	**100.47**	**6.88**	**107.35**

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:

The CSR Committee hereby declares that implementation and monitoring of the CSR activities of the Company are in compliance with CSR objectives and policy of the Company.

Annexure III

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

[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
Karvy Fintech Private Limited (formerly 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, Power Electronics and Spun concrete products	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	SCIL Infracon Private Limited## Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015	U45400TG2007PTC054295	WOS	100%	2(87)
2	HBL America Inc. USA	Not applicable	WOS	100%	2(87)
3	HBL Germany GmBH, Germany	Not applicable	WOS	100%	2(87)

S. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Relevant Section
4	HBL Suntech LLP@@ 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034	AAA-6399	Subsidiary		
5	Naval Systems and Technologies Pvt Ltd. Plot563. Road 31 Jubilee Hills Hyderabad-500 033	U31403TG2006PTC051006	Associate	41%	2(6)
6	Kairos Engineering Limited **	U31400TG1998PLC029359	Associate(dissolved by name strike off)	23%	2(6)
7	Gulf Batteries Co. Ltd, KSA	Not applicable	Joint Venture	40%	2(6)

As has been reported in previous annual reports that the Company is not commercially active, the Board of Directors of SCIL has declared the Company to be dormant and necessary application has been made during the financial year to Ministry of Corporate Affairs to mark the Company as Dormant.

@@ The name of HBL Suntech LLP, was dissolved w.e.f.08.08.2018

** The name of Kairos Engineering Ltd was strike off w.e.f. 02.04.2018.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

a. Category-wise Share holding

Category	Category of Shareholders	No. of Shares held at the end of the year i.e. 31.03.2018				No. of Shares held at the end of the year i.e. 31.03.2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A . PROMOTERS										
1.	INDIAN									
a.	Individual /HUF	1,92,03,081	38,830	1,92,41,911	6.94	1,94,05,073	38,830	1,94,43,903	7.01	+0.07
b.	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	13,69,62,231	-	13,69,62,231	49.41	13,70,73,231	-	13,70,73,231	49.45	+0.04
d.	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**15,61,65,312**	**38,830**	**15,62,04,142**	**56.35**	**15,64,76,034**	**38,830**	**15,65,17,134**	**56.46**	**+0.11**
2.	**FOREIGN**									
a.	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
b.	Bodies Corporate	-	-	-	-	-	-	-	-	-
c.	Institutions	-	-	-	-	-	-	-	-	-
d.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter and Promoter Group (A)		**15,61,65,312**	**38,830**	**15,62,04,142**	**56.35**	**15,64,76,034**	**38,830**	**15,65,17,134**	**56.46**	**+0.11**
B	**PUBLIC SHAREHOLDING**									
1	Institutions									

Category	Category of Shareholders	No. of Shares held at the end of the year i.e. 31.03.2018				No. of Shares held at the end of the year i.e. 31.03.2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a.	Mutual Funds	96,46,200	-	96,46,200	3.48	72,00,000	-	72,00,000	2.60	-0.88
b.	Financial Institutions / Banks	3,18,835	4,000	3,22,835	0.12	7,16,207	4,000	7,12,207	0.26	+0.14
c.	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
d.	Venture Capital Funds	2,68,42,240	-	2,68,42,240	9.68	2,68,42,240	-	2,68,42,240	9.68	-
e.	Insurance Companies	-	-	-	-	-	-	-	-	-
f.	Foreign Institutional / Portfolio Investors	7,80,653	-	7,80,653	0.28	16,28,459	-	16,28,459	0.59	+0.31
g.	Foreign Venture Capital Investors	2,89,83,735	-	2,89,83,735	10.46	2,89,83,735	-	2,89,83,735	10.46	-
h.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i.	Others	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)		6,65,71,663	4,000	6,65,75,663	24.02	6,53,66,641	4,000	6,53,70,641	23.58	-0.44
2	Non- Institutions									
a.	Bodies Corporate	70,12,041	-	70,12,041	2.53	54,18,226	2,000	54,20,226	1.96	-0.57
b.	Individuals									
i.	Individuals holding nominal share capital upto ₹.2 lac	3,63,44,979	29,04,724	3,92,49,703	14.16	3,91,09,210	27,64,944	4,18,74,154	15.11	+0.95
ii.	Individuals holding nominal share capital in excess of ₹2 lac	25,76,340	-	25,76,340	0.93	28,16,340	-	28,16,340	1.02	+0.09
c.	Others	55,77,057	-	55,77,057	2.01	51,96,451	-	51,96,451	1.87	-0.14
Sub-Total (B) (2		**5,15,10,417**	**29,04,724**	**5,44,15,141**	**19.63**	**5,25,40,227**	**27,66,944**	**5,53,07,171**	**19.95**	**+0.32**
Total Public Shareholding Group (B		**11,80,82,080**	**29,08,724**	**12,09,90,804**	**43.65**	**11,79,06,868**	**27,70,944**	**12,06,77,812**	**43.54**	**-0.11**
C. Shares held by Custodians and against which depository Receipts have been issued-		-	-	-	-					-
GRAND TOTAL (A)+(B)+(C)		**27,42,47,392**	**29,47,554**	**27,71,94,946**	**100**	**27,44,24,002**	**28,09,774**	**27,71,94,946**	**100**	-

(b) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2018			Shareholding at the end of the year i.e. 31.03.2019			% Change during the year
		No. of Shares	% of total Shares	% of Shares Pledged	No. of Shares	% of total Shares	% of Shares Pledged	
1.	Dr. A J Prasad	24,25,243	0.87	0.00	24,25,243	0.87	0.00	-
2.	Kavita Prasad	94,22,131	3.40	0.00	91,24,123	3.29	0.00	-0.11
3.	Advay Bhagirath Mikkilineni	39,17,600	1.41	0.00	39,17,600	1.41	0.00	-
4.	MSS Srinath	19,06,920	0.69	0.00	19,06,920	0.69	0.00	-
5.	Mikkilineni Deeksha	15,31,187	0.55	0.00	20,31,187	0.73	0.00	+0.18
6.	A Uma Devi	38,830	0.01	0.00	38,830	0.01	0.00	-
7.	Barclays Wealth Trustees India Private Limited - Trusetee for Aluru Family Private Trust	13,68,40,231	49.37	0.00	13,69,51,231	49.41	0.00	+0.04
8.	Barclays Wealth Trustees India Private Limited - Mikkilineni Family Private Trust	1,22,000	0.04	0.00	1,22,000	0.04	0.00	-
	Total	**15,62,04,142**	**56.35**	**0.00**	1,5,65,17,134	56.46	0.00	**+0.11**

(c) Change in Promoters' Shareholding

SL. No	Name of the Shareholder	Beginning of the year		Date and nature of change	Increase/ Decrease		Cumulative	
		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	Kavita Prasad	94,22,131	3.40	Gifted to Daughter 5,00,000 shares on 31.01.2019 And acquired 204992 shares on various days	-2,98,008	-0.11	91,24,123	3.29
2	Barclays Wealth Trustees India Private Limited - Trustee for Aluru Family Private Trust	13,68,40,231	49.37	Acquired 111000 shares on various days.	+1,11,000	+0.04	13,69,51,231	49. 41
3	Mikkilineni Deeksha	15,31,187	0.55	Received gift from mother 5,00,000 shares on 31.01.2019	+5,00,000	0.18	20,31,187	0.73

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

SL. No	Top 10 Shareholders *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..*	Shareholding as at 01.04.2018		Cumulative Shareholding as at 31.03.2019	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Banyantree Growth Capital, L.L.C.	2,89,83,735	10.46	2,89,83,735	10.46
2	Oman India Joint Investment Fund	2,68,42,240	9.68	2,68,42,240	9.68
3.	IDFC Sterling Value Fund	58,00,000	2.09	58,00,000	2.09
4.	IDFC Tax Advantage (ELSS) Fund	14,00,000	0.51	14,00,000	0.51
5.	Bharat Taparia	10,90,000	0.39	10,90,000	0.39
6.	Investor Education And Protection Fund Authority	9,72,210	0.35	9,72,210	0.35
7.	The Emerging Markets Small Cap Series of the DFA	6,01,914	0.22	6,27,675	0.23
8.	Ganesh Srinivasan	5,00,000	0.18	5,00,000	0.18
9.	Viraj Impex Private Limited	-	0.00	4,20,000	0.15
10.	ICICI Bank Limited	3,20,826	0.12	4,10,016	0.15

(e) Shareholding of Directors and Key Managerial Personnel:

SL. No	Beneficiary Account no	Name of the Shareholder	Date	Shareholding as at 01.04.2018		Cumulative Shareholding	
				No. of shares	% of total shares	No. of shares	% of total shares of the company
1	IN303559-10011800	Dr. A J Prasad	01.04.2018	24,25,243	0.87		
			31.03.2019			24,25,243	0.87
2	IN303559-10001640	MSS Srinath	01.04.2018	19,06,920	0.69		
			31.03.2019			19,06,920	0.69
3	IN303559-10001666	Kavita Prasad	01.04.2018	94,22,131	3.40		
			31.03.2019			91,24,123	3.29

f. **Indebtedness: Indebtedness of the Company including interest outstanding / accrued but not due for payment as at March 31, 2019**

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness in Lakhs
Indebtedness at the beginning of the financial year				
i. Principal Amount	2,268.29	379.66	-	2,647.95
ii. Interest due but not paid				
iii. Interest accrued but not due	12.41	-	-	12.41
Total (i+ii+iii)	2,280.70	379.66	-	2,660.36
Change in indebtedness during the financial year				
- Addition	1,287.83	-	-	1,287.83
- Reduction	(1,362.89)	(348.17)	-	(1,711.06)
Net Change	2,205.63	31.49	-	2,237.12
Indebtedness at the end of the financial year				
i. Principal Amount	2,191.74	31.49	-	2,223.23
ii. Interest due but not paid				
iii. Interest accrued but not due	13.90	-	-	13.90
Total (i+ii+iii)	2,205.64	31.49	-	2,237.13

g. **Remuneration of Directors and Key Managerial Personnel**

(i). **Remuneration to Managing Director, Whole-time Directors and / or Manager:**

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total
		Dr. A J Prasad	MSS Srinath	Kavita Prasad	
1	Total Salary (₹)	96.15	50.55	30.83	177.53
2.	Commission on profit (₹)	101.59	-	-	101.59
	Total	**197.74**	**50.55**	**30.83**	**279.12**

(ii). **Remuneration to other Directors:**

Fee for attending board / committee meetings: Independent Directors	Amount (₹)
CA. P Ganapathi Rao	1,90,000
Preeti Khandelawal	55,000
K V Sriram	1,35,000
Richa Datta	40,000
M C Mohan	40,000
Total	**4,60,000**

(iii). **Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

Sr. No	Particulars of Remuneration	Name of Key Managerial Personnel		Total
		MVSS Kumar Company Secretary	K. Sridharan CFO (w.e.f. 12.11.2018)	
	Total Salary	22.61	18.66	41.27

h. **Penalties / Punishment/ Compounding of Offences: There were no penalties, punishment or compounding of offences during the year ended March 31, 2019.**

Annexure IV

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

I have conducted the secretarial audit for compliance of applicable statutory provisions and 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 authorized 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, 2019 (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, 2019 and were made available to me, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies (Amendment) Act, 2017 (to the extent notified and applicable);

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') (as amended by the Finance Act, 2017) and the rules made thereunder;

iii. The Depositories Act, 1996 (as amended by the Finance Act, 2017) 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 (as amended from time to time);

v. Compliance report with respect to Securities and Exchange Board of India Act, 1992 ('SEBI Act'), various listing and other Regulations prescribed by SEBI have been covered in my Annual Secretarial Compliance Report dated May 27, 2019, copy of which is annexed to this report as Annexure B, issued for the financial year ended March 31, 2019 pursuant to SEBI circular No. CIR/CFD/CMD1/27/2019 dated Feb 08, 2019 and therefore specific comment under this para has not been made separately.

I have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors (SS -1) and General Meetings (SS -2) issued by The Institute of Company Secretaries of India and the revised Secretarial Standards (SS - 1) and (SS - 2) for the time being in force.

I have also examined compliance with the applicable clauses of the Uniform Listing Agreement entered by the Company with the Bombay Stock Exchange and National Stock Exchange effective from March 23, 2016.

I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Notifications, Guidelines, Circulars, Secretarial Standards and the Uniform Listing Agreement issued by the appropriate authorities in this regard mentioned above.

The Company does not have any Foreign Direct Investments and External Commercial Borrowings.

I further report that, there were no events / actions requiring compliance thereof by the Company during the Audit Period in pursuance of:

a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Guidelines, 2014.

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 a test-check basis, the Company has complied with specifically applicable laws including any statutory modification or re-enactment thereof for the time being in force and the rules, regulations, guidelines, notifications, circulars framed thereunder:

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 Board of Directors of the Company was duly constituted with proper balance of 3 (Three) Executive Directors, 7 (Six) Non-Executive Directors out of which 5 (Five) are Independent Directors including 2 (Two) Women Director. During the Audit Period, 3 (three) Directors were appointed in compliance with the applicable provisions of the Act.

I further report that, the Key Managerial Personnel as required under the Act were duly appointed by the Company.

Adequate notice was given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent 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.

As per the Minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were with requisite majority.

I further report that, based on the review of the compliance reports submitted by the management of the Company, I am of the opinion that there were 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 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.

Place: Hyderabad
Date : 06.06.2019

Kamal Saboo
Company Secretary in Practice
ACS No.: 20902, CP No.: 20802

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,
Registered Office: 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 account of the Company.
5. Wherever 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 : 06.06.2019

Kamal Saboo
Company Secretary in Practice
ACS No.: 20902, CP No.: 20802

Annexure – 'B'

Secretarial compliance report of HBL Power Systems Limited for the year ended March 31, 2019

I, Kamal Saboo, Practicing Company Secretary, have examined:

a. all the documents and records made available to me and explanation provided by HBL Power Systems Limited ("HBL"/"the listed entity"),

b. the filings/ submissions made by the listed entity to the stock exchanges,

c. website of the listed entity,

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

for the year ended March 31, 2019 ("Review Period") in respect of compliance with the provisions of :

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

ii. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

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

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

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

iv. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

v. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

vi. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

vii. Securities and Exchange Board of India(Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013;

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

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

a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:- No such instances

b. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.

c. No action has been taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

d. The listed entity has taken the following actions to comply with the observations made in previous reports: **Not Applicable**

Name of the PCS: **Kamal Saboo**
ACS No.:20902 CP No. :20802

Date: 27.05.2019
Place: Hyderabad

Report on Corporate Governance

FOR THE YEAR 2018-19

I.Corporate governance and Company's philosophy:

The Directors present a Report on corporate governance for the year ended on March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In HBL, corporate governance philosophy is based on trusteeship, transparency and accountability. As a corporate unit, the Company's business fosters a culture of ethical behavior and disclosures aimed at building trust of stakeholders. The Company's philosophy on corporate governance supervises business policies and safeguards fiscal responsibility, principled corporate performance and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company's governance framework is based on the principles of fair, transparent and ethical governance practices. The Company has implemented a Code of Conduct for its employees including the Chairman & Managing Director, the Executive Directors and senior management personnel. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("the Act"). The Company's corporate governance philosophy has been further strengthened through Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code").

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance.

II. Board of Directors

- The Company has an appropriate composition and size of the Board, with each member bringing in expertise in their respective domain. As on March 31, 2019, the Board of Directors of your Company comprises of an Executive Chairman and Managing Director, two Executive Directors, seven non-executive directors (i.e. 70% of Board) of which five are independent directors with two woman independent directors (i.e. 40%). Out of the total number of Board members 3 are women directors (i.e. 30%). The company is in compliance with the requirements of Section 149 of the Companies Act 2013 (the Act) and Regulation 17 of the SEBI Listing Regulations. Information is made available to the members of the Board and Board Committees to enable them to discharge their fiduciary duties.
- 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 chairperson 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, 2019 have been made by the directors. None of the directors is related to each other except Dr. A J Prasad, Mrs. Kavita 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 along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. As per Regulation 17A of the Listing Regulations, Independent Directors of the Company do not serve as Independent Director in more than seven listed companies.
- The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. Four Board meetings were held during the reporting period and the gap between two meetings did not exceed one hundred twenty days. Necessary quorum was present for all the meetings. The said meetings were held on May 28, 2018; August 10, 2018; November 12, 2018 and February 11, 2019.
- The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies as on March 31, 2019 are given below. Other

directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Name of the Director	Category #	Board meetings attendance during the year	Attendance at last AGM held on September 27, 2018	Directorships in other Public Companies @		Committee positions held in other Public Companies	
				Chairman	Member	Chairman	Member
Dr. A J Prasad Chairman and Managing Director (DIN: 00057275)	PED	4	Yes	-	-	-	-
MS S Srinath Executive director (DIN:00319175)	ED	4	Yes	-	-	-	-
CA. P Ganapathi Rao (DIN: 00089685)	NEID	4	Yes	-	-	-	-
Preeti Khandelwal (DIN: 00027999)	NEID	1	No	-	-	-	-
Ajay Bhaskar Limaye (DIN: 02762738)	NENID	2	No	-	-	-	-
K V Sriram (DIN: 00073911)	NEID	3	NA	-	2	-	-
Richa Datta (DIN: 08084501)	NEID	1	NA	-	-	-	-
Kavita Prasad** Executive director (DIN:00319292)	ED	3	No	-	-	-	-
M C Mohan** (DIN: 00633439)	NEID	1	No	-	1	-	1
Abhishek G Poddar** (DIN:07143528)	NENID	3	No	-	2	-	-
Mitin Jain** (DIN: 06390954)	NENID	1	No	-	1	-	-

Note:

** Abhishek G Poddar was appointed in place of Mitin Jain w.e.f. 10.08.2018. M C Mohan and Kavita Prasad were appointed w.e.f 10.08.2018.

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 public entities excluding this company.

- Disclosure pursuant to Part C of Schedule V of the SEBI LODR: M C Mohan (DIN00633439) is an independent Director in Kerala Ayurveda Limited (CIN: L24233KL1992PLC006592) from 29th September 2007. He is also a member of Audit Committee of the Board of Directors of Kerala Ayurveda Limited. No other Director of HBL is a Director in any other listed entity.
- Video / tele-conferencing facilities are also used when necessary to facilitate directors travelling abroad or at other locations to participate in the meetings.
- Information mentioned in Part A of Schedule II of the SEBI Listing Regulations was placed before the Board for its consideration wherever applicable during the reporting period.
- During the reporting period a meeting of the Independent Directors was held on February 11, 2019 for review of performance

of Non-Independent Directors, Chairman and the Board as a whole.

- Status on compliance of applicable laws was periodically reviewed by the Board. Details of equity shares of the Company held by the directors as on March 31, 2019 are given below. The Company has not issued any convertible instruments.

Name	Category	No of equity shares of ₹ 1 each
Dr. A J Prasad	Chairman and Managing Director	24,25,243
MSS Srinath	Executive Director	19,06,920
Kavita Prasad	Executive Director	91,24,123

- Disclosure pursuant to (h) of Part C of Schedule V of the SEBI LODR: The Board has identified the following skills/expertise/ competencies for the effective functioning of the Company which are currently available with the Board:

Domestic and International Business	Complete knowledge of domestic and international business needs and changes, across various geographical markets, industry and product verticals and governing .influences
Business Strategy	Long term appreciation of trends, calculated choices and involvement in guiding .and leading organization teams to make judgments in uncertain environments
Governance	Knowledge in emerging governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-.term effective stakeholder engagements and driving corporate ethics and values

III. Committees of the Board

(1) There are four statutory committees of the Board as on March 31, 2019, details of which are as follows:

<table>
<tr><th>Name of the Committee</th><th>Category and composition</th><th>Extract of terms of reference</th><th>Other details</th></tr>
<tr>
<td>Audit Committee</td>
<td>
<table>
<tr><th>Name</th><th>*Category</th></tr>
<tr><td>CA. P. Ganapathi Rao (Chairperson)</td><td>NEID</td></tr>
<tr><td>Preeti Khandelwal</td><td>NEID</td></tr>
<tr><td>MSS Srinath</td><td>ED</td></tr>
<tr><td>K. V. Sriram</td><td>NEID</td></tr>
<tr><td>Richa Datta</td><td>NEID</td></tr>
<tr><td>Kavita Prasad @</td><td>ED</td></tr>
</table>

@ Kavita Prasad was appointed on August 10, 2018 and confirmed at the AGM held on 27.09.2018.
</td>
<td>Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act.

• Oversight of financial reporting process.

• Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval.

• Evaluation of internal financial controls and risk management systems.

• Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.

• Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.</td>
<td>• Four meetings of the Audit Committee were held during the year and the gap between two meetings did not exceed one hundred and twenty days.

• Committee invites head of the finance function, representatives of the statutory auditors, cost and internal auditors, as it considers appropriate, to be present at its meetings.

• The Company Secretary acts as the Secretary to the Audit Committee.

• The previous AGM of the Company was held on September 27, 2018 and was attended by CA P. Ganapthi Rao, Chairman of the Audit Committee.</td>
</tr>
</table>

<table>
<tr><th>Name of the Committee</th><th>Category and composition</th><th>Extract of terms of reference</th><th>Other details</th></tr>
<tr><td>Nomination and Remuneration Committee</td><td><table><tr><td>Name</td><td>*Category</td></tr><tr><td>CA. P. Ganapathi Rao (Chairperson)</td><td>NEID</td></tr><tr><td>Preeti Khandelwal</td><td>NEID</td></tr><tr><td>K. V. Sriram</td><td>NEID</td></tr><tr><td>Richa Datta</td><td>NEID</td></tr><tr><td>Abhishek G Poddar@</td><td>NENID</td></tr></table>
@ Abhishek G Poddar was appointed on August 10, 2018 and confirmed at the AGM held on 27.09.2018.</td><td>Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act.
• Recommends to the Board its composition and the set up and composition of the committees.
• Recommends to the Board the appointment / re-appointment of Directors and Key Managerial Personnel (KMP).
• 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.
• Recommends to the Board the Remuneration Policy for directors, executive team, Key Managerial Personnel, as well as the rest of employees.
• 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.
• Oversee familiarization programmes for directors.</td><td>Three Nomination and Remuneration Committee meetings were held during the year on 28.05.2018, 10.08.2018 and 11.12.2018.
• The Company does not have any Employee Stock Option Scheme.
• Details of Performance Evaluation Criteria and Remuneration Policy are provided in this report.</td></tr>
<tr><td>Stakeholders Relationship Committee</td><td><table><tr><td>Name</td><td>*Category</td></tr><tr><td>CA. P. Ganapathi Rao (Chairperson)</td><td>NEID</td></tr><tr><td>Preeti Khandelwal</td><td>NEID</td></tr><tr><td>K. V. Sriram</td><td>NEID</td></tr><tr><td>Richa Datta</td><td>NEID</td></tr><tr><td>MSS Srinath</td><td>ED</td></tr><tr><td>Kavita Prasad@</td><td>ED</td></tr></table>
@ Kavita Prasad was appointed on August 10, 2018 and confirmed at the AGM held on 27.09.2018.</td><td>Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.
• Consider and resolve the grievances of security holders.
• Consider and approve issue of share certificates, transfer and transmission of securities, etc.</td><td>Fifteen meetings of the Stakeholders' Relationship Committee were held during the year.
• The Company has always valued its customer relationship. This philosophy has been extended to investor relationship. The Committee focuses on servicing the needs of various stakeholders viz., investors, analysts, brokers and the general public.
• Details of investor complaints and the Compliance Officer are provided in this report.</td></tr>
</table>

<table>
<tr><th>Name of the Committee</th><th>Category and composition</th><th>Extract of terms of reference</th><th>Other details</th></tr>
<tr><td>Corporate Social Responsibility (CSR) Committee</td><td>
<table>
<tr><td>Name</td><td>*Category</td></tr>
<tr><td>CA. P. Ganapathi Rao (Chairperson)</td><td>NEID</td></tr>
<tr><td>Preeti Khandelwal</td><td>NEID</td></tr>
<tr><td>MSS Srinath</td><td>ED</td></tr>
<tr><td>K. V. Sriram</td><td>NEID</td></tr>
<tr><td>Richa Datta</td><td>NEID</td></tr>
<tr><td>Kavita Prasad@</td><td>ED</td></tr>
</table>
@ Kavita Prasad was appointed on August 10, 2018 and confirmed at the AGM held on 27.09.2018.
</td><td>Committee is constituted in line with the provisions of Section 135 of the Act.
• 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 mentioned in the CSR Policy.
• Monitor the CSR Policy.</td><td>Two meetings of the CSR Committee were held during the year.</td></tr>
</table>

* Category: ED: Executive Director; NEID: Non-Executive Independent Director; NED: Non-Executive Director and NENID : Non-Executive Non-Independent Director

(2) Stakeholder Relationship Committee – Other details

a. Name, designation and address of the compliance officer:
MVSS Kumar, Company Secretary
HBL Power Systems Limited
8-2-601, Road 10, Banjara Hills, Hyderabad– 500034
Ph: 040-23355575, fax No. 040-23355048
Email: investor@hbl.in

b. Details of investor complaints received and redressed during the year are as follows:

Opening balance	Received during the year	Resolved during the year	Closing balance
NIL	293	293	NIL

(3) Nomination and Remuneration Committee - other details

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 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 as well as that of the Executive Directors.

(4) Details of remuneration and fees paid during the year.

a. Directors' remuneration for the year 2018-19

(₹ in Lakhs)

Name of the Director	Designation	Remuneration paid	Commission Paid	Total
Dr. A J Prasad	Chairman and Managing Director	96.15	101.59	197.74
MSS Srinath	Executive Director	50.55	-	50.55
Kavita Prasad	Executive Director	30.83	-	30.83
Total		**177.53**	**101.59**	**279.12**

Kavita Prasad, Executive Director (who is a relative of the Chairman and Managing Director and MSS Srinath, Executive Director) has been paid ₹. 7.03 Lakhs as rental charges for a premises owned by her, which was leased by the Company.

b. Independent Directors were paid sitting fees for the board meetings in 2018-19.

Name of Directors	Board meetings	Committee meeting (for all)	Sitting fees paid
CA. P Ganapathi Rao	4	10	1,90,000
Preeti Khandelawal	1	1	55,000
K V Sriram	3	7	1,35,000
Richa Datta	1	2	40,000
M C Mohan*	1	2	40,000
Total			**4,60,000**

* M C Mohan was appointed as Additional Director on August 10, 2018 and his appointment was confirmed by the members at AGM held on September 27, 2018.

(5). Number of committee meetings held and attendance record:

(i) Number of committee meetings

Name of the Committee	Audit Committee	Nomination and Remuneration committee	Stakeholders Relationship Committee	CSR Committee
Number of meetings held and dates on which meetings were held	Four meetings held on 28.05.2018; 10.08.2018; 12.11.2018; and 11.02.2019	Three meeting held on 28.05.2018; 10.08.2018 and 12.11.2018	Fifteen meetings held on 09.05.2018; 16.08.2018; 29.08.2018; 24.09.2018; 11.10.2018; 31.10.2018; 20.11.2018; 04.12.2018; 15.12.2018; 24.12.2018; 10.01.2019; 14.01.2019; 31.01.2019; 06.02.2019 and 13.03.2019	Two meetings held on 28.05.2018; and 12.11.2018;

(ii) Attendance record

Name of the Committee	Audit Committee	Nomination and Remuneration committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee
Name of the committee member				
MSS Srinath	4	-	15	2
CA. P Ganapathi Rao	4	1	15	2
Preeti Khandelwal	1	1	15	2
Mitin Jain**	-	1	-	-
K V Sriram	3	-	15	2
Richa Datta	1	-	1	-
M C Mohan	1	-	-	-
Kavita Prasad	3	-	14	1
Abhishek G Poddar**	-	1	-	-

** Abhishek G Poddar was appointed in place of Mr. Mitin Jain w.e.f. 10.08.2018

IV. General Meetings

(1) (a) Annual General Meetings:

Date	Venue	Time
September 29, 2016	Federation of Telangana Chamber of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004	4.00 pm
September 26, 2017		
September 27, 2018		

(a) Extraordinary General Meeting:

No extraordinary general meeting was held during the financial year 2018-19.

(b) Special Resolutions:

Three special resolutions were passed by the Company in its previous AGM held in 2018.

(2) Details of special resolution passed through postal ballot:

No resolution was passed by postal ballot during the reporting period.

(3) Disclosure pursuant to Clause 10(i) in Part C of Schedule V of the SEBI LODR: A certificate has been received from CS Kamal Saboo, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

(4) Disclosure pursuant to Clause 10(k) in Part C of Schedule V of the SEBI LODR:

Particulars	Amount in Lakhs
Statutory audit	33.00
Certifications	12.00
Total (excluding GST)	45.00

V. Other disclosures

Particulars	Legal requirement	Details
Related party transaction	Regulation 23 of the SEBI Listing Regulations and as defined under the Act	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. However, there are no material related party transactions during the year that have conflict of interest of the Company.
Details of Non - Compliance by the Company	Schedule V(C) 10(b) to the SEBI Listing Regulations	There were no cases of non-compliance during the last three financial years 2016-17, 2017-18 and 2018-19.
Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has a general Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company. The same is available on the website of the company at ***http://hbl.in/whistle-blower-policy.pdf***
Subsidiary Companies	Regulation 24 of SEBI Listing Regulations	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. However, the financial statements of the subsidiaries are available on the website of the company at ***http://hbl.in/investors-continue.php.***

Particulars	Legal requirement	Details
Code of Conduct	Regulation 17 of SEBI Listing Regulations	The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2019. The Annual Report of the Company contains a certificate by the Chief Executive Officer and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. The code is made available on the website of the company at ***http://hbl.in/reports/code_of_conduct_directors.pdf.***
Dividend Distribution Policy	Regulation 43A of the SEBI Listing Regulations	Dividend is paid on the recommendation of the Board of Directors and approval of the members in their meeting. The policy is made available on the website of the company at ***http://hbl.in/reports/dividend distribution policy.pdf.***
Risk management	Non-mandatory	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.
Non-mandatory requirement	Non-mandatory	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.
Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	Non-mandatory	Details have been disclosed in the Directors' Report

VI. Means of communication

The quarterly, half-yearly and annual financial results of the Company are published in newspapers viz. Financial Express in English and Nava Telangana in Telugu. The results are also displayed on the Company's website www.hbl.in/investor. Statutory notices are published in Financial Express in English and Nava Telangana in Telugu. Financial Results, Statutory Notices after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited and BSE Limited as well as uploaded on the Company's website. A Management Discussion and Analysis Report is a part of this Annual Report.

VII. General shareholder information

1	Forthcoming Annual General Meeting - Date, Time & Venue	September 26, 2019 at 4.00 PM KLN Prasad Auditorium, Federation of Telangana Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004
2.	Financial year	2018-19
	Financial reporting:	
	First quarter ending 30/06/18	August 10, 2018
	Half-year ending 30/09/18	November 12, 2018
	Third quarter ending 31/12/18	February 11, 2019
	Audited annual results	Standalone : May 30, 2019
		Consolidated : August 13, 2019
3.	Dates of book-closure	20.09.2019 to 26.09.2019 (both days inclusive)
4.	Dividend recommended (subject to approval of shareholders at AGM)	Dividend on equity share capital @ 30 %
5.	Registered office and Secretarial office	8-2-601, Rd. No.10, Banjara Hills, Hyderabad- 500 034 Contact person: Company Secretary Phone: 040-2335 5575, Fax: 040-2335 5048 E-Mail: contact@hbl.in; investor@hbl.in
6.	Registrars for Electronic Transfer and Physical Transfer of Shares	Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032 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. Thumkunta, Shameerpet, RR Dist, TS 7. Narsaraopeta, AP
8.	Listing on Stock Exchanges	BSE Limited (BSE)
		National Stock Exchange of India Limited (NSE)
9.	Stock Code	BSE: 517271 and NSE: HBLPOWER
	ISIN number	INE 292B01021
	Corporate Identity Number (CIN)	L40109TG1986PLC006745

VIII. Distribution of shareholding as on March 31, 2019

Shareholder category	No. of shares held	% of shares held
a. Indian promoters and relatives	15,65,17,134	56.46
b. Foreign promoters	Nil	Nil
c. Foreign collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	12,06,77,812	43.54
Total	**27,71,94,946**	**100.00**

IX. Distribution Schedule (based on folios) as on March 31, 2019 is as follows

S.No	Category	No of Shareholders	% of Shareholders	No. of shares	% to total equity
1	1-5000	45,651	96.88	2,58,68,113	9.33
2	5,001- 10,000	820	1.74	62,07,820	2.24
3	10,001- 20,000	345	0.73	48,74,527	1.76
4	20,001- 30,000	116	0.25	28,97,590	1.04
5	30,001- 40,000	63	0.13	21,36,012	0.81
6	40,001- 50,000	29	0.06	13,91,932	0.50
7	50,001- 1,00,000	45	0.10	33,14,176	1.20
8	1,00,001& Above	52	0.11	23,04,07,050	83.12
	Total:	**47,121**	**100.00**	**27,71,94,946**	**100.00**

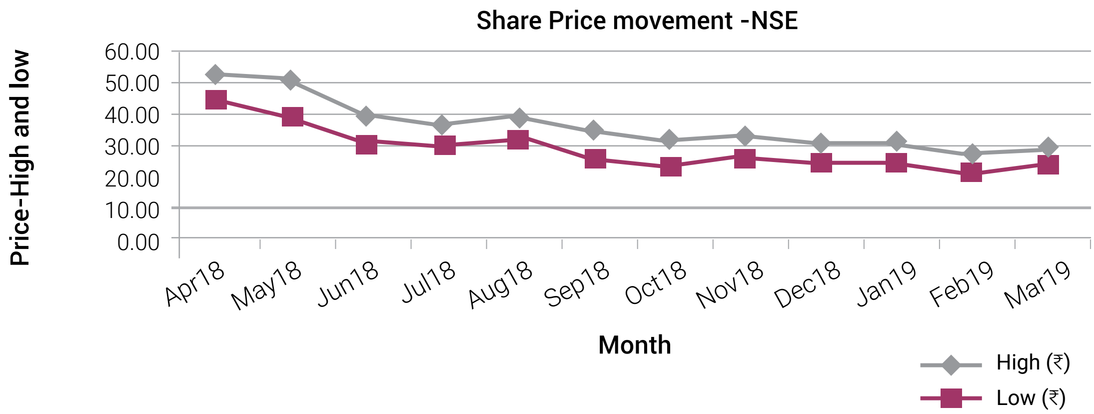
X. Top ten shareholders as on March 31, 2019 (other than promoters / promoters group)

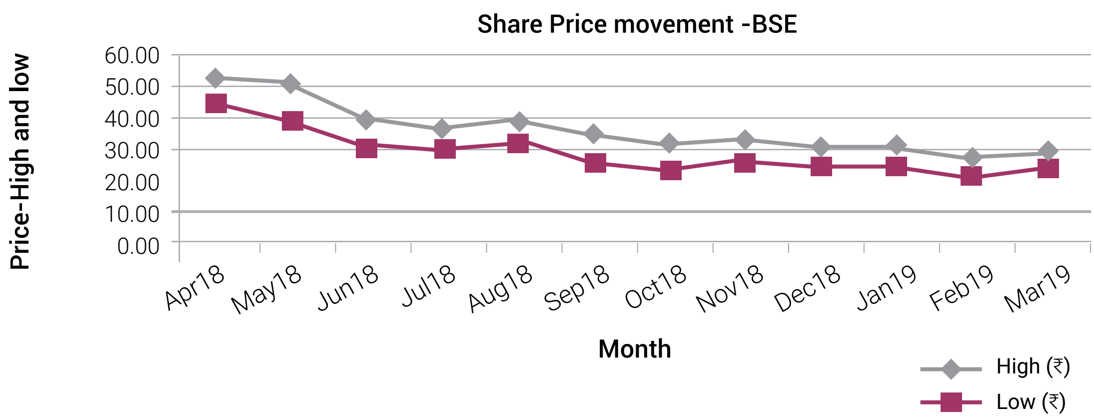
S.No	Name of the shareholder Shareholding is consolidated based on permanent account number (PAN) of the Shareholder.	No. of Shares of Re1 each	% of total shares of the company
1	Banyantree Growth Capital, L.L.C.	2,89,83,735	10.46
2	Oman India Joint Investment Fund	2,68,42,240	9.68
3.	IDFC Sterling Value Fund	58,00,000	2.09
4.	IDFC Tax Advantage (ELSS) Fund	14,00,000	0.51
5.	Bharat Taparia	10,90,000	0.39
6.	Investor Education And Protection Fund Authority	9,72,210	0.35
7.	The Emerging Markets Small Cap Series of the DFA	6,27,675	0.23
8.	Ganesh Srinivasan	5,00,000	0.18
9.	Viraj Impex Private Limited	4,20,000	0.15
10.	ICICI Bank Limited	4,10,016	0.15

XI. Stock market price data during 2018-19

Stock market price (high, low based on closing prices) and number of equity shares traded during each month in the year 2018-19 on NSE and BSE:

Month	BSE Limited			National Stock Exchange		
	Price		No. of shares traded	Price		No. of shares traded
	High	Low		High	Low	
Apr-18	52.90	44.50	14,46,174	52.85	44.30	65,15,590
May-18	50.40	39.00	17,16,956	50.50	39.05	72,00,615
Jun-18	39.00	31.10	10,63,792	39.50	31.15	72,01,878
Jul-18	36.35	30.45	8,64,926	36.40	30.40	60,11,110
Aug-18	38.90	32.20	8,41,217	38.95	32.15	47,05,093
Sep-18	34.95	26.20	8,25,713	35.10	26.25	34,09,468
Oct-18	32.50	24.00	7,20,222	32.25	23.60	56,02,869
Nov-18	33.00	26.35	3,09,065	32.90	26.45	43,43,595
Dec-18	30.40	24.80	4,43,828	30.55	25.00	35,49,477
Jan-19	30.60	24.50	4,53,177	30.90	24.50	41,44,318
Feb-19	26.90	22.05	2,96,612	27.20	21.85	26,44,571
Mar-19	29.75	24.45	6,34,734	29.20	24.05	44,83,180





XII. 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.

XIII. Transfer of unpaid / unclaimed dividend amount and shares to Investor Education and Protection Fund:

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, shares in respect of the dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority except for the cases of shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares. The provisions relating to transfer of shares in to the account of IEPF Authority were made effective by the Ministry of Corporate Affairs, vide its Notification dated October 13, 2017 read with the circular dated October 16, 2017.

The Company during the year was not required to transfer any shares to IEPF representing unclaimed dividends for 7 consecutive years or more.

The members who have a claim on dividends and shares already transferred to IEPF in the year 2017, may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

The Company has transferred the balance of unclaimed dividend amount of ₹.2,51,097/- for Financial Year 2010-2011 to the Central Government's Investor Education and Protection Fund (IEPF) account on October 12, 2018. 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	Financial year	Date of declaration	Rate of dividend	Total dividend declared ₹	Unclaimed dividend as on 31.03.2019 ₹	Due for transfer to IEPF
26th	2011-12	24.12.2012	15%	3,79,50,000	4,57,203	30.01.2020
27th	2012-13	28.09.2013	15%	3,79,50,000	3,77,868	04.11.2021
28th	2013-14	27.12.2014	20%	5,06,00,000	5,35,381	02.02.2022
29th	2014-15	29.09.2015	20%	5,06,00,000	5,25,985	05.11.2023
30th	2015-16	29.09.2016	25%	6,32,50,000	6,44,249	05.11.2024
31st	2016-17	26.09.2017	25%	6,93,01,502	6,60,935	02.11.2025
32nd	2017-18	27.09.2018	25%	6,92,98,737	5,92,920	03.11.2026

XIII. Share transfer system

Transfer of equity shares in electronic form is done through the depositories with no involvement of the Company. Transfer of equity shares in physical form is processed by Karvy Fintech Private Limited (formerly known as Karvy Computershare Private Limited) within 10 to 12 working days from the date of receipt, if the documents are complete in all respects. The Stakeholders Relationship Committee is authorised to approve transfers.

XVI. Dematerialization of shares and liquidity as on March 31, 2019

Form of existence	Agency	No of Share Holders	No of shares	% of Total Issued Capital
Demat	Central Depositaries Securities Limited	20,329	1,88,29,536	6.79
Demat	National Securities Depositories Limited	24,648	25,55,55,636	92.20
Physical	-	2,144	28,09,774	1.01
	Total	47,121	27,71,94,946	100.00

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 98.99% of the Company's equity share capital are dematerialised as on March 31, 2019. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 292BO1021.

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, 2019

XV. CMD and CFO certification

The certificate from Chairman and Managing Director and Chief Financial Officer 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.

XVI. Compliance certificate

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

XVII. Cautionary statement

This Annual Report contains certain statements in the Management Discussion and Analysis describing the Company's view about the industry, objectives and expectations etc. which may be classified as 'forward looking statements' within the meaning of applicable laws and regulations. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. Actual results may differ substantially or materially from those expressed or implied in the statement. The Company's operations may be affected by a number of factors such as supply and demand situation, market competition, input prices and their availability, economic developments, changes in Government regulations, tax laws and other external factors. Investors should bear the above in mind and not to place undue reliance on forward-looking statements.

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, 2019.

For and on behalf of the Board

Place: Hyderabad
Date: August 13, 2019

Dr A J Prasad
Chairman & Managing Director

CEO AND CFO CERTIFICATION

We, A J Prasad, Chairman and Managing Director and Mr. K Sridharan, CFO, 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 Ind AS 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.

Dr A J Prasad
Chairman and Managing Director

Mr. K Sridharan
Chief Financial Officer

Place: Hyderabad
Date: August 13, 2019

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 pursuant to 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 for the financial year ended March 31, 2019. 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, and representation made by the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, for the financial year ended March 31, 2019.

I my opinion, based on information and according to the explanations given to me, and representation made by the management, I hereby certify that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

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

Kamal Saboo
Company Secretary in Practice
FCS No.: 20902, CP No.: 20802

Place: Hyderabad
Date: August 13, 2019

IMPORTANT COMMUNICATION TO MEMBERS

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

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses by writing an e-mail to ***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).

Financial
Statements

For comprehensive annual report 2018-19, please visit
http://www.hbl.in/reports/annualreport2019.pdf

Independent Auditors' Report

To
The Members of
HBL Power Systems Limited,
Hyderabad

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone Ind As financial statements of **HBL Power Systems Limited Hyderabad,("the Company")** which comprise the Balance Sheet as at March 31, 2019, the statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.(hereinafter referred to as " the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that in our professional judgment were of most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's response
Recognition, measurement, estimation, presentation and disclosures in view of adoption of new Ind AS 115 on "Revenue from contracts with Customers" The application of the new Ind AS 115 from current year involves certain key judgments, estimation, identification of distinct performance obligations, determination of transaction price, measurement of revenue recognition and disclosures including presentations of balances in the financial statements. Refer Note 42.3 to the financial statements.	We assessed the Company's internal process for adoption and evaluating the impact of new Ind AS. Our audit approach comprised of design and testing of effectiveness of internal controls and procedures, which was as follows. • Evaluated the process of implementation of the new Ind AS on revenue recognition and effectiveness of controls over the preparation of information that is designed to ensure completeness and accuracy. • Selected a sample of existing continuing contracts and new contracts, and tested the operative effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. • Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue and presentation of contract balances and trade receivables in accordance with the Ind AS • Performed analytical procedures for reasonableness of revenue including the consideration of comparisons of the financial information, population, relationship and applying concept of materiality

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in management report and chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the 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, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, We are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other Legal and Regulatory requirements

(1) As required by the Companies (Auditor's Report) Order, 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 paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.

(c) The balance sheet, the statement of profit and loss and statement of changes in equity and the cash flow statement dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the Directors as on March 31, 2019, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) 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", and

(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:

i. The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38.2 to the standalone financial statements.

ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For **Rao & Kumar**
Chartered Accountants
Firm Registration No: 03089S

Place: Hyderabad
Date: 30.05.2019

S.S.Bharadwaj
Partner
Membership No. 26113

Annexure - A

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) 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.

(c) 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. 4.2 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:

(₹ in Lakhs)

Fixed Asset	No. of Cases	Gross block as at March 31, 2019	Net block as at March 31, 2019
Freehold Land	8	508.83	508.83
Non-Factory Buildings	2	118.44	79.05
Total	10	626.27	587.88

(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. As there are no outstanding loans as at March 31, 2019, Paragraph 3 (iii) (a) to (c) of the Order is considered inapplicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 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, Goods and Services Tax (GST) and other statutory dues with the appropriate authorities

(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 March 31, 2019
Excise Act	Duty on Intermediate goods for the period from 1994-95 to 1998-99.	94.85	Departmental Appeal before High Court, Mumbai
Excise Act	Duty relating to irregular availment of benefit for the period 2010-11, Feb – May 2013, Dec-08 to March 13 and Feb-14 to Dec- 14	433.03	CESTAT, Hyderabad
Excise Act	Duty relating to irregular availment of CENVAT credit for 2014-15 and duty on receipt of sales tax reimbursement for years from 2012 to 2015	159.70	Commissioner Appeals, Visakhapatnam
Finance Act	Duty on classification of service as works contract service for 2017-18	2.91	CESTAT, Hyderabad
Customs Act	Duty and penalty on alleged wrong classification and claim for exemption	488.70	Tribunal, Chennai.
CST Act	Tax on deemed exports for the year 2005-06 and 2007-08	71.91	TSVATAT, Hyderabad
CST Act	Tax demand due to non-submission of forms for the years 2010-11 and 2011-12	3.85	CT, Appeals, Lucknow
KVAT Act	Tax on alleged variation in Stocks, escaped turnover and non-filing of forms for the years 2010-11, March 2012, 2011-12 and 2015-16	87.35	Deputy Commissioner Appeals, Ernakulum.
TS VAT Act	Tax on disallowance of input tax credit for the years 2011-12 and 2012-13	5.79	TSAVATAT, Hyderabad
TNVAT Act	Tax alleged ineligible claim for the month of February 2011	46.05	TN Tribunal, Chennai
Bihar VAT Act	Tax on additions to turnover and non-reversal of entry tax credit for the years from 2011-12 to 2014-15	38.02	CCT Appeals, Patna
Haryana VAT Act	Tax on disallowance of input tax credit for the year 2011-12	16.22	JETC Appeals, Faridabad
Entry Tax	Tax on disallowance of imported goods used in manufacturing for the years from 2012-13 to 2016-17	201.78	ADC, Hyderabad
Entry Tax	Tax on disallowance of imported goods used in manufacturing for the years from 2014-15 to 2017-18	63.68	ADC, Vijayawada
CST Act	Tax on disallowance of exempted exports	109.34	ADC, Hyderabad
KVAT Act	Tax and penalty demanded for defects in documents of transport	3.02	DCCT Appeals, Ernakulam
KVAT Act	Tax and penalty demanded for defects in documents of transport	3.39	DC Appeals, Thiruvananthapuram
UP VAT Act	Tax and penalty demanded for defects in documents of transport	20.94	High Court, Lucknow
UP VAT Act	Tax and penalty demanded for defects in documents of transport	2.20	DCCT, Kanpur
Income Tax Act	Tax on disallowance of warranty expenditure for the year 2015-16	190.57	CIT Appeals, Hyderabad

(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

(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

S.S.Bharadwaj
Partner
Membership Number 26113

Place : Hyderabad
Date: 30.05.2019

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, 2019 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:: IFC 3 ::

financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the unit has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

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

S.S.Bharadwaj
Partner
Membership Number 26113

Place : Hyderabad
Date: 30.05.2019

BALANCE SHEET as at March 31, 2019

(₹ in Lakhs)

	Particulars	Note	As at March 31, 2019		As at March 31, 2018	
I)	**ASSETS**					
1	**Non current assets**					
	(a) Property, plant and equipment	4	31,111.06		34,799.88	
	(b) Capital works in progress	6	388.36		386.82	
	(c) Intangible assets	7	926.13		1,511.51	
	(d) Intangible assets under development	8	3,332.75	35,758.30	2,214.55	38,912.76
	(e) Financial assets					
	(i) Investments	9	342.13		342.13	
	(ii) Other financial assets	10	2,942.41		3,353.18	
	(f) Other non current assets	11	62.83	3,347.37	140.20	3,835.51
2	**Current assets**					
	(a) Inventories	12	32,076.05		36,411.46	
	(b) Financial assets					
	(i) Investments	9	2.03		2.00	
	(ii) Trade receivables	13	37,931.57		46,651.00	
	(iii) Cash and cash equivalents	14	939.96		557.21	
	(iv) Other bank balances	14	2,122.68		1,297.34	
	(v) Others	14	1,057.65		1,030.08	
	(c) Current tax assets (net)	15	474.81		333.01	
	(d) Other current assets	16	1,466.23		3,535.18	
	(e) Assets held for sale	5	1,621.42	77,692.40	2,088.16	91,905.44
	Total			**1,16,798.07**		**1,34,653.71**
II)	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity share capital	17	2,771.95		2,771.95	
	(b) Other equity	18	74,940.74	77,712.69	73,289.92	76,061.87
2	**Non current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	19	640.21		451.53	
	(b) Provisions	20	181.35		201.75	
	(c) Deferred tax liabilities (net)	21	1,221.43		1,407.68	
	(d) Other non current liabilities	22	55.92	2,098.91	111.83	2,172.79
3	**Current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	23	20,851.12		33,819.82	
	(ii) Trade payables					
	(a) Total outstanding dues of MESE	24	901.66		949.47	
	(b) Total outstanding dues to creditors other than MESE	24	6,740.49		11,438.58	
	(iii) Other financial liabilities	25	4,772.66		6,585.07	
	(b) Other current liabilities	26	2,168.09		2,255.85	
	(c) Provisions	20	1,552.45	36,986.47	1,370.26	56,419.05
	Total			**1,16,798.07**		**1,34,653.71**

The accompanying notes 1 to 44 form an integral part of this standalone financial statements

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

S.S.Bharadwaj
Partner
M.No : 26113

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : May 30, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2019

(₹ in Lakhs)

	Particulars	Note	Year Ended March 31, 2019		Year Ended March 31, 2018	
	Revenue					
I	Revenue from operations	27		1,25,720.03		1,62,411.26
II	Other income	28		1,694.48		2,271.99
III	**Total income (I + II)**			1,27,414.51		1,64,683.25
IV	**Expenses**					
	Cost of material consumed	29		80,734.38		1,01,487.10
	Purchases of stock in trade			374.77		1,212.26
	Changes in inventories of finished goods, stock -in - trade and work - in - progress	30		741.17		3,486.95
	Excise duty on sale of goods			-		3,118.51
	Employee benefits expense	31		8,416.76		9,430.32
	Finance costs	32		3,059.66		4,054.57
	Depreciation and amortization expense	33		4,435.21		4,603.19
	Manufacturing expenses	34		14,555.96		17,362.05
	Administrative expenses	35A		5,111.72		5,414.28
	Selling expenses	35B		6,644.08		8,314.48
	Total Expenses (IV)			**1,24,073.71**		**1,58,483.71**
V	**Profit before exceptional items and tax (III-IV)**			**3,340.80**		**6,199.54**
VI	Exceptional items - (income)/expense	36		-664.45		975.77
VII	**Profit before tax (V-VI)**			**4,005.25**		**5,223.77**
VIII	**Tax expense**					
	(1) Current tax		1,715.00		2,242.00	
	(2) Deferred tax (asset)/liability		(173.20)		296.12	
	(3) Income tax relating to previous years		(47.45)	1,494.35	-280.04	2,258.08
IX	**Profit for the period (VII-VIII)**			**2,510.90**		**2,965.69**
X	**Other comprehensive income (Net)**					
	Items that will not be reclassified to profit or loss -					
	Remeasurement of defined benefit plans		37.70		15.44	
	Income tax		(13.05)	24.65	-5.34	10.10
XI	**Total comprehensive income for the period (IX + X)**					
XII	**Earnings per equity share**			**2,486.25**		**2,955.59**
	(1) Basic (of ₹1/- each)	37				
	(2) Diluted (of ₹1/- each)			0.90		1.07
				0.90		1.07

The accompanying notes 1 to 44 form an integral part of this standalone financial statements

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

S.S.Bharadwaj
Partner
M.No : 26113

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : May 30, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

CASH FLOW STATEMENT for the year ended March 31, 2019

(₹ in Lakhs)

	Particulars	31-Mar-19		31-Mar-18	
A	**Cash flow from operating activities**				
	Net profit before tax and exceptional items		3,340.80		6,199.54
	Exceptional items - income / (expenditure)		664.45		(975.77)
	Other comprehensive income (net)		37.70		15.44
	Total comprehensive income before tax		**3,967.55**		**5,208.33**
	Adjustments for:				
	Depreciation	3,831.83		3,940.92	
	Amortisation of intangible assets	603.38		662.27	
	Diminution in value of investments	(0.03)		498.82	
	Profit/Loss on sale of assets	(664.45)		476.26	
	Advances & deposits written off	149.42		127.04	
	Interest income	(315.67)		(355.48)	
	Interest expense	2,085.57		2,840.68	
	Provision for doubtful debts	-		(440.00)	
	Other provisions	161.79		(362.22)	
			5,851.84		7,388.29
	Operating profit before working capital changes		9,819.39		12,596.62
	(Increase)/decrease in trade receivables	8,719.43		2,655.88	
	(Increase)/decrease in inventories	4,335.41		4,024.73	
	(Increase) / decrease in loans & advances **	1,477.40		2,440.46	
	Increase/(decrease) in trade payables	(4,745.91)		(4,157.62)	
	Increase/(decrease) in current liabilities	(1,342.66)		738.53	
			8,443.67		5,701.97
	Cash generated from operations		18,263.06		18,298.59
	Income tax paid net of refunds		(1,856.80)		(2,839.27)
	Income tax adjustment relating to previous years		47.45		280.04
	Net cash flow from operating activities (A)		**16,453.71**		**15,739.36**
B	**Cash flow from investing activities**				
	Purchase of fixed assets	(2,856.60)		(1,582.44)	
	Sale proceeds of fixed assets	2,784.39		599.13	
	Interest received	315.67		355.48	
	Net cash flow from investing activities (B)		**243.46**		**(627.83)**

CASH FLOW STATEMENT for the year ended March 31, 2019

Continues... *(₹ in Lakhs)*

C	**Cash flow from financing activities**				
	Repayment of long-term borrowings	76.55		1,859.25	
	(Increase)/decrease in working capital borrowings	12,968.69		9,179.33	
	Repayment of interest free sales tax loan	348.18		109.36	
	(Increase)/decrease in unsecured loans	-		34.75	
	Dividend payment	835.43		834.10	
	Interest paid	2,085.57		2,840.68	
	Net cash flow used in financing activities (C)		**16,314.42**		14,857.46
	Net increase in cash and cash equivalents (A+B-C)		**382.75**		254.06
	Cash and cash equivaents at beginning of the period		557.21		303.15
	Cash and cash equivalents at end of the period		**939.96**		557.21
	Cash and cash equivalents				
	Cash on hand		9.98		9.97
	Balances with banks in current account		929.98		547.24
	Total		**939.96**		557.21

Notes to the cash flow statement for the period ended March 31, 2019

This statement is prepared as per Ind AS - 7 (indirect method).

* Details of the exceptional Items are given in Note 36.

** Including bank balances other than cash and cash equivalents

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

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

S.S.Bharadwaj
Partner
M.No : 26113

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : May 30, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2019

a) Share capital

(₹ in Lakhs)

Balance as on March 31, 2018	2,771.95
Balance as on March 31, 2019	2,771.95

b) Other equity

(₹ in Lakhs)

Particulars	Capital reserve	Securities premium account	Other reserves		General reserve	Retained earnings	TOTAL
			Capital redemption reserve	Investment subsidy			
Balance at the beginning of the previous reporting period April 1, 2017	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**15,825.92**	**71,168.42**
Total comprehensive income						2,955.59	2,955.59
(Dividends (including tax						(834.10)	(834.10)
Balance at the end of the previous reporting period March 31, 2018	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**17,947.42**	**73,289.92**
Balance at the beginning of the current reporting period April 1, 2018	1.02	23,010.66	2.70	55.77	32,272.35	17,947.42	73,289.92
Total comprehensive income						2,486.25	2,486.25
(Dividends (including tax						**(835.43)**	**(835.43)**
Balance at the end of the current reporting period March 31, 2019	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**19,598.24**	**74,940.74**

As per our report of even date annexed
for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

S.S.Bharadwaj
Partner
M.No : 26113

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : May 30, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 1 Company overview

HBL Power Systems Limited ("HBL" or "The Company") is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on May 30, 2019.

The Principal activities of the Company comprise of manufacturing of different types of Batteries including Lead Acid, NiCad, Silver Zinc, Lithium and Railway and Defence Electronics, Solar Photovoltaic Modules and other products. The Company is also engaged in service activities related to the above products.

Note : 2 Basis of preparation and measurement

2.1 Statement of compliance

The financial statements as at and for the year ended March 31, 2019 have been prepared in accordance with applicable Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Accounting convention and basis of measurement

The financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i) Certain financial assets and liabilities (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

iii) Provision for warranties

2.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All financial information presented in Indian rupees has been rounded off to the nearest lakh of rupees except share and per share data.

2.4 Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses and the disclosure of contingent liabilities and contingent assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any affected future periods.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions in respect of the following areas, that have most significant effect to the carrying amounts within the next financial year are included in the relevant notes.

i) Useful lives of Property, Plant, Equipment and Intangibles.

ii) Measurement of defined benefit obligations

iii) Measurement and likelihood of occurance of provisions and contingencies.

iv) Recognition of deferred tax assets/liabilities.

v) Impairment of intangibles

vi) Expenditure relating to research and development activities.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

2.5 Operating cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Note : 3 Summary of significant accounting policies

3.1 Property, Plant and Equipment (PPE)

i) Property, Plant and Equipment are measured at cost less accumulated depreciation and impairment losses.

ii) The cost of Property, Plant and Equipment includes those incurred directly for the construction or acquisition of the asset, and directly attributable to bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the management and includes the present value of expected cost for dismantling / restoration wherever applicable.

iii) The cost of major spares is recognized in the carrying amount of the item of Property, Plant and Equipment, in accordance with the recognition criteria set out in the standard. The carrying amount of the replaced part is derecognized at the time of actual replacement. The costs of the day-to-day servicing of the item are recognized in statement of profit or loss as incurred.

iv) Depreciation on tangible assets including those on leasehold premises is provided for 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 therein, except in respect of dies and moulds and 'secured land filling' (used for disposal of Lead Slag) which are depreciated over their technically 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.

v) Depreciation methods, useful lives and residual values are reviewed at each reporting date and accounted for as change in accounting estimate.

vi) Each component / part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately only when it has a different useful life. The gain or loss arising from de-recognition of an item of Property, Plant and Equipment is included in statement of profit or loss when the item is derecognized.

vii) Expenditure attributable /relating to PPE under construction / erection is accounted for as below:

A) To the extent directly identifiable to any specific plant / unit, Trial run expenditure net of revenue is included in the cost of Property, Plant and Equipment .

B) To the extent not directly identifiable to any specific plant / unit, is kept under 'expenditure during construction' for allocation to Property, Plant and Equipment and is grouped under 'capital work-in-progress'.

3.2 Intangible assets

i) 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.

ii) 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.

iii) Intangible assets are amortized on straight line method over their technically estimated useful lives.

iv) Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates.

3.3 Assets taken under lease

i) In respect of equipment taken under finance leases, the lower of fair value of the leased asset and present value of minimum lease payments, 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.

ii) In respect of equipment taken under operating lease, lease payments are recognised as expense over the period of lease term.

iii) Cost of acquisition of leasehold Land is amortized over the leasehold period.

3.4 Investment in subsidiaries, associates and joint ventures

i) Investments in subsidiaries, associate and joint ventures are measured at cost. impairment / diminution in value, other than temporary, is provided for.

ii) Investments classified as 'current investments' are carried at cost and diminution / impairment with reference to market value is recognized.

3.5 Government grants

Government grants are recognised in the Statement of profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses.

3.6 Inventories are valued as under:

I)	Raw materials, components, consumables and stores & spares.	At lower of weighted average cost and net realisable value.
ii)	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.
iii)	Long term contract work in progress (where the income it is not eligible for recognition as per Income recognition policy stated elsewhere).	At direct and attributable costs incurred in relation to such contracts.
iv)	Stock-in-trade	At lower of cost and net realisable value
v)	Consumable tools	At cost less amount charged off (which is at 1/3rd of value each year).
vi)	Services Work-in-progress	Lower of cost and net realisable value

3.7 Assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria are met:

(i) decision has been made to sell.

(ii) the assets are available for immediate sale in their present condition.

(iii) the assets are being actively marketed and

(iv) sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are neither depreciated nor amortised.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

3.8 Revenue recognition

i) Revenue from contracts with customers that meet the recognition criteria under paragraph 9 of Ind AS 115 are recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer, for the amount of the transaction price that is allocated to that performance obligation.

ii) Satisfaction of a performance obligation and recognition of revenue over time is followed when, transfer of control of a good or service are made over time and, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Performance obligations that are not satisfied over time are treated as performance obligations satisfied at a point in time which in case of goods are upon their despatch to domestic customers and on the basis of proof of export for export customers and in case of services are upon completion of service.

iii) Claims against outside agencies are accounted for on certainty of realization.

iv) Interest income is reported on an accrual basis using the effective interest method. Dividends, are recognized at the time the right to receive is established.

v) Export incentives under various schemes are recognized as income on certainty of realization.

3.9 Employee benefits

i) Short term benefits:

All employee benefits falling due 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.

ii) Post-employment benefits:

A) 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.

B) 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. Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in Other Comprehensive Income and subsequently not reclassified to the Statement of Profit and Loss.

All Defined Benefit Plan obligations are determined based on Valuation as at the end of the reporting period, made by Independent Actuary using the Projected Unit Credit Method. The classification of the Company's net obligation into current and non-current is as per the Actuarial Valuation Report.

iii) Long term employee benefits:

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

3.10 Foreign currency transactions

i) Transactions relating to non-monetary items and purchase and sale of goods/services denominated in foreign currency are recorded at the prevailing exchange rate or a rate that approximates to the actual rate on the date of transaction.

ii) Assets & liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at exchange rates prevailing at the end of the reporting period.

iii) Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they occur.

iv) Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted for at fair value through statement of profit or loss

3.11 Current tax and deferred tax

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted upto the end of the reporting period.

iii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iv) Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

3.12 Borrowing costs

i) Borrowing costs incurred for obtaining assets which take substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

ii) Other borrowing costs are treated as expense for the year.

iii) Significant transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using Effective Interest Rate (EIR) method.

3.13 Financial instruments (financial assets and financial liabilities):

i) All financial instruments are recognized initially at fair value. The classification of financial Instruments depends on the objective of the business model for which it is held and the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purpose of subsequent measurement, financial instruments of the Company are classified into (a) Non-derivative financial instruments and (b) Derivative financial instruments.

ii) Non - derivative financial instruments

A) Security Deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current financial assets are classified as financial assets under this clause.

B) Loans and borrowings, trade and other payables including deposits collected from various parties and eligible current and non-current financial liabilities are classified as financial liabilities under this clause.

C) Financial instruments are subsequently carried at amortized cost wherever applicable using EIR method less impairment loss.

D) Transaction costs that are attributable to the financial instruments recognized at amortized cost are included in the fair value of such instruments.

iii) Derivative financial instruments

A) Derivative financial assets and liabilities are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date

B) Changes in the fair value of any derivative asset or liability are recognized immediately in the income statement and are included in other income or expense.

C) Cash flow hedge: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurence of the related forecasted transaction.

3.14 Impairment

i) Financial assets

A) The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

◊ Financial assets that are debt instruments are measured at amortized cost wherever applicable for e.g., loans, debt securities, deposits and bank balance.

◊ Trade receivables

B) The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ii) Non - financial assets

The company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

3.15 Provisions

i) Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made .

ii) The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

iii) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

iv) Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

3.16 Earnings Per Share (EPS)

i) Basic EPS is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

ii) Diluted EPS is computed by dividing the profit after tax, as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential Equity Shares, by the weighted average number of equity shares considered for deriving basic EPS and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.17 Recent accounting pronouncements

i) In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, on 30th March 2019, notifying a new Ind AS - 116 on Leases which is based on IFRS-16 on Leases.

ii) The amendments are applicable to the Company from April 1, 2019. The Company is evaluating the requirements of the new Ind AS-116, other amendments and their effect on financial statements.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 4 Property, plant and equipment as on March 31, 2019

(₹ in Lakhs)

Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As on April 1, 2018	Additions	Adjustments/ deletions	As on March 31, 2019	April 1, 2018	For the Period	Adjustments/ deletions	As on March 31, 2019	As on March 31, 2019	As on March 31, 2018
Land - freehold	3,792.60	294.82	440.11	3,647.31	-	-	-	-	3,647.31	3,792.60
Land - leasehold	260.11	-	89.57	170.55	31.69	2.13	13.19	20.64	149.91	228.42
Buildings - factory	19,430.32	138.63	1,679.95	**17,888.99**	6,048.02	637.42	528.46	**6,156.99**	11,732.01	13,382.29
Buildings - others	476.39	-	-	**476.39**	84.21	8.87	-	**93.08**	383.31	392.18
Plant and equipment	46,037.64	1,172.88	2,120.20	**45,090.33**	27,907.42	2,916.64	1,745.99	**29,078.07**	16,012.26	18,130.22
Furniture and fixtures	796.34	19.74	213.48	**602.60**	620.16	48.00	183.03	**485.14**	117.47	176.18
Vehicles	1,113.77	52.24	240.62	**925.39**	741.12	71.92	209.75	**603.29**	322.11	372.65
Office equipment	2,278.13	117.90	509.77	**1,886.26**	1,875.04	143.29	493.34	**1,524.99**	361.27	403.09
Office equipment under finance lease	86.48	-	-	**86.48**	76.08	3.56	-	**79.64**	6.84	10.40
Technical library	1.89	-	-	**1.89**	1.89	-	-	**1.89**	-	-
Total	74,273.66	1,796.22	5,293.69	**70,776.19**	37,385.63	3,831.83	3,173.75	**38,043.71**	32,732.48	36,888.03
Less: Transferred to assets held for sale	-	-	-	**-**	-	-	-	**-**	1,621.42	2,088.16
Net Total	74,273.66	1,796.22	5,293.69	**70,776.19**	37,385.63	3,831.83	3,173.75	**38,043.71**	31,111.06	34,799.88
Carrying value as at March 31, 2018	74,514.75	2,146.26	2,387.35	**74,273.66**	34,756.66	3,940.92	1,311.95	**37,385.63**	34,799.88	

4.1 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.

4.1 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.

4.2 Disclosure in respect of title deeds of Immovable properties:

1 Freehold land:

a) The Gross block of freehold land comprises of actual acquisition cost of ₹3,505.03 Lakhs and land development charges capitalized of ₹142.28 Lakhs.

b) Out of the value of ₹3,505.03 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)**	**3,046.00**	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
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	295.55	Name changed to HBL Power Systems Limited with effect from 12-10-2006
	Sub total (B)	**459.03**	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 schmes of merger and name changes.
	Grand total (A + B)	**3,505.03**	

2 Non - factory buildings:

a) The Gross block of non-factory buildings of ₹476.39 Lakhs, comprise of actual cost of building constructed on factory lands of value of ₹393.38 Lakhs, and cost of acquisition of Buildings, (situated on other than factory lands) purchased from the third parties, is ₹83.01 Lakhs.

b) The details with regard to the value of of buildings, Companies in whose name the title deeds are held and the reasons therefor are as follows :

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

(₹ in Lakhs)

	Name of the Company	Cost of buildings	Remarks / reasons
A	**Buildings constructed on factory lands:**		
1	HBL Power Systems Limited	357.95	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
	Sub - total (A)	**393.38**	
B	**Buildings acquired from others:**		
1	HBL NIFE Power Systems Limited	15.86	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
	Sub - total (B)	**83.01**	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 schmes of merger and name changes.
	Grand total (A + B)	**476.39**	

Note : 5 Assets held for sale

Refer note 3.7 for accounting policy on Assets held for sale

(₹ in Lakhs)

Groups of assets held for sale	March 31, 2019	March 31, 2018
Lease hold land	137.25	215.54
Land development	-	35.97
Buildings	1,484.16	1,836.65
Total	**1,621.42**	2,088.16

Note : 6 Capital work in progress

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Machinery under erection	388.36	267.60
Civil works in progress	-	119.22
Total	**388.36**	386.82

Note : 7 Intangible assets as on March 31, 2019

(₹ in Lakhs)

Description	Gross carrying amount			Accumulated amortization			Net carrying amount	
	As on April 1, 2018	Additions	As on March 31, 2019	As on April 1, 2018	For the period	As on March 31, 2019	As on March 31, 2019	As on March 31, 2018
New product development expenditure(internally generated)	3,577.65	-	**3,577.65**	3,020.61	**280.17**	**3,300.79**	276.86	557.03
Power facility	96.16	-	**96.16**	96.16	**-**	**96.16**	-	-
Technical knowhow fee	1,019.73	-	**1,019.73**	696.42	**159.62**	**856.04**	163.69	323.31
Software development	966.89	18.00	**984.89**	335.73	**163.58**	**499.31**	485.58	631.16
Total	5,660.43	18.00	**5,678.43**	4,148.92	**603.38**	**4,752.30**	**926.13**	**1,511.51**
Carrying value as at March 31, 2018	5,369.89	290.54	**5,660.43**	3,486.65	**662.27**	**4,148.92**	1,511.51	

Note : 8 Intangible assets under development

(₹ in Lakhs)

Description	As on March 31, 2019	As on March 31, 2018
1) New product development expenditure (Internally generated)		
a) Battery products	982.93	919.02
b) Electronic products	1,703.19	652.20
2) Technical knowhow fee paid	643.33	643.33
3) Software development	3.30	-
Total	**3,332.75**	**2,214.55**

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 9 Investments

(₹ in Lakhs)

Non - current - un-quoted				March 31, 2019	March 31, 2018
i) In equity instruments: (fully paid-up)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
a) Subsidiary companies					
250	250	Euro 100	HBL Germany GMBH	**14.92**	14.92
9999500	9999500	₹ 10	SCIL Infracon Private Limited	**1,248.37**	1,248.37
600	600	USD 1000	HBL America Inc.	**323.02**	323.02
b) Associate company					
41000	41000	₹ 10	Naval Systems & Technologies Private Limited	**4.10**	4.10
c) Joint arrangement company					
1100000	1100000	SR 10	Gulf Batteries Company Limited	**1,424.51**	1,424.51
d) Controlled company					18.00
	180000	₹ 10	Kairos Engineering Limited	**-**	-
ii) Investment in Limited Liability Partnership (LLP)			HBL Suntech LLP	**-**	18.30
Non -current - quoted					
e) Other companies (listed but not quoted)					
200	200	₹ 10	Indian Lead Limited	**0.10**	0.10
			TOTAL	**3,015.02**	3,051.32
	Less: Aggregate provision for impairment in value of investments			**2,672.88**	2,709.18
	Carrying value of non-current investments			**342.13**	342.13

***Note:** The investment in M/s. Kairos Engineering Limited (controlled Company), which had been fully provided for, had been written off in the books, subsequent to strike off of its name by MCA. The Investment in M/s. HBL Suntech LLP, which had been fully provided for had been written off in the books, pursuant to removal of its name by ROC.

(₹ in Lakhs)

Current investments- quoted : In equity instruments of other companies: (fully paid-up)				March 31, 2019	March 31, 2018
i) In equity instruments: (fully paid-up)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
690	690	₹ 1	JSW Steel Limited	**2.58**	2.58
In liquid mutual funds: (fully paid-up)					
1	1	₹ 10	Reliance Mutual Fund Shares Liquid BEES	**0.01**	0.01
			TOTAL	**2.59**	2.59
	Less : Aggrgate provision for diminution in value of investments			**0.56**	0.59
	Carrying value of current investments			**2.03**	2.00

9.1

(₹ in Lakhs)

	Non - current	Current	Non - current	Current
Aggregate amount of quoted investments	0.10	2.59	0.10	2.59
Aggregate market value of quoted investments	Not available	2.00	Not available	1.30
Aggregate amount of unquoted investments	3,014.92	-	3,051.22	-
Aggregate amount of impairment / diminution in value of investments	2,672.88	0.56	2,709.18	0.59

9.2 In pursuance of MOU entered by the Company, M/s.HBL Miltrade Pte Limited, 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.

9.3

Investee company	Principal place of business	Country of incorporation	Proportion of ownership interest and voting right
Subsidiary companies			
HBL Germany GMBH	Zwickau	Germany	100%
SCIL Infracon Private Limited	Hyderabad	India	100%
.HBL America Inc	Connecticut	.U.S.A	100%
Associate company			
Naval Systems & Technologies Private Limited	**Hyderabad**	India	41%
Joint arrangement company			
Gulf Batteries Company Limited	Dammam	Kingdom of Saudi Arabia	40%

Note : 10 Other financial assets

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Non-current		
(Bank deposits (maturity beyond 12 months		
Fixed deposits	10.43	18.84
Margin money deposits	1,762.07	2,397.96
Security deposits with government and others	1,169.11	933.41
Advances to employees	0.80	2.97
TOTAL	**2,942.41**	**3,353.18**

Note : 11 Other non- current assets

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Capital advances	**62.83**	**140.20**
TOTAL	**62.83**	**140.20**

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 12 Inventories *

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Raw materials	16,417.41	20,671.12
Stores, spares. process chemicals, fuels & packing material	872.19	756.10
Stock -in-trade (in respect of goods acquired for trading)	1,138.73	1,483.85
Bonded stocks/In transit	621.45	122.18
Consumable tools	69.13	25.01
Work in progress	6,849.38	7,963.77
Finished goods	6,107.76	5,389.42
TOTAL	**32,076.05**	**36,411.46**

12.1 *Inventories are valued as per accounting policy in note no. 3.6

Note : 13 Trade receivables

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Unsecured, considered good	37,931.57	46,651.00
Unsecured and having significant credit Risk	526.00	526.00
Allowance for credit Risk	(526.00)	(526.00)
TOTAL	**37,931.57**	**46,651.00**

13.1 Particulars of trade receivables due from the related parties

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
HBL Germany, GMBH	1,365.38	2,510.55
HBL America Inc. USA	1,516.22	1,149.19
Gulf Batteries Company Limited, KSA (Joint venture entity)	525.64	525.64
TOTAL	**3,407.24**	**4,185.38**

Note : 14

14.1 Cash and cash equivalents

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Balances with banks in current accounts	844.32	440.46
Cash on hand	9.98	9.97
Fixed deposits (maturity of less than three months)	85.65	106.78
TOTAL	**939.96**	**557.21**

14.2 Other bank balances

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Fixed deposits	67.38	47.85
Margin money deposits	2,017.35	1,214.88
Dividend account	37.95	34.61
TOTAL	**2,122.68**	**1,297.34**

14.3 Financial assets - others (current)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Security deposits with Government and others	91.26	239.55
Advances to employees	29.68	39.53
Claims & other receivables	384.24	266.52
Interest accrued but not due on deposits	552.47	484.48
TOTAL	**1,057.65**	**1,030.08**

14.4 Claims and other receivables include :

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
a) Insurance claim on account of heavy rainfall (refer note : 14.5)	95.16	95.16
b) Payments under protest for pending litigations	284.67	169.38
c) Other receivables	4.41	1.98
TOTAL	**384.24**	**266.52**

14.5 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.

Note : 15 Current tax assets (net)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Advance payment of income tax (including TDS)	5,558.50	4,696.15
Less : Provision for income tax	5,083.69	4,363.13
TOTAL	**474.81**	**333.01**

Note : 16 Other current assets

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
A. Advances other than capital advances:		
Advances to employees	98.71	52.27
Advances to vendors for supply of goods / services	972.08	2,232.46
B. Others:		
Prepaid expenses	129.81	170.43
Export incentives receivable	116.09	397.33
GST/Service Tax Input/Vat Receivables	145.05	678.20
Others	4.49	4.49
TOTAL	**1,466.23**	**3,535.18**

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 17 Equity share capital

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Authorised		
31,25,00,000 Equity shares of ₹1 each	3,125.00	3,125.00
(Previous Year 31,25,00,000 Equity shares of ₹1 each)		
Issued , subscribed and fully paid-up		
27,71,94,946 Equity shares of ₹1 each	2,771.95	2,771.95
(Previous Year 27,71,94,946 Equity shares of ₹1 each)		
TOTAL	**2,771.95**	**2,771.95**

17.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(₹ in Lakhs)

Equity	March 31, 2019		March 31, 2018	
	No.of shares	Value ₹	No.of shares	Value ₹
At the beginning of the period	27,71,94,946	2,771.95	27,71,94,946	2,771.95
Additions during the period	-	-	-	-
Deductions during the period	-	-	-	-
Outstanding at the end of the period	**27,71,94,946**	**2,771.95**	**27,71,94,946**	**2,771.95**

17.2 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.

17.3 Details of shareholders holding more than 5% shares in the Company

(₹ in Lakhs)

Name of the shareholder	March 31, 2019		March 31, 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of 1 each fully paid				
Promoter and Promoter group				
Barclays Wealth Trustees (India) Pvt Ltd -Aluru Family Pvt Trust	13,69,51,231	49.41	13,68,40,231	49.37
Public				
BanyanTree Growth Capital LLC	2,89,83,735	10.46	2,89,83,735	10.46
Oman India Joint Investment Fund	2,68,42,240	9.68	2,68,42,240	9.68

Note : 18 Other equity - (refer statement of changes in equity)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Capital reserve	1.02	1.02
Capital redemption reserve	2.70	2.70
Investment subsidy from state government	55.77	55.77
Securities premium	23,010.66	23,010.66
General reserve	32,272.35	32,272.35
Retained earnings (balance of surplus in the statement of changes in equity)	19,598.24	17,947.42
	74,940.74	**73,289.92**

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 19 Non- current - financial liabilities

19.1 Borrowings

(₹ in Lakhs)

Borrowings	March 31, 2019	March 31, 2018
A. Term Loans from banks (secured)		
IDBI Bank Ltd	-	417.00
HDFC Bank Ltd	622.75	-
HDFC Bank Ltd - against vehicles	17.46	3.04
TOTAL (A)	**640.21**	**420.04**
B. Loans from others (un-secured)		
Deferred payment Laibility - interest free sales tax loan	-	31.49
TOTAL (B)	**-**	**-**
TOTAL (A + B)	**640.21**	**451.53**

19.2 Current - financial liabilities

(₹ in Lakhs)

Borrowings (current maturities)	March 31, 2019	March 31, 2018
A. Long term debt from Banks (secured)		
IDBI Bank Ltd	417.00	833.20
HDFC Bank Ltd	1,122.75	1,000.00
HDFC Bank Ltd. - against vehicles	11.77	15.05
TOTAL (A)	**1,551.52**	**1,848.25**
B. Loans from others (unsecured)		
Deferred payment laibility - interest free sales tax loan	**31.49**	348.18
TOTAL (B)	**31.49**	**348.18**
TOTAL (A + B)	**1,583.01**	**2,196.42**

19.3 Current maturities of long term debt

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

19.4 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.

19.5 Term loan from IDBI and HDFC :

a) 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 Property, Plant and Equipment of the company both present and future. This loan is also guaranteed by CMD, Spouse of CMD and two Directors in their personal capacity.

b) HDFC Term Loan II of ₹₹2000 Lakhs & Term loan III of ₹2025.00 Lakhs are (drawn ₹1245.50 Lakhs) towards the refinancing of capital expenditure of the Company. The loans are secured by a first charge on the entire Property, Plant and Equipment of the Company both present and future. These loan are also guaranteed by CMD and two Directors in their personal capacity.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

(₹ in Lakhs)

Name of the bank	Loan amount drawn	No of instalments	% of interest	Outstanding as on March 31,2018
IDBI Bank Ltd				
- Term Loan	2,500.00	12 (QTLY) commencing from 1-10-2016	11.55	417.00
HDFC Bank Ltd				
- Term Loan II	2,000.00	4 (HY) commencing from 30-09-2017	10.30	500.00
Term loan III				
- Drawal i	883.50	8 (QTLY) commencing from 18-05-2019	8.90	883.50
- Drawal ii	362.00	8 (QTLY) commencing from 30-06-2019	9.25	362.00

c) HDFC Bank Ltd - vehicle loan

The term loans are secured by exclusive hypothecation of vehicles acquired through execution of demand promissory notes and are repayable by equated monthly installments (EMIs') as per the loan schedule sanctioned by the bank.

19.6 Unsecured loans

a) Deferred payment liability - Interest Free Sales Tax Loan (IFST):

IFST Loan represents the sales tax payable by the Company given as loan by State Government under a scheme and is 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'. Pursuant to requirement under Ind AS - 109 on financial instruments and in view of the option exercised under Ind AS - 101 on first time adoption of Ind AS, unwinding of interest using effective interest rate was made and the deferred government grant carved out, from the said loan, is being amortized in equal installments over the remaining repayment period of the IFST loan.

19.7 As on the balance sheet date, there were no continuing defaults in repayment of borrowings and interest.

Note : 20 Provisions

20.1 Provisions (non - current) *(₹ in Lakhs)*

Provision for employee benefits	March 31, 2019	March 31, 2018
Provision for earned leave encashment	181.35	201.75
TOTAL	**181.35**	**201.75**

20.2 Provisions (current) *(₹ in Lakhs)*

Provision for employee benefits	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for earned leave encashment	11.41	9.51
Provision for gratuity	92.23	102.43
Other provisions		
Provision for warranties	1,317.22	1,037.05
Provision for commission on profits to director	101.59	191.27
Contingency provision	30.00	30.00
TOTAL	**1,552.45**	**1,370.26**

Note : 21 Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Deferred tax liability (as per last balance sheet)	1,407.68	1,116.90
Add: Deferred tax (asset)/liability for the year	(186.25)	290.78
TOTAL	**1,221.43**	**1,407.68**

Note : 22 Other non- current liabilities

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Deferred government grant (refer note 19.6 (a))	55.92	111.83
TOTAL	**55.92**	**111.83**

Note : 23 Borrowings

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
A. Loans repayable on demand from banks (secured)		
State Bank of India	5,686.38	11,791.17
ICICI Bank Ltd	3,108.69	7,245.32
Axis Bank Ltd	3,503.51	8,153.38
TOTAL (A)	**12,298.58**	**27,189.87**
B. Loans repayable on demand from related parties (unsecured)		
Loans from directors	711.00	711.00
TOTAL (B)	**711.00**	**711.00**
C. Other loans from banks (unsecured)		
Purchase bill discounting from Kotak Mahindra Bank Ltd	3,285.50	2,812.34
Purchase bill discounting from IDBI Bank Ltd	2,827.82	2,829.63
Sale bills (LC backed) discounted with SBI	228.22	276.98
HDFC short term loan	1,500.00	-
TOTAL (C)	**7,841.54**	**5,918.95**
TOTAL (A + B + C)	**20,851.12**	**33,819.82**

23.1 Working capital loans

The demand loans from banks are secured by a first charge on all the chargeable current assets and by a second charge on the Property, Plant and Equipment (both present and future) of the Company. All the loans are also guaranteed by CMD, Spouse of CMD and two Directors in their personal capacity.

23.2 Purchase bill discounting from Kotak Mahindra Bank Ltd is guaranteed by CMD and a Director of the Company in their personal capacity and 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

23.3 Loan from directors is repayable on demand with interest.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 24 Trade payables

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Total outstanding dues of :		
(a) Micro Enterprises and Small Enterprises (MESE)	901.66	949.47
(b) Creditors other than micro enterprises and small enterprises	6,740.49	11,438.58
TOTAL	**7,642.15**	**12,388.05**

24. Details relating to micro enterprises & small enterprises :

(₹ in Lakhs)

Provision for employee benefits	March 31, 2019	March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	901.66	949.47
Interest	1.02	2.74
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	8703.39	4287.97
Interest	-	-
The amount of interest due and payable for the period of delay in		
making payment (beyond the appointed day during the year)	21.34	17.29
The amount of interest accrued and remaining unpaid	22.36	20.04
The amount of further interest remaining due and payable for the earlier years	782.12	762.08

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 : 25 Other financial liabilities - current

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Current maturities of long-term debt(refer note - 19.2)	1,583.01	2,196.42
Interest accrued but not due on loans	14.98	32.45
Unpaid/unclaimed dividends (refer note - 25.1)	37.95	34.61
Trade deposits	154.91	180.41
Creditors for capital expenditure	71.40	68.30
Statutory dues	1,316.51	2,298.29
Directors' current account	357.90	266.56
Accrued compensations to employees	1,236.00	1,508.03
TOTAL	4,772.66	6,585.07

25.1 Does not include any amount outstanding which is required to be credited to Investor Education and Protection Fund (IEPF).

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 26 Other current liabilities

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Advances against sales	639.05	1,161.55
Advance against sale of Assets	390.00	-
Accrued expenses	1,139.04	1,094.30
TOTAL	**2,168.09**	**2,255.85**

Note : 27 Revenue from operations

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
(a) Sale of products (including excise duty)	1,19,047.92	1,56,979.10
(b) Sale of traded goods	681.60	784.60
(c) Sale of services	4,943.07	3,796.75
(d) Other operating revenue - sale of scrap	1,047.44	850.81
TOTAL	**1,25,720.03**	**1,62,411.26**

Note : 28 Other income

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
a) Interest income		
Interest received on deposits with banks/others	315.67	355.48
Interest on IT refunds	22.36	43.95
b) Other non-operating income (net of directly attributable expenses)		
Exchange gains	548.76	843.38
Deferred income-govt. grant	55.92	55.92
Export incentives received	413.71	740.10
Miscellaneous income	338.05	233.16
TOTAL	**1,694.48**	**2,271.99**

Note : 29 Cost of material consumed

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Opening stocks	20,671.12	20,283.07
Purchases - Material,Components and Consumables	76,480.67	1,01,918.34
	97,151.79	**1,22,201.40**
Less : closing stocks	16,417.41	20,671.12
	80,734.38	**1,01,530.28**
Less : Internal capitalisation	-	43.18
Cost of material consumed TOTAL	**80,734.38**	**1,01,487.10**

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 31 (Increase) / decrease in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
a. Manufactured goods		
i) Opening stocks		
a) Semi finished goods	7,963.77	11,961.69
b) Finished goods	5,389.42	5,182.55
TOTAL (A)	**13,353.19**	**17,144.24**
ii) Closing stocks		
a) Semi finished goods	6,849.38	7,963.77
b) Finished goods	6,107.76	5,389.42
TOTAL (B)	**12,957.14**	**13,353.19**
(Increase) / decrease (C = A - B)	**396.05**	**3,791.05**
b. Traded goods		
Opening stock of traded goods	1,483.85	1,179.75
Addition during the year (in pursuance of business combination)	1,138.73	1,483.85
(Increase) / decrease (D)	**345.12**	**(304.10)**
(Increase) / decrease in inventory (C + D)	**741.17**	**3,486.95**

Note : 31 Employee benefits expense:

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Salaries & bonus	6,778.24	7,364.87
Contribution to provident & other funds	551.36	632.98
Gratuity	64.33	96.93
Staff welfare expenses	716.15	954.32
Recruitment & training	20.83	28.32
Remuneration to directors:		
Salaries & allowances	166.54	146.40
Contribution to provident fund	13.13	11.52
Commission on profits	101.59	191.27
Directors sitting fees	4.60	3.70
TOTAL	**8,416.76**	**9,430.32**

Note : 32 Finance cost

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Finance cost		
Interest on term loans	210.31	357.31

	March 31, 2019	March 31, 2018
Interest on bank borrowings	1,875.26	2,479.91
Interest on vehicle loans	1.81	3.46
Interest on other loans	-	0.66
Interest on unsecured loans	71.10	75.43
Interest - others	145.59	261.51
Bank charges & commission	755.60	876.28
TOTAL	**3,059.66**	**4,054.57**

Note : 33 Depreciation and amortization expense

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Depreciation of tangible assets	3,831.83	3,940.92
Amortisation of intangible assets	603.38	662.27
TOTAL	**4,435.21**	**4,603.19**

Note : 34 Manufacturing expenses

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Manufacturing expenses		
Stores & spares consumed	1,296.29	2,104.86
Equipment lease rentals	36.34	25.53
Factory rent	40.13	38.18
Consumable tools charged off	37.74	13.76
Contract wages	7,547.47	8,765.81
Testing charges	251.46	233.07
Power and fuel	5,346.54	6,180.85
TOTAL	**14,555.96**	**17,362.05**

Note : 35 Administrative expenses

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
A. Administrative expenses		
Rent	286.39	294.42
Rates, duties & taxes	197.21	359.67
Insurance	250.80	297.41
Professional & consultancy charges	1,149.96	580.86
Expenditure incurred on corporate social responsibility activities	107.36	94.04
Repairs and maintenance	871.07	1,008.83
Travelling and conveyance	1,147.44	1,332.17
Sundry expenses	917.30	1,286.58
Payments to auditors (refer note 35.1)	33.00	30.00
Audit expenses	1.78	3.26

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

	March 31, 2019	March 31, 2018
Advances & deposits written off	149.42	127.04
TOTAL	5,111.72	5,414.28
B. Selling expenses		
Freight & insurance on sales	4,244.10	4,894.13
Liquidated damages	216.66	290.98
Commission on sales	252.55	187.85
Credit impairment	597.93	944.28
Expected life time credit loss	-	150.17
Provision for warranties	280.17	180.45
Installation charges paid	452.15	1,086.21
Televan hire charges	43.29	60.33
Other selling expenses	557.23	520.08
TOTAL	**6,644.08**	**8,314.48**

35.1 Details of payments to auditor towards :

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Audit fee	33.00	30.00
Service tax/GST	5.94	5.40
TOTAL	**38.94**	**35.40**

Note : 36 Exceptional items of (income)/expenditure

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Impairment / diminution In value of investments	-	499.51
(Profit)/Loss on sale of assets	(615.70)	699.45
(Profit)/Loss on sale and exchange of land	(48.76)	(223.19)
TOTAL	**(664.45)**	**975.77**

(₹ in Lakhs)

Note : 37 Disclosure as per Ind AS - 33 Earnings Per Share (EPS) - face value of share : ₹1/- each

Computation of EPS (basic & diluted)	March 31, 2019	March 31, 2018
Profit after tax	2,486.25	2,955.59
No. of shares (basic)	27,71,94,946	27,71,94,946
No. of shares (diluted)	27,71,94,946	27,71,94,946
(EPS) Basic ₹	0.90	1.07
(EPS) Diluted ₹	0.90	1.07

Note : 38 Disclosure as per schedule III of the act and Ind AS-37 on provisions, contingent liabilities and contingent assets :

38.1 Movement of provisions during the year 2018-19

(₹ in Lakhs)

	Particulars	Provision for warranties	Contingency provision
a)	the carrying amount at the beginning of the period	1,037.05	30.00
b)	additional provisions made in the period, inluding increases to existing provisions	1,069.42	
c)	amounts used (ie incurred and charged against the provision) during the period	(766.49)	-
d)	unused amounts reversed during the period	-	-
e)	the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	(22.76)	-
f)	the carrying amount at the end of the period ;	1,317.22	30.00

Unused amounts of provision for warranties represents provision reversed from the opening balance (after warranty period). It is expected that provision for warranties 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.

38.2 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. The Contingent liabilities and commitments are as under:

(₹ in Lakhs)

Nature of contingent liability	March 31, 2019	March 31, 2018
i) Contingent liabilities not provided for:		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	690.98	658.20
Sales tax	673.54	479.03
Custom duty	488.70	491.70
Income tax	190.57	-
Property tax	134.25	134.25
Fuel surcharge adjustment	154.29	131.67
Enhancement of Land Cost	-	168.44
Erstwhile promoters of SCIL Infracon Pvt Ltd	188.31	188.31
Others	34.50	9.50
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	15,923.76	15,030.60
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	197.26	256.51
b) Other commitments:		
Legal undertakings (LUTs) given to customs authorities for clearing the imports at nil / concessinal rate of duty	73.00	60.63

The Company has other commitments, for purchase / sale orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in the normal course of business. The company does not have any long term committments or material non-cancellable contractual committments / contracts, which might have material impact on the financial statements.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

38.3 Commitment towards dividend and dividend distribution tax

The Board in its meeting held on May 30, 2019 has recommended a dividend of ₹0.30 per equity share of ₹1/- each for the financial year ended March 31, 2019. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held, and if approved would result in a cash outflow of ₹831.58 Lakhs towards dividend and ₹170.93 Lakhs towards corporate dividend distribution tax.

38.4 Contingent assets:

During the year 2011, some assets at one of the plants of the Company, were damaged due to heavy rains. The Company's claim for the loss was repudiated by the insure. A case was filed for recovery of the claim of ₹234.60 Lakhs towards loss sufferred apart from interest thereon. The matter is sub judice.

During the year 2014, there was a heavy damage to the assets and inventory at two plants of the Company, due to hud-hud cyclone. The Company's claim for the resultant losses was partly allowed by the Insurers and the balance claims were repudiated. The matter relating to the claim of ₹400 Lakhs towards damage to assets and inventory and ₹921.75 Lakhs towards loss of profits, apart from interest thereon, on being referred to arbitration was partly awarded infavour of the company. Subsequently on an appeal by the insurer further proceedings of arbitration were stayed by the commercial court. The matter is sub judice.

Note : 39 Income tax and sales tax assessments:

39.1 Income tax:

The Company's income tax assessments were completed upto financial year 2015-16 and the tax dues, as per orders, were paid and charged off to revenue, except for disputed issues under appeal. Tax assessments for the financial years 2016-17 and 2017-18 are pending and the tax dues, as per returns filed, have been fully paid. In respect of such pending assessments, the liability, if any, that may arise upon completion of assessments is not ascertainable at this stage.

39.2 Sales tax:

The Company has paid/provided for VAT/CST as per the records and returns filed upto June 30, 2017 after considering the input VAT on purchases and also on the basis of concessional forms expected to be received from customers. The related assessments for various years are pending at various stages in different states. The liability, if any, in respect of such pending assessments is not ascertainable at this stage.

Note : 40 Confirmation of balances

The Company had sent letters seeking confirmation of balances to various parties under trade payables, trade receivables, advance to suppliers and others and advance from customers. Based on the confirmations received and upon proper review, corrective actions have been initiated and the amounts have been trued up, accounting adjustments have been made wherever found necessary. Such confirmations are awaited from some parties, comprising of government departments and public sector undertakings, mainly.

Note : 41

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 : 42 Disclosures as prescribed by Indian Accounting Standard (Ind AS)

42.1 Disclosure as per Ind AS - 2 - Inventories

During the year ended March 31, 2019, ₹87.98 Lakhs (March 31, 2018, ₹151.37 Lakhs) was recognised as an expense in respect of inventories carried at net realisable value in the statement of profit and loss.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

42.2 Disclosure as per Ind AS - 7

Statement of reconciliation for changes in liabilities arraising from financing activities.

(₹ in Lakhs)

	Long-term borrowings	Working cpaital borrowings	Interest free sales tax loan	Unsecured loans
Opening balance	2,268.29	33,108.82	379.66	711.00
Borrowed during the year	1,245.50	-	-	-
Repaid during the year	(1,322.05)	-	(348.18)	-
Net movement	(76.55)	(12,968.69)	(348.18)	-
Closing balance	2,191.74	20,140.13	31.49	711.00

42.3 Disclosure as per Ind AS -115 - contracts with customers

A) Transition choice

The Company has elected to apply this standard retrospectively in accordance with the transition provisions of the standard by recognising the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the accounting period that includes the date of initial application. However, there is no impact of transition on the opening balances.

B) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major segment product and geographical regions:

(₹ in Lakhs)

Particulars	Battery		Electronics & Others		Total
	Within India	Outside India	Within India	Outside India	
2018-19					
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time	92,249.08	16,184.93	13,515.84	2,075.18	1,24,025.03
(b) Over time	1,695.00	-			1,695.00
Total	**93,944.08**	**16,184.93**	**13,515.84**	**2,075.18**	**1,25,720.03**
2017-18					
Revenue from customers					
Timing of revenue recognition					
(a)At a point in time	1,24,031.60	15,200.36	20,799.03	1,563.27	1,61,594.26
(b)Over time	817.00	-			817.00
Total	**1,24,848.60**	**15,200.36**	**20,799.03**	**1,563.27**	**1,62,411.26**

Customer Category wise disaggregation

(₹ in Lakhs)

Particulars	2018-19		2017-18	
	Battery	Electronics & Others	Battery	Electronics & Others
Revenue from customers				
Railways	10,745.00	531.00	7,674.00	3,605.00
Telecom/Industry	73,921.00	16,427.00	1,16,113.00	13,055.00
Defence	5,804.00	31.00	5,056.00	70.00
Exports	16,183.00	2,078.00	15,304.00	1,534.00
Total	**1,06,653.00**	**19,067.00**	**1,44,147.00**	**18,264.00**

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

C) Contract balances

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major segment product and geographical regions:

(₹ in Lakhs)

	As on March 31, 2019	As on March 31, 2018
Receivables	37,931.57	46,651.00
Contract assets	326.15	946.38
Contract liabilities	639.05	1161.55

There are no significant changes on account of business combinations, transition adjustments or changes in time frame for a, right to consideration / performance obligation.

(₹ in Lakhs)

Particulars	2018-19	2017-18
Opening balance	1,161.55	1,927.29
Received during the year	741.10	1,011.00
Revenue recognised / Adjusted	(1,263.60)	(1,776.74)
Closing balance	639.05	1,161.55

There are no significant items of revenue to be recognised against performance obligation satisfied in previous year due to change in transaction price.

Timing of satisfaction of performance obligations

For each performance obligation satisfied over time the company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict the company's performance in transferring control of goods or services promised to a customer (ie the satisfaction of an entity's performance obligation).

The right to payment for performance completed to date does not need to be for a fixed amount. However, at all times throughout the duration of the contract, the company is entitled to an amount that at least compensates for performance completed to date if the contract is terminated by the customer or another party for reasons other than the company's failure to perform as promised.

Output method is used for measurement where the units produced or units delivered faithfully depict the company's performance in satisfying a performance obligation and, at the end of the reporting period, the companie's performance has produced work in progress or finished goods that are not controlled by the customer.

Input method is used to recognise revenue where the company's efforts or inputs in satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) is relative to the total expected inputs to the satisfaction of that performance obligation and depict the company's performance in transferring control of goods or services to the customer.

D) Movement in provisions on account of impairment and credit loss

(₹ in Lakhs)

Particulars	2018-19		2017-18	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Opening balance	526.00	-	966.00	-
Add: Additions / expected lifetime credit loss	814.59	-	1,094.45	-

Particulars	2018-19		2017-18	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Less: Write off / impairment	814.59	-	1,534.45	-
Less: Reversal				
Closing balance	526.00	-	526.00	-

42.4 Disclosure as per Ind AS -12 - Income Tax

a) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarized as follows: *(₹ in Lakhs)*

Particulars		Year ended March 31, 2019		Year ended March 31, 2018
Profit before tax but after other comprehensive income excluding profit on sale of land		2,974.18		4,976.12
Profit on sale of land		993.37		232.21
Profit before tax but after other comprehensive income		3,967.55		5,208.33
Enacted tax rates (%)				
On business income	34.94		34.61	
On capital gains	23.30		23.07	
Computed expected tax expense		1,270.71		1,775.71
Tax effect due to non-taxable income		(163.76)		(43.94)
Tax reversals		(76.02)		(306.43)
Tax effect due to non-deductible expenses		682.57		815.80
Tax effect on others		1.50		0.87
Income tax expense		1,715.00		2,242.00
Effective tax rate %		43.23		43.05

b) Details of income tax assets and Income tax liabilities are as follows: *(₹ in Lakhs)*

	March 31, 2019	March 31, 2018
Advance tax / MAT credit / TDS	5,558.50	4,696.15
Provision for income tax	5,083.69	4,363.13
Asset / (liability)	**474.81**	**333.01**

c) The gross movement in the current income tax asset / (liability) is as follows: *(₹ in Lakhs)*

	March 31, 2019	March 31, 2018
Net current income tax asset / (liability) at the beginning	333.01	264.36
Add : income tax paid / adjusted (net of refund received)	1,856.80	2,310.65
Less : provision for current tax	1,715.00	2,242.00
Net current income tax asset / (liability) at the end	474.81	333.01

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

d) The tax effects of significant temporary differences that resulted in deferred income tax asset and liability are as follows:

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Deferred tax liability		
Property, plant and equipment	1,472.59	1,662.82
Total	**1,472.59**	**1,662.82**
Deferred tax asset		
Leave encashment	67.35	73.10
Provision for doubful debts	183.81	182.04
Total	**251.16**	**255.14**
Deferred tax liability after set off of deferred tax asset	**1,221.43**	**1,407.68**

e) The gross movement in the deferred income tax account is as follows: *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Net deferred tax liability at the beginning	1,407.68	1,116.89
Credit / (charge) relating to temporary differences	(186.24)	290.79
Net deferred income tax liability at the end	1,221.43	1,407.68

42.5 Disclosure as per Ind AS-17 - Leases

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
a. Finance leases (un-discounted)		
Amount of finance lease	-	7.55
Less : lease amount repaid during the period	-	7.55
Amount outstanding at the end of the period	**-**	**-**
Amount payable not later than one year	-	-
Amount payable later than one year and not later than five years	-	-

b) Operating lease

The Company had taken office, residential facilities and equipment under cancellable operating leases. The rental expenses under such cancellable operating lease for the year ended March 31, 2019 was ₹286.39 Lakhs (previous year ₹294.42 Lakhs)

42.6 Disclosure as per Ind AS-19 -Employee Benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under: *(₹ in Lakhs)*

	March 31, 2019	March 31, 2018
Employer's contribution to PF/ESI/ pension plan	564.48	644.50

b) Defined benefit plan:

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, under the Payment of Gratuity Act, the Company has obtained actuarial valuation of the said liability. As per the valuation made under projected unit credit method by the actuary, 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. To meet the actual liability, the company has taken a Group Gratuity Policy of the LIC of India and to keep the policy alive, the Company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position) *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Present value of obligation	1,425.89	1,422.07
Fair value of plan assets	1,333.66	1,319.64
Surplus / (deficit)	(92.23)	(102.43)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(92.23)	(102.43)

Expense recognized during the period *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
In income statement (P&L a/c--expense provision)	64.33	96.93
In other comprehensive income (B/sheet item)	37.70	15.43

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

The valuation has been carried out using the Projected Unit Credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost and where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Defined benefit
Employer's contribution	100%
Employees' contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal retirement age	58
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time).
Benefit on early retirement / termination / resignation /withdrawal	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	₹ 2000000
Gratuity formula	(15/26) x last drawn salary x number of completed years

Description of regulatory framework in which plan operates

The payment of gratuity is required by the Payment of Gratuity Act, 1972.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of liquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. increase in the maximum limit on gratuity of ₹ 20,00,000).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Effect of any amendments, curtailments and settlements - not applicable in this case.

Explanation of amounts in financial statements

Changes in the present value of obligation *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Present value of obligation as at the beginning	**1,422.07**	1,424.30
Current service cost	49.77	49.64
Interest expense or cost	112.06	99.70
Actuarial (gains) / loss on obligations	32.01	27.59
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(190.02)	(179.16)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	**1,425.89**	1,422.07
Bifurcation of net liability		
Current liability (short term)	31.07	17.09
Non-current liability (long term)	1,394.82	1,404.98
Net liability	**1,425.89**	1,422.07

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Changes in the fair value of plan assets *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Fair value of plan assets as at the beginning	1,319.64	1,120.62
Acquisition adjustment	(6.49)	(16.09)
Expected return on plan assets	103.99	78.44
Contributions	112.23	303.68
Benefits paid	(190.02)	(179.16)
Actuarial gain/(loss) on plan assets	5.68	12.15
Fair value of plan assets as at the end	1,333.67	1,319.64

Change in the effect of asset ceiling *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Effect of asset ceiling at the end	nil	nil
Interest expense or cost (to the extent not recognised in net interest expense)	nil	nil
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	nil	nil
Effect of asset ceiling at the end	nil	nil

Expenses recognised in the income statement *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Current service cost	49.77	49.63
Past service cost	-	-
Expected return on plan assets	(103.99)	(78.44)
Interest cost	112.06	99.70
Expenses recognised in the income statement	57.84	70.89

Other comprehensive income *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	32.68	(181.24)
Actuarial (gains) / losses - experience variance	(0.67)	208.83
Actuarial (gains) / loss on obligations	32.01	27.59
Actuarial (gains) / loss on Plan Assets	(5.69)	12.16
Total other comprehensive income(OCI)	37.70	15.43

Financial assumptions *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Discount rate (per annum)	7.63%	7.88%
Salary growth rate (per annum)	4.00%	4.00%

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Demographic assumptions

Particulars	March 31, 2019	March 31, 2018
Indian assured lives mortality (2006-08) ult	*100%*	*100%*
Attrition rate:		
Age at valuation date / valuation date	**March 31, 2019**	March 31, 2018
18-30	15%	15%
31-40	5%	5%
41 &+	1%	1%

Disability: no explicit allowance

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase in reported cost.

Table of sample mortality rates from Indian assured lives mortality 2006-08

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Membership status

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Number of employees	1777	1992
Total monthly salary (₹ in Lakhs)	335.44	394.81
Average past service (years)	9	8
Average age (years)	39	38
Average remaining working life (years)	19	20
Number of completed years valued		
Decrement adjusted remaining working life (years)	15.69	15.88

Amount, timing and uncertainity of future cash flows

Sensitivity analysis

Significant actuarial assumptions for the detemination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Defined benefit obligation (base)	1425.89	1422.07
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	1301.59	1304.01
Decrease: -1%	1568.99	1558.03
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	1569.18	1557.78
Decrease: -1%	1299.60	1302.79
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +50%	1470.37	1471.19
Decrease: -50%	1373.58	1363.66
Mortailtiy rate:(% change compared to base due to sensitivity)		
Increase: +10%	1427.56	1423.82
Decrease: -10%	1424.22	1420.31

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the method of valuation for the prior period.

Asset liability matching strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

Effect of plan on entity's future cash flows

Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected contribution during the next annual reporting period

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
The Company's best estimate of contribution during the next year remains similar to current year.	92.23	-

Maturity profile of defined benefit obligation

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Weighted average duration (based on discounted cashflows) in years	15.69	15.88
Expected cash flows over the next (valued on undiscounted basis):		
1 year	31.07	97.46
2 to 5 years	215.69	188.72
6 to 10 years	581.39	575.99
More than 10 years	2,663.02	2,789.85

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

(ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using Projected Unit Credit method (PUC) and is charged to Profit and Loss account. The obligation is not funded.

Assets and liability (balance sheet position) *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Present value of obligation	184.54	201.74
Fair value of plan assets	-	-
Surplus / (deficit)	(184.54)	(201.74)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(184.54)	(201.74)

Expense recognized during the period *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
In Income statement (P&L--expense provision)	24.48	17.58

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

"The valuation has been carried out using the Projected Unit Credit Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of Plan	Long term benefit
Employer's contribution	100%
Employees'contribution	NIL
Salary for calculation of leave encashment benefit	Last drawn salary
Normal retirement age	58
Vesting period	Not applicable
Benefit on normal retirement	Leave Salary [Gross Salary) subject to a maximum of 30 days' salary
Benefit on early retirement / termination / resignation / withdrawal	As above
Benefit on death in service	As above
Limit	Yes
Benefit formula	No. of days' leave encashable x last drawn salary

Description of regulatory framework in which plan operates

The payment of leave encashment benefit is required as per Company's scheme.

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the Company is not able to meet the short-term benefit payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory/contractual risk: Benefit is paid in accordance with the requirements of the enterprise's scheme (as amended from time to time). There is a risk of change in regulations /rules requiring higher benefit payouts (e.g. increase in the maximum limit on benefit amount).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Present value of obligation as at the beginning	201.74	220.20
Current service cost	22.58	22.02
Interest expense or cost	15.90	15.41
Actuarial (gain)/ loss on obligations	(13.99)	(19.85)
Past service cost	0.00	0.00
Effect of change in foreign exchange rates	0.00	0.00
Benefits paid	(41.68)	(36.03)
Acquisition adjustment	0.00	0.00
Effect of business combinations or disposals	0.00	0.00
Present value of obligation as at the end	184.54	201.74

Bifurcation of net liability

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Current liability (short term)	3.20	17.09
Non-current liability (long term)	181.34	184.65
Net liability	184.54	201.74

Changes in the fair value of plan assets

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	41.68	36.03
e) Benefits paid	(41.68)	(36.03)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Notes forming part of the standalone financial statements

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Change in the effect of asset ceiling

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Effect of asset ceiling at the beginning	nil	nil
Interest expense or cost (to the extent not recognised in net interest expense)		
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling		
Effect of asset ceiling at the end	nil	nil

Expenses recognised in the income statement

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Current service cost	22.58	22.02
Past service cost	-	-
Expected return on plan assets	-	-
Interest cost	15.89	15.40
Net actl. (gain)/ loss recognized in the period:	(13.99)	(19.85)
Expenses recognised in the income statement	24.48	17.57

Actuarial assumptions The valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

Financial assumptions

Particulars	March 31, 2019	March 31, 2018
Discount rate (per annum)	7.63%	7.88%
Salary growth rate (per annum)	4.00%	4.00%
Demographic assumptions		
Indian assured lives mortality (2006-08) ult	100%	100%
Attrition rate:		
Age at valuation date / valuation date		
18-30	15.0%	15.0%
31-40	5.00%	5.00%
41 &+	1.00%	1.00%
Disability: no explicit allowance		

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase in reported cost.

Table of sample mortality rates from Indian assured lives mortality 2006-08

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Membership status

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Number of employees	1777	1992
Total monthly salary (₹ in Lakhs)	335.44	394.81
Average past service (years)	9	8
Average age (years)	39	38
Average remaining working life (years)	19	20
Number of completed years valued	0	0
Decrement adjusted remaining working life (years)	15.69	15.88

42.7 Disclosure as per Ind AS -21 - The Effects of Changes in Foreign Exchange Rates

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Exchange differences arising out of settlement / translation on account of :		
a) Exports	301.13	573.82
b) Imports	252.41	269.70
c) Others	(4.78)	(0.14)
Net gain (loss) recognised during the year	**548.76**	**843.38**

42.8 Disclosure as per Ind AS– 24 - Related Party Disclosures

1	Subsidiaries	SCIL Infracon Pvt Ltd	
		HBL Germany, GMBH	
		HBL America	
2	Joint arrangement	Gulf Batteries Company Ltd, Kingdom of Saudi Arabia	
3	Associate	Naval Systems & Technologies Pvt Ltd	
4	Key Management Personnel	Dr A J Prasad	Chairman & Managing Director
		M S S Srinath	Executive Director
		Kavita Prasad	Executive Director

Notes forming part of the standalone financial statements

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		K Sridharan	Chief Financial Officer
		M V S S Kumar	Company Secretary
		Non-executive directors	
		P. Ganapathi Rao	Independent Director
		Preeti Khandelwal	Independent Director
		K Venkat Sriram	Independent Director
		Richa Datta	Independent Director
		M C Mohan	Independent Director
		Ajay Bhaskar Limaye	Non- Executive Director
		Abhishek G Poddar	Non- Executive Director

During the year the name of the controlled Company Kairos Engineering Limited has been struck off by MCA. Further the name of the Subsidiary HBL Suntech LLP had been removed by ROC.

Disclosure of transactions with related parties and the status of outstanding balances. *(₹ in Lakhs)*

Sl.No	Name	Nature of transaction	Transactions during the year	March 31, 2019	
				Gross trade receivables (un-secured)	Gross trade payables
1	Subsidiaries	Sale of goods	5,024.07	2,881.59	
			(4,978.05)	(3,607.00)	
		Purchase of goods	1.64	-	-
			(5.20)		(10.65)
		Reimbursement of expenses	301.81		53.11
			(37.78)		(37.79)
2	Joint arrangement	Sale of goods	-	525.64	
			(257.22)	(525.64)	
3	Key management personnel	Funds repaid	-	-	711.00
			(10.00)	-	(711.00)
		Remuneration paid	231.13	-	
			(229.71)		
		Commission on profits	101.59	-	357.90
			(191.27)		(266.56)
		Rent paid	7.03	-	
			(7.03)		
		Interest paid	71.10	-	
			(75.43)		
		Purchase of assets	-	-	-
			(42.00)		
		Sitting fee paid to Non-Executive Directors	4.60	-	-
			(3.70)		

Notes forming part of the standalone financial statements

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Figures in brackets represent previous year balances

Against the above gross trade receivables, the Company had made a provision for doubtful debts of ₹₹526 Lakhs for joint arrangement.

Sl No	Name	Designation	Directorship in other Companies	Shareholding in other Companies with %
I	**Directors**			
1	Dr. A J Prasad	Promoter – Chairman & Managing Director	Beaver Technologies Private Limited	Beaver Technologies Private Limited (24.50%)
2	Mr. MSS Srinath	Promoter - Executive Director	Naval Systems & Technologies Pvt. Ltd	Naval Systems & Technologies Pvt. Ltd (10%)
			Beaver Technologies Private Limited	Beaver Technologies Private Limited (37.75%)
3	Mrs. Kavita Prasad	Promoter - Executive Director	Naval Systems & Technologies Pvt. Ltd	Naval Systems & Technologies Pvt. Ltd (10%)
			Beaver Technologies Private Limited	Beaver Technologies Private Limited (37.75%)
II	**Key managerial personnel**			
1	Mr. K Sridharan	Chief Financial Officer	Not Applicable	Not Applicable
2	Mr. MVSS Kumar	Company Secretary	SCIL Infracon Private Limited	Not Applicable

42.9 Disclosure as per Ind AS - 38 - Intangible Assets (expenditure on research & development) Aggregate amount of research and development expenditure that is not eligible for capitalization, recognised as an expense during the period in which they were incurred and grouped under other expenses is as under: *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Employee costs	0.82	261.55
Finance costs	-	74.55
Other expenses	115.60	29.63
Professional fee	-	137.27
Depreciation and amortization	25.76	2.41
Total	**142.18**	**505.41**

42.10 Disclosure as per Ind AS-108 - Operating Segments

This financial report contains both the consolidated financial statements of parent, that is within the scope of this Ind AS, as well as the parent's separate financial statements. Therefore, in accordance with Para 4 of Ind AS 108, segment information is given in the consolidated financial statements.

42.11Financial instruments

A) Capital management

The Company manages its capital structure and make adjustments to it, in light of changes in economic condition. To manintain or adjust the capital structure, the Company may adjust the dividend payment to Shareholders, return capital to Shareholder, or issue new shares. No changes were made in the objectives, policies and procedures in the past three years.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes issued equity capital, Share premium and all other equity reserves attributable to the equity holders.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

B) Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2019 were as follows: *(₹ in Lakhs)*

Particulars	March 31, 2019			March 31, 2018		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
Assets :						
Cash cash equivalents	939.96	939.96	939.96	557.21	557.21	557.21
Other bank balances	2,122.68	2,122.68	2,122.68	1,297.34	1,297.34	1,297.34
Investments in subsidiaries, associates & joint arrangements	344.17	344.17	344.17	344.13	344.13	344.13
Trade receivables	37,931.57	37,931.57	37,931.57	46,651.00	46,651.00	46,651.00
Other financial assets	4,000.05	4,000.05	4,000.05	4,383.26	4,383.26	4,383.26
Total	**45,338.43**	**45,338.43**	**45,338.43**	**53,232.95**	**53,232.95**	**53,232.95**
Liabilities :						
Trade payables	7,642.15	7,642.15	7,642.15	12,388.05	12,388.05	12,388.05
Borrowings	23,074.34	23,074.34	23,074.34	36,467.76	36,467.76	36,467.76
Other financial liabilities	3,189.65	3,189.65	3,189.65	4,388.65	4,388.65	4,388.65
Total	**33,906.15**	**33,906.15**	**33,906.15**	**53,244.46**	**53,244.46**	**53,244.46**

B) Financial risk management

Financial risk factors

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The management reviews and designs policies and procedures to minimise potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The companies exposure to credit risk is influenced mainly by the customers repayments. The companies exposure to liquidity risks are on account of interest rate risk on borrowings. The following sections provide details regarding the companies exposure to the above mentioned financial risks and the management thereof.

Market risk

TThe Company operates internationally and a portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in those countires. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies. The company leaves exchange rate risk with regard to foreign exposures unhedged when the local currency is depreciating against the foreign currency and hedges this risk when the local currency is appreciating against the foreign currency. Currently the foreign exchange risk of the company is covered through natural hedge and the Company uses the foreign currency denominated accounts to mitigate the exchange rate variation.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2019 :

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	49.98	22.23	0.42	72.63
Other financial assets	-	-		-
Trade payables	(13.93)	(3.34)	(0.03)	(17.30)
Other financial liabilities	(3.09)	(1.33)	-	(4.42)
Net assets/(liabilities)	**32.96**	**17.56**	**0.39**	**50.91**

The following table analyzes foreign currency risk from financial instruments as of March 31, 2018 :

Particulars	U.S.dollars	Euro	GBP	SGD	Total
Trade receivables	74.29	37.32	0.42	-	112.03
Other financial assets	-	-		-	-
Trade payables	(20.34)	(1.12)	(0.28)	(0.02)	(21.76)
Other financial liabilities	(1.45)	(0.46)	-	-	(1.91)
Net assets/(liabilities)	**52.50**	**35.74**	**0.14**	**(0.02)**	**88.36**

For the year ended March 31, 2019 and March 31, 2018, the depreciation / appreciation in the exchange rate between the Indian rupee and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹548.75 Lakhs and ₹843.38 Lakhs respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹37,907.63 Lakhs and ₹46,650.99 Lakhs as of March 31, 2019 and March 31, 2018, respectively . Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers :

Particulars	March 31, 2019	March 31, 2018
Revenue from top customer	10.67%	17.05%
Revenue from top five customers	27.57%	35.78%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 was Nil . The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2018 was ₹150.17 Lakhs.

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Particulars	March 31, 2019	March 31, 2018
Balance at the beginning	526.00	966.00
Expected lifetime credit loss	597.93	1,094.45
Credit impairment	(597.93)	(1,534.45)
Balance at the end	**526.00**	**526.00**

Credit risk on cash and cash equivalents is limited as the company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies with no history of default.

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company also has long term and short term borrowings from banks and financial institutions. Term loans are project specific and for refinancing of capital expenditures. Short term loans repayable on demand from banks are obtained for the working capital requirements of the company.

As of March 31, 2019, the Company had a working capital of ₹39,064.60 Lakhs including cash and cash equivalents of ₹939.96 Lakhs. As of March 31, 2018, the Company had a working capital of ₹33,398.24 Lakhs including cash and cash equivalents of ₹532.20 Lakhs .

As of March 31, 2019 and March 31, 2018, the outstanding gratuity and compensated absences were ₹284.98 Lakhs and ₹313.69 Lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of the companies financial instruments will fluctuate because of the change in market ineterest rates. The company is exposed to interest rate risks as it has significant interst bearing loans from banks and financial institutions. These fluctuations are managed through negotiated and prefixed interest rates on term loans enabling the management to plan its future financial commitments and exposures. Short term loans repayable on demand are a subject to prevailing market rate fluctuations and sanctioned facilities are availed on a need to borrow basis to ensure minimun exposure to interst rate fluctuations.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019 :

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	7,642.14	-	-	7,642.14
Long term borrowings	1,583.01	632.46	7.75	2,223.22
Short term borrowings	20,851.13	-	-	20,851.13
other financial liabilities (excluding borrowings from banks and financial institutions)	3,189.65	-	-	3,189.65

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018 :

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	12,388.05	-	-	12,388.05
Long term borrowings	2,196.42	451.53	-	2,647.95
Short term borrowings	33,819.82	-	-	33,819.82
other financial liabilities (excluding borrowings from banks and financial institutions)	4,388.65	-	-	4,388.65

Notes forming part of the standalone financial statements

for the year ended March 31, 2019

Note : 43 **Disclosures relating to Corporate Social Responsibility (CSR)**

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend atleast two percent of its average net profits for the immediately preceding three years, on Corporate Social Responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promotion of education, art and culture, health care, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were utilized through the year on these activities which are specified in schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year ₹106.12 Lakhs

b) The details of amounts spent during the year on CSR activities are as follows: *(₹ in Lakhs)*

i) Promotion of child education	35.25
ii) Eradication of malnutrition	41.13
iii) Health care	24.09
iv) Contribution to eligible orphanages/oldage homes	6.88
Total	**107.35**

Note : 44

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

The accompanying notes 1 to 44 form an integral part of this standalone financial statements

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

S.S.Bharadwaj
Partner
M.No : 26113

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : May 30, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Independent Auditors' Report

To
The Members of
HBL Power Systems Limited,
Hyderabad

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of HBL Power Systems Limited (hereinafter referred to as the 'Parent Company') and its subsidiaries (Parent Company and its subsidiaries together referred to as "the Group"), its associate and Jointly Controlled Entity, as stated in note 44, which comprise the consolidated balance sheet as at March 31, 2019, and the consolidated statement of profit and loss, the consolidated statement of changes in equity, and the consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2019, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associate and jointly controlled entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	Auditor's response
Recognition, measurement, estimation, presentation and disclosures in view of adoption of new Ind AS 115 on "Revenue from contracts with Customers" The application of the new Ind AS 115 from current year involves certain key judgments, estimation, identification of distinct performance obligations, determination of transaction price, measurement of revenue recognition and disclosures including presentations of balances in the financial statements.	We assessed the Company's internal process for adoption and evaluating the impact of new Ind AS. Our audit approach comprised of design and testing of effectiveness of internal controls and procedures, which was as follows. • Evaluated the process of implementation of the new Ind AS on revenue recognition and effectiveness of controls over the preparation of information that is designed to ensure completeness and accuracy. • Selected a sample of existing continuing contracts and new contracts, and tested the operative effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. • Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue and presentation of contract balances and trade receivables in accordance with the Ind AS • Performed analytical procedures for reasonableness of revenue including the consideration of comparisons of the financial information, population, relationship and applying concept of materiality

Information other than the financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in management report and chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated Ind AS financial statements

The Parent Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (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 associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and 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; 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 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 Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate and jointly controlled entity is responsible for overseeing the financial reporting process of the Group and of its associate and jointly controlled entity.

Auditor's responsibilities for the audit of the consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Paragraph 41(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) explains that when law, regulation or the applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and jointly controlled entity to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group and its associate and jointly controlled entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Parent Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the

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

Other Matters

(a) We did not audit the financial statements / financial information of 2 (Two) subsidiaries, whose financial statements / financial information reflect total assets of ₹ 1976.06 lakhs as at March 31, 2019, total revenues of ₹ 5831.59 lakhs and net cash flows amounting to ₹ 97.18 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 of ₹ 79.23 lakhs for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of 1 (one) associate, whose financial statements / financial information have not been audited by us.

(b) These financial statements / financial information are unaudited and 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 and associate and our report in terms of sub-section (3) of Section 143 of the Act in so far as it to the aforesaid subsidiaries and associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated Ind AS 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 Section 143(3) of the Act, 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 Ind AS 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, the consolidated statement of changes in equity 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 Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2019 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its associate company incorporated in India, none of the directors of the Group companies, its associate company incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity – Refer Note 38.2 to the consolidated financial statements.

   ii. The Group, it's associate and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For **Rao & Kumar**
Chartered Accountants
Firm Registration No: 03089S

Anirban Pal
Partner
Membership No. 214919
UDIN – 19214919AAAABI4208

Place: Hyderabad
Date: August 13, 2019

Annexure - A

(Referred to in Paragraph 1(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 Ind AS financial statements of HBL Power Systems Limited ("the Parent") as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of the Parent, its Subsidiaries and Associate incorporated in India as of that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the of the Parent, its subsidiaries and associate, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Parent Company, its subsidiary companies and its associate company, which are 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 internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, 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. 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 and audit evidence obtained by other auditors 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 internal financial controls system over financial reporting of the Parent, its subsidiaries and its associate company, which are companies incorporated in India.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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.

Opinion

According to the information and explanations given to us and based on our audit we are of the opinion that, the Parent Company, its subsidiaries and its associate company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Parent Company, its subsidiaries and its associate 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.

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 two subsidiaries and an associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of those companies.

For **Rao & Kumar**
Chartered Accountants
Firm Registration No: 03089S

Anirban Pal
Partner
Membership No. 214919
UDIN – 19214919AAAABI4208

Place: Hyderabad
Date: August 13, 2019

CONSOLIDATED BALANCE SHEET as at March 31, 2019

(₹ in Lakhs)

	Particulars	Note	As at March 31, 2019		As at March 31, 2018	
I)	**ASSETS**					
1	**Non current assets**					
	(a) Property, Plant and Equipment	4	31,138.39		34,825.88	
	(b) Capital works in progress	6	388.36		386.82	
	(c) Intangible assets	7	932.08		1,517.46	
	(d) Intangible assets under development	8	3,332.75		2,214.55	
	(e) Equity accounted investments	8A	528.71	36,320.29	471.13	39,415.84
	(f) Financial assets					
	(i) Investments	9	0.10		0.10	
	(ii) Other financial assets	10	2,949.24		3,367.65	
	(g) Other non current assets	11	62.83	3,012.17	304.33	3,672.08
2	**Current assets**					
	(a) Inventories	12	32,485.15		36,745.89	
	(b) Financial assets					
	(i) Investments	9	2.03		2.00	
	(ii) Trade receivables	13	36,307.46		45,317.59	
	(iii) Cash and cash equivalents	14	1,179.51		721.76	
	(iv) Other bank balances	14	2,122.68		1,302.34	
	(v) Others	11	1,057.65		1,030.08	
	(c) Current tax assets (Net)	15	474.81		277.48	
	(d) Other current assets	16	1,488.23		3,578.74	
	(e) Assets held for sale	5	1,621.42	76,738.94	2,088.16	91,064.04
	Total			**1,16,071.40**		**1,34,151.96**
II	**EQUITY AND LIABILITIES**					
1.	**Equity**					
	(a) Equity share capital	17	2,771.95		2,771.95	
	(b) Other equity	18a	73,851.00	76,622.95	72,396.97	75,168.92
	(c) Non-controlling interest	18b		-		(168.17)
2.	**Non current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	19	739.29		578.68	
	(b) Provisions	20	181.35		201.75	
	(c) Deferred tax liabilities (Net)	21	1,200.04		1,382.88	
	(d) Other non current liabilities	22	55.92	2,176.60	111.84	2,275.15
3	**Current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	23	20,851.12		33,819.82	
	(ii) Trade payables	24	7,618.62		12,564.93	
	(iii) Other financial liabilities	25	4,851.56		6,643.86	
	(b) Other current liabilities	26	2,398.10		2,477.19	
	(c) Provisions	20	1,552.45		1,370.26	
	(d) Current tax liabilities (Net)	-	-	37,271.85	-	56,876.06
	Total			**1,16,071.40**		**1,34,151.96**

The accompanying Notes 1 to 47 form an integral part of this Consolidated Financial Statements
As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : August 13, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended March 31, 2019

(₹ in Lakhs)

	Particulars	Note	Year Ended March 31, 2019		Year Ended March 31, 2018	
	Revenue					
I	Revenue from operations	27		1,26,173.95		1,63,419.74
II	Other income	28		1,744.63		2,374.46
III	**Total income (I + II)**			**1,27,918.58**		**1,65,794.20**
IV	**Expenses**					
	Cost of material consumed	29		80,527.56		1,01,743.89
	Purchases of stock in trade			374.77		1,212.26
	Changes in inventories of finished goods, stock -in - trade and work - in - progress	30		666.50		3,488.06
	Excise duty on sale of goods			-		3,118.51
	Employee benefits expense	31		8,745.20		9,796.13
	Finance costs	32		3,064.49		4,066.57
	Depreciation and amortization expense	33		4,448.08		4,616.54
	Manufacturing expenses	34		14,565.32		17,369.88
	Administrative expenses	35		5,264.76		5,666.25
	Selling expenses	35		6,724.93		8,431.40
	Total Expenses (IV)			**1,24,381.61**		**1,59,509.50**
V	**Profit before exceptional items and tax (III-IV)**			**3,536.97**		**6,284.70**
VI	Exceptional items - (income)/expense	36		(663.87)		989.77
VII	**Profit after exceptional items (V - VI)**			**4,200.84**		**5,294.93**
VIII	Share in (profit) / loss of associate / joint venture	8B		(79.23)		(210.93)
IX	**Profit before tax (VII - VIII)**			**4,280.07**		**5,505.86**
X	**Tax expense**					
	(1) Current tax		1,737.38		2,300.37	
	(2) Deferred tax (asset)/liability		**(183.28)**		**263.50**	
	(3) Income tax relating to previous years		**(47.46)**	**1,506.64**	**(227.66)**	**2,336.21**
XI	**Profit after tax for the period (IX - X)**			**2,773.43**		**3,169.65**
XII	**Other comprehensive income (Net)**					
	Items that will not be reclassified to profit or loss -					
	(a) Remeasurement of defined benefit plans		37.70		15.44	
	(b) Tax effect		(13.05)		(5.34)	
	Total - (c = a + b)		**24.65**		**10.10**	
	Items that may be reclassified to profit or loss -					
	Exchange differences in translating the financial statements of foreign operations		34.02		129.74	
	Tax effect		(11.77)		(44.90)	
	Total - (f = d + e)		**22.25**		**84.84**	
	Total other comprehensive income (Net) - (g= c+f)			46.90		94.94
XIII	**Total comprehensive income for the period (IX + X)**			**2,726.53**		**3,074.71**
	Profit/(loss) for the year attributable to:					
	Owner of the Company			2,773.43		3,163.35
	Non-Controlling Interest					6.30
				2,773.43		**3,169.65**
	Other comprehensive income for the year attributable to:					
	Owner of the Company			(46.90)		(94.94)
	Non-controlling Interest			-		-
				(46.90)		**(94.94)**
	Total comprehensive income for the year attributable to:					
	Owner of the Company			2,726.53		3,068.41
	Non-controlling Interest			-		6.30
				2,726.53		**3,074.71**
XIV	**Earnings per Equity Share (Face value₹1/- per share)**	**37**				
	(1) Basic ₹			0.98		1.11
	(2) Diluted ₹			0.98		1.11

The accompanying Notes 1 to 47 form an integral part of this Consolidated Financial Statements
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 13, 2019

On behalf of the board

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2019

(₹ in Lakhs)

	Particulars	31-Mar-19		31-Mar-18	
A	**Cash flow from operating activities**				
	Net profit before tax and exceptional items		3,616.19		6,495.63
	Exceptional items - income / (expenditure) *		663.87		(989.77)
	Other comprehensive income (net)		(71.72)		(145.18)
	Total comprehensive income before tax		**4,208.34**		**5,360.68**
	Adjustments for:				
	Depreciation	3,844.70		3,954.22	
	Amortisation of intangible assets	603.38		662.31	
	Diminution in value of investments	(0.03)		483.25	
	Profit on sale of investments	-		-	
	Loss on sale of assets	(663.87)		506.53	
	Advances & deposits written off	149.42		131.77	
	Interest income	(315.67)		(357.27)	
	Interest expense	2,087.37		2,840.68	
	Provision for doubtful debts	(26.63)		6.63	
	Other provisions	161.79		(362.22)	
			5,840.46		7,865.90
	Operating profit before working capital changes		10,048.80		13,226.57
	(Increase)/decrease in sundry debtors	9,036.75		1,779.16	
	(Increase)/decrease in inventories	4,260.74		4,025.85	
	(Increase) / decrease in loans & advances **	1,511.61		2,512.48	
	Increase/(decrease) in trade paybles	(4,946.31)		(3,831.62)	
	Increase/(decrease) in current liabilities	(1,317.07)		776.56	
			8,545.72		5,262.43
	Cash generated from operations		18,594.52		18,489.00
	Income tax paid net of refunds		(1,934.71)		(2,840.57)
	Income tax adjustment relating to previous years		47.46		227.66
	Net cash flow from operating activities (A)		**16,707.27**		15,876.09
B	**Cash flow from investing activities**				
	Purchase of fixed assets	(2,705.32)		(1,554.98)	
	Sale proceeds of fixed assets	2,779.72		572.16	
	Investment of associates/JV	(57.62)		(171.35)	
	Interest received	315.67		357.27	
	Adjustment to Retained earnings on account of Consolidation	(240.86)		-	
	Net cash flow from investing activities (B)		**91.59**		(796.90)

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2019

Continues...

(₹ in Lakhs)

	Particulars	31-Mar-19		31-Mar-18	
C	**Cash flow from financing activities**				
	Repayment of long-term borrowings	104.63		1,951.71	
	(Increase)/decrease in working capital borrowings	12,968.70		9,179.33	
	Repayment of interest free sales tax loan	348.17		109.36	
	(Increase)/decrease in unsecured loans	(3.18)		34.65	
	Dividend payment	835.43		834.10	
	Interest paid	2,087.37		2,840.68	
	Net cash flow used in financing activities (C)		**16,341.12**		14,949.83
	Net increase in cash and cash equivalents (A+B-C)		**457.74**		129.37
	Cash and cash equiv.at beginning of the period		721.76		592.39
	Cash and cash equiv. at end of the period		**1,179.50**		721.76
	Cash and cash equivalents				
	Cash on hand		10.02		10.55
	Balances with banks in current account		1,169.48		711.21
	Total		**1,179.50**		721.76

Notes to the cash flow statement for the period ended 31-03-2019

1 This statement is prepared as per Ind AS - 7 (indirect method).

2 * Details of the exceptional items are given in note 36.

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

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : August 13, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2019

a) Share capital

(₹ in Lakhs)

Balance as on March 31, 2018	2,771.95
Balance as on March 31, 2019	2,771.95

Other equity

(₹ in Lakhs)

Particulars	Capital reserve	Securities premium account	Other reserves		General reserve	Retained earnings	Foreign currency translation reserve	TOTAL
			Capital redemption reserve	Investment subsidy				
Balance at the beginning of the reporting period April 1, 2017	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**14,916.84**	**(118.91)**	**70,140.43**
Profit for the Year	-	-	-	-	-	3,169.66		3,169.66
Other comprehensive Income for the year,net of income tax	-	-	-	-	-	(10.10)	(84.84)	(94.94)
Dividends (including Tax)	-	-	-	-	-	(834.10)		(834.10)
Adjustment to Retained earnings on account of intra group balances	-	-	-	-	-	15.92		15.92
Balance at the end of the previous reporting period March 31, 2018	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**17,258.22**	**(203.75)**	**72,396.97**
Balance at the beginning of the current reporting period April 1, 2018	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**17,258.22**	**(203.75)**	**72,396.97**
Profit for the Year						**2,773.43**		**2,773.43**
Other comprehensive Income for the year,net of income tax						(24.65)	(22.25)	(46.90)
Dividends (including Tax)						(835.43)		(835.43)
Adjustment to Retained earnings on account of consolidation						(437.08)		(437.08)
Balance at the end of the reporting period March 31, 2019	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**18,734.49**	**(226.00)**	**73,851.00**

The accompanying Notes 1 to 47 form an integral part of this Consolidated Financial Statements
As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
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M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : August 13, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 1 Corporate Information

The Consolidated Financial Statements (CFS) comprise financial statements of HBL Power Systems Limited (the Parent Company) and its Subsidiaries (Collectively the Group), its Joint Venture Company and Associate Company for the year ended March 31, 2019.

The parent Company is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The parent Company has its primary listings on the BSE Limited and National Stock Exchange in India Limited. The CFS were authorized for issuance by the parent Company's Board of Directors and Audit Committee on August 13, 2019.

The principal activities of the group comprises of manufacturing of different types of batteries and other products. The group is also engaged in service activities related to the above products.

Note : 2 Basis of preparation and measurement

2.1 Statement of compliance

The CFS as at and for the year ended March 31, 2019 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Accounting convention and basis of measurement

The CFS have been prepared on the historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

iii) Provision for Warranties

2.3 Functional and presentation currency

The CFS are presented in Indian rupees, which is the functional currency of the parent Company and the currency of the primary economic environment in which the parent Company operates. All financial information presented in Indian rupees has been rounded off to the nearest lakh of rupees except share and per share data.

2.4 Use of judgments, estimates and assumptions

The preparation of CFS in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities and contingent assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any affected future periods.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions in respect of the following areas, that have most significant effect to the carrying amounts are included in the relevant notes.

i) Useful lives of property, plant, equipment and intangibles.

ii) Measurement of defined benefit obligations

iii) Measurement and likelihood of occurance of provisions and contingencies.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

iv) Recognition of deferred tax assets / liabilities.

v) Impairment of intangibles

vi) Expenditure relating to research and development activities.

2.5 Operating cycle:

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.6 Basis of consolidation

(a) The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent Company. When the end of the reporting period of the parent Company is different from that of a subsidiary / associate / joint venture entity, that entity prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent Company to enable it to consolidate the financial information, unless it is impracticable to do so.

(b) The CFS incorporate the financial statements of the parent Company and entities controlled by the parent Company. Control is achieved when the parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

c) The parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

d) When the parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The parent Company considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the size of the parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

e) Consolidation of a subsidiary begins when the parent Company obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the parent Company gains control until the date when it ceases to control the subsidiary.

f) Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the owners of the parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

g) All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

h) Details of subsidiary companies considered in the preparation of the consolidated financial statements are given in Note 44.

i) Investments in associates and joint ventures

I) An 'Associate' is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

II) A 'Joint Venture' is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

III) The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

IV) The group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the associate or joint venture since the acquisition date.

V) The statement of profit and loss reflects the group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of associate or joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity.

VI) The aggregate of the group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

VII) Details of associate and joint venture companies considered in the preparation of the consolidated financial statements are given in Note 44

Note : 3 Summary of significant accounting policies

3.1 Property, Plant and Equipment (PPE)

i) PPE are measured at cost less accumulated depreciation and impairment losses.

ii) The cost of PPE includes those incurred directly for the construction or acquisition of the asset, and directly attributable to bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the management and includes the present value of expected cost for dismantling / restoration, wherever applicable.

iii) The cost of major spares is recognized in the carrying amount of the item of property, plant and equipment, in accordance with the recognition criteria set out in the Standard. The carrying amount of the replaced part is derecognized at the time of actual replacement. The costs of the day-to-day servicing of the item are recognized in statement of profit or loss as incurred.

iv) Depreciation on tangible assets including those on leasehold premises is provided under straight line method over the useful

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

life of assets specified in Part C of Schedule II to the Companies Act, 2013 and in the manner specified therein, except in respect of Dies and Moulds and 'Secured Land Filling' (used for disposal of Lead Slag) which are depreciated over their technically 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.

v) Depreciation methods, useful lives and residual values are reviewed at each reporting date and accounted as change in accounting estimate.

vi) Each component / part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately only when it has a different useful life. The gain or loss arising from de-recognition of an item of PPE is included in statement of profit or loss when the item is derecognized.

vii) Expenditure attributable /relating to PPE under construction / erection is accounted as under:

A) To the extent directly identifiable to any specific plant / unit, Trial run expenditure net of revenue is included in the cost of PPE.

B) To the extent not directly identifiable to any specific plant / unit, is kept under 'Expenditure During Construction' for allocation to PPE and is grouped under 'Capital work-in-progress'.

3.2 Intangible assets

i) 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.

ii) 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.

iii) Intangible assets are amortized on straight line method over their technically estimated useful lives.

iv) Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates.

3.3 Assets taken under lease

i) In respect of equipment taken under finance leases, the lower of fair value of the leased asset and present value of minimum lease payments, 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.

ii) In respect of equipment taken under operating lease, lease payments are recognised as expense over the period of lease term.

iii) Cost of acquisition of leasehold land is amortized over the leasehold period.

3.4 Investment in subsidiaries, associates and joint ventures

i) Investments in associate and joint arrangements are accounted for using equity method

ii) Investments in entities other than associate and joint arrangements are carried at cost and diminution / impairment with reference to market value is recognized.

3.5 Government grants

Government grants are recognised in the statement of profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses.

3.6 Inventories are valued as under:

I)	Raw materials, components, consumables and stores & spares.	At lower of weighted average cost and net realisable value.
ii)	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.
iii)	Long term contract work in progress (where the income it is not eligible for recognition as per Income recognition policy stated elsewhere).	At direct and attributable costs incurred in relation to such contracts.
iv)	Stock-in-trade	At lower of cost and net realisable value
v)	Consumable tools	At cost less amount charged off (which is at 1/3rd of value each year).
vi)	Services work-in-progress	Lower of cost and net realisable value

3.7 Assets held for sale

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

(i) decision has been made to sell.

(ii) the assets are available for immediate sale in its present condition.

(iii) the assets are being actively marketed and

(iv) sale has been agreed or is expected to be concluded within 12 months of the balance sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

3.8 Revenue recognition

i) Revenue from Contracts with Customers that meet the Recognition criteria under Paragraph 9 of Ind AS 115 are recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer, for the amount of the transaction price that is allocated to that performance obligation.

ii) Satisfaction of a performance obligation and recognition of revenue over time is followed when, transfer of control of a good or service are made over time and, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Performance obligations that are not satisfied over time are treated as performance obligations satisfied at a point in time which in case of goods are upon their despatch to domestic customers and on the basis of proof of export for export customers and in case of services are upon completion of service.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

iii) Claims against outside agencies are accounted for on certainty of realization.

iv) Interest income is reported on an accrual basis using the effective interest method. Dividends, are recognized at the time the right to receive is established.

v) Export Incentives under various schemes are recognized as income on certainty of realization.

3.9 Employee benefits

i) 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.

ii) Post-employment benefits:

A) 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.

B) Defined benefit plans:

An 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. Any difference between the interest income on plan assets and the return actuallyachieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in OCI and subsequently not reclassified to the statement of profit and loss.

All defined benefit plan obligations are determined based on valuation as at the end of the reporting period, made by independent actuary using the projected unit credit method. The classification of the entity's net obligation into current and non-current is as per the actuarial valuation report.

iii) 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.

3.10 Foreign currency transactions

i) 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.

ii) Assets & Liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at prevailing exchange rates as at the end of the reporting period.

iii) Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

iv) Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss

v) For the purposes of presenting these CFS, the assets and liabilities of the group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (and attributed to non- controlling interests as appropriate).

vi) On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent Company are reclassified to profit or loss.

vii) In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3.11 Current tax and deferred tax

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

iii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

iv) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in OCI or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively.

3.12 Borrowing costs

i) Borrowing costs incurred for obtaining assets which take substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

ii) Other borrowing costs are treated as expense for the year.

iii) Significant transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using Effective Interest Rate (EIR) method.

3.13 Financial instruments (financial assets and financial liabilities):

i) All financial instruments are recognized initially at fair value. The classification of financial Instruments depends on the objective of the business model for which it is held and the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purpose of subsequent measurement, financial instruments of the group are classified into (a) Non-derivative financial instruments and (b) derivative financial instruments.

ii) Non-derivative financial instruments

A) Security deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current financial assets are classified as financial assets under this clause.

B) Loans and borrowings, trade and other payables including deposits collected from various parties and eligible current and non-current financial liabilities are classified as financial liabilities under this clause.

C) Financial Instruments are subsequently carried at amortized cost wherever applicable using EIR method less impairment loss.

D) Transaction costs that are attributable to the financial instruments recognized at amortized cost are included in the fair value of such instruments.

iii) Derivative financial instruments

A) Derivative financial assets and liabilities are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date

B) Changes in the fair value of any derivative asset or liability are recognized immediately in the income statement and are included in other income or expenses.

C) Cash flow hedge: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in OCI and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurence of the related forecasted transaction.

3.14 Impairment

i) Financial assets

A) The group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

◊ Financial assets that are debt instruments, and are measured at amortized cost wherever applicable for e.g., loans, debt securities, deposits, and bank balance.

◊ Trade receivables

B) The group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

ii) Non-financial assets

The group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the group estimates the amount of impairment loss.

3.15 Provisions

i) Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

ii) The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

iii) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

iv) Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

3.16 Earnings Per Share (EPS)

i) Basic EPS is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

ii) Diluted EPS is computed by dividing the profit after tax, as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.17 Recent accounting pronouncements

i) In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, on 30th March 2019, notifying a new Ind AS - 116 on Leases which is based on IFRS-16 on Leases.

ii) The amendments are applicable to the Company from April 1, 2019. The Company is evaluating the requirements of the new Ind AS-116, other amendments and their effect on financial statements.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 4 Property, Plant and Equipment as on March 31, 2019

(₹ in Lakhs)

Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As on April 1, 2018	Additions	Adjustments/ deletions	As on March 31, 2019	April 1, 2018	For the Period	Adjustments/ deletions	As on March 31, 2019	As on March 31, 2019	As on March 31, 2018
Land - freehold	3,792.41	295.01	440.11	**3,647.31**	-	-	-	**-**	**3,647.31**	3,792.40
Land - leasehold	260.11	-	89.56	**170.55**	31.69	2.13	13.18	**20.64**	**149.91**	228.42
	-				-	-	-	**-**		-
Buildings - factory	19,418.25	150.70	1,679.95	**17,889.00**	6,048.02	637.42	528.47	**6,156.97**	**11,732.02**	13,370.22
Buildings - others	476.39	-	-	**476.39**	84.21	8.87	-	**93.08**	**383.31**	392.18
	-		-		-	-	-	**-**		-
Plant and equipment	46,129.16	1,173.49	2,120.20	**45,182.45**	27,961.16	2,928.58	1,745.99	**29,143.75**	**16,038.70**	18,168.00
Furniture & fixtures	796.34	19.74	213.48	**602.60**	620.16	48.00	183.02	**485.14**	**117.46**	176.18
Vehicles	1,113.77	52.24	240.62	**925.39**	741.12	71.92	209.75	**603.29**	**322.10**	372.65
Office equipment	2,296.71	117.90	511.22	**1,903.39**	1,893.12	144.22	496.11	**1,541.23**	**362.16**	403.59
Office equipment under finance lease	86.48	-	-	**86.48**	76.08	3.56	-	**79.64**	**6.84**	10.40
Technical library	1.89	-	-	**1.89**	1.89	-	-	**1.89**	**-**	-
Total	**74,371.50**	**1,809.08**	**5,295.14**	70,885.44	**37,457.45**	**3,844.70**	**3,176.52**	**38,125.63**	**32,759.81**	36,914.04
Less: Transferred to assets held for sale									**1,621.42**	2,088.16
Net Total	**74,371.50**	**1,809.08**	**5,295.14**	**70,885.44**	**37,457.45**	**3,844.70**	**3,176.52**	**38,125.63**	**31,138.39**	34,825.88
Carrying Value as at March 31, 2018	74,634.17	2,148.09	2,410.78	**74,371.49**	34,835.32	3,954.22	1,332.09	**37,457.45**	**36,914.04**	

4.1 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 to the Act) on the same basis.

Note : 5 Assets held for sale

(₹ in Lakhs)

Groups of assets held for sale	March 31, 2019	March 31, 2018
Lease hold land	137.25	215.54
Land development	-	35.97
Buildings	1,484.17	1,836.65
Total	**1,621.42**	**2,088.16**

Note : 6 Capital work in progress

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Machinery under erection	383.36	267.60
Civil works in progress	-	119.22
Pre-operative expenses to be capitalised	-	-
Total	**383.36**	386.82

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 7 Intangible assets as on March 31, 2019

(₹ in Lakhs)

Description	Gross carrying amount				Accumulated amortization				Net carrying amount	
	As on April 1, 2018	Additions	Adjustments/ Deletions	As on March 31, 2019	As on April 1, 2018	For the period	Adjustments/ Deletions	As on March 31, 2019	As on March 31, 2019	As On March 31, 2018
New product development expenditure(internally generated)	3,593.16	-	-	**3,593.16**	3,036.13	280.18	-	**3,316.31**	**276.85**	557.03
Power facility	96.16	-	-	**96.16**	96.16	-	-	**96.16**	**-**	-
Technical knowhow fee	1,019.73	-	-	**1,019.73**	696.42	159.62	-	**856.04**	**163.69**	323.31
Software development	966.89	18.00	-	**984.89**	335.73	163.58	-	**499.31**	**485.58**	631.16
Trade marks and other business intangibles	5.95	-	-	**5.95**	-	-	-	**-**	**5.95**	5.95
Total	**5,681.89**	**18.00**	**-**	**5,699.89**	**4,164.43**	**603.38**	**-**	**4,767.81**	**932.08**	1,517.46
Carrying Value as at March 31, 2018	5,441.35	290.54	50.00	**5,681.89**	3,507.12	662.31	5.00	**4,164.43**	**1,517.46**	

Note : 8 Intangible assets under development

(₹ in Lakhs)

Description	As on March 31, 2019	As on March 31, 2018
1) New product development expenditure (Internally generated)		
a) Battery products	982.93	919.02
b) Electronic products	1,703.19	652.20
2) Technical knowhow fee paid	643.33	643.33
3) Software development	3.30	-
Total	**3,332.75**	**2,214.55**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 8A Equity accounted investments:

Gulf Batteries Company (Joint Venture Company)

The Group had a 40% interest in the entity which was involved in the manufacture of some of the groups' main product lines out side India. Upto the financial year ending March 31, 2017 the groups' interest in the enity was accounted for using the equity method in the consolidated financial statements. However for the reasons setout in note No. 44 the JV Company is not considered for consolidation for the current financial year.

Naval Systems and Technologies Private Limited (Associate Company)

The Group has a 41% interest in the entity which is involed in providing services to foreign Original Equipment Manufactures. The groups interest in the enity is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Associate Company along with reconciliation is set out below

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Current assets	1,222.07	1,348.15
Non current assets	272.75	10.61
Current liabilities	(205.28)	(208.59)
Non current liabilities	-	(1.09)
Equity	**1,289.54**	**1,149.09**
Proportion of the group's ownership	41%	41%
Carrying amount of the Investment	**528.71**	**471.13**

Equity accounted investments *(₹ in Lakhs)*

	March 31, 2019	March 31, 2018
Gulf Batteries Company Ltd	-	-
Naval Systems and Technologies Private Limited	528.71	471.13
Total	**528.71**	**471.13**

Note : 8B Share in profit / (loss) of associate / joint venture

Summarised statement of profit and loss of Gulf Batteries Company Ltd

As stated in Note 8A above and for the reasons setout in note No. 44 the JV Company is not considered for consolidation for the current financial year.

Summarised statement of profit and loss of Naval Systems and Technologies Private Limited

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Revenue	**828.39**	**1836.44**
Cost of raw material and components consumed	(394.80)	(975.48)
Depreciation & amortisation	(3.13)	(1.43)
Finance cost	(2.15)	(7.66)
.Employee benefit	(156.02)	(257.49)
Other expenses	(79.05)	(79.91)
Profit before tax	**193.24**	**514.46**
Proportion of the group's ownership	41%	41%
Group's share of profit / (loss) for the year	**79.23**	**210.93**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Share in profit / (loss) of associate / joint venture

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Gulf Batteries Company Ltd	-	-
Naval Systems and Technologies Private Limited	79.23	210.93
Total	**79.23**	**210.93**

Note : 9 Investments

(₹ in Lakhs)

Non - current - un-quoted				March 31, 2019	March 31, 2018
i) In equity instruments: (fully paid-up)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
a) Subsidiary Companies					
9999500	9999500	₹ 10	SCIL Infracon Private Limited	**1248.37**	-
			Less: Provision for impairment (refer note no. 44)	**1248.37**	-
				-	-
b) Joint arrangement company					
1100000	1100000	SR 10	Gulf Batteries Company Limited (Kingdom of Saudi Arabia)	**1424.51**	1424.51
			Less: Provision for impairment (refer note no. 44)	**1424.51**	1424.51
				-	**-**
c) Controlled company					
180000	180000	₹ 10	Kairos Engineering Limited	-	18.00
			Less: Provision for impairment	-	18.00
				-	-
Non -current - quoted					
e) Other companies (listed but not quoted)					
200	200	₹ 10	Indian Lead Limited	**0.10**	0.10
	Carrying value of non-current investments			**0.10**	0.10

(₹ in Lakhs)

Current investments- quoted :				March 31, 2019	March 31, 2018
In equity instruments of other Companies: (Fully Paid-up)					
(Received in pursuance of business combination)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
690	-	₹ 1	JSW Steel Limited	**2.58**	2.58
In Liquid Mutual Funds: (Fully Paid-up)					
(Received in pursuance of Business Combination)					
1	-	₹ 10	Reliance Mutual Fund Shares Liquid BEES	**0.01**	0.01
			TOTAL	**2.59**	2.59
	Less : Aggrgate provision for diminution in value of investments			**0.56**	0.59
	Carrying value of current investments			**2.03**	2.00

9.1

(₹ in Lakhs)

	Non - current	Current	Non - current	Current
Aggregate amount of quoted investments	**0.10**	**2.59**	0.10	2.59
Aggregate market value of quoted investments	**Not available**	**2.03**	Not available	2.00
Aggregate amount of unquoted investments	**-**	**-**	-	-
Aggregate amount of impairment / diminution in value of investments	**2,672.88**	**0.56**	1,442.51	0.59

Note : 10 Other financial assets

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Non-current		
Bank deposits (maturity beyond 12 months)		
Fixed deposits	10.43	18.84
Margin money deposits	1,762.07	2,397.96
Security deposits with government and others	1,175.94	943.98
Advances to employees	0.80	6.88
TOTAL	**2,949.24**	**3,367.65**

Note : 11 Other non- current assets

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Capital advances	62.83	304.33
TOTAL	**62.83**	**304.33**

Note : 12 Inventories *

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Raw materials	16,417.41	20,671.12
Stores, spares, process chemicals, fuels & packing material	872.19	756.10
Stock -in-trade (in respect of goods acquired for trading)	1,138.73	1,483.85
Bonded stocks/In transit	621.45	122.19
Consumable tools	69.13	25.01
Work in progress	6,849.38	7,963.77
Finished goods	6,516.86	5,723.85
TOTAL	**32,485.15**	**36,745.89**

12.1 *Inventories are valued as per accounting policy in note no. 3.6

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 13 Trade receivables

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Unsecured, considered good	36,307.46	45,317.59
Unsecured and having significant credit risk	526.00	552.63
Allowance for credit risk	(526.00)	(552.63)
TOTAL	**36,307.46**	**45,317.59**

Note : 14

14.1 Cash and cash equivalents

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Balances with banks in current accounts	1,083.83	604.43
Cash on hand	10.02	10.55
Fixed deposits (maturity of less than three months)	85.65	106.78
TOTAL	**1,179.51**	**721.76**

14.2 Other bank balances

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Fixed deposits	67.38	52.85
Margin money deposits	2,017.35	1,214.88
Dividend account	37.95	34.61
TOTAL	**2,122.68**	**1,302.34**

14.3 Financial assets - others (current)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Security deposits with government and others	91.26	239.55
Advances to employees	29.68	39.53
Claims and other receivables	384.24	266.52
Interest accrued but not due on deposits	552.47	484.48
TOTAL	**1,057.65**	**1,030.08**

14.4 Claims and other receivables include :

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
a) Insurance claim on account of heavy rainfall (refer note : 14.5)	95.16	95.16
b) Payments under protest for pending litigations	284.67	169.38
c) Other receivables	4.41	1.98
TOTAL	**384.24**	**266.52**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

14.5 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.

Note : 15 Current tax assets (net)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Advance payment of income tax (including TDS)	5,558.50	4,697.05
Less : Provision for income tax	5,083.69	4,419.57
TOTAL	**474.81**	**277.48**

Note : 16 Other current assets

(in Lakhs ₹)

	March 31, 2019	March 31, 2018
A. Advances other than capital advances:		
Advances to employees	98.71	52.27
Advances to vendors for supply of goods / services	973.55	2,238.33
B. Others:		
Prepaid expenses	145.63	187.36
Export incentives receivable	116.09	397.33
GST/service tax input/VAT receivables	149.76	698.97
Other advances	4.49	4.49
TOTAL	**1,488.23**	**3,578.74**

Note : 17 Equity share capital

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Authorised		
31,25,00,000 equity shares of ₹1 each	3,125.00	3,125.00
(Previous year 31,25,00,000 equity shares of ₹1 each)		
Issued , subscribed and fully paid-up		
equity shares of ₹1 each 27,71,94,946	2,771.95	2,771.95
(Previous year 27,71,94,946 equity shares of ₹1 each)		
TOTAL	**2,771.95**	**2,771.95**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

17.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	March 31, 2019		March 31, 2018	
	No.of shares	Value ₹ in Lakhs	No.of shares	Value ₹ in Lakhs
At the beginning of the period	27,71,94,946	2,771.95	27,71,94,946	2,771.95
Additions during the period	-	-	-	-
Deductions during the period	-	-	-	-
Outstanding at the end of the period	**27,71,94,946**	**2,771.95**	**27,71,94,946**	**2,771.95**

17.2 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.

17.3 Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2019		March 31, 2018	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹1 each fully paid				
Promoter and promoter group				
Barclays Wealth Trustees (India) Pvt Ltd -Aluru Family Pvt Trust	13,69,51,231	49.41	13,68,40,231	49.37
Public				
BanyanTree Growth Capital LLC	2,89,83,735	10.46	2,89,83,735	10.46
Oman India Joint Investment Fund	2,68,42,240	9.68	2,68,42,240	9.68

Note : 18

a. Other equity - (refer statement of changes in equity)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Capital reserve	1.02	1.02
Capital redemption reserve	2.70	2.70
Investment subsidy from state government	55.77	55.77
Securities premium account	23,010.66	23,010.66
General reserve	32,272.35	32,272.35
Retained earnings (balance of surplus in the statement of changes in equity)	18,734.49	17,258.22
Foreign currency translation reserve	(226.00)	(203.75)
TOTAL	**73,851.00**	**72,396.97**

b. Non-controlling interests

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
In other equity		
Opening balance	(168.17)	(174.47)
Additions/deletions during the year	168.17	6.30
Closing balance	-	(168.17)
TOTAL	**-**	**(168.17)**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 19 Non- current - financial liabilities

19.1 Non- current - financial liabilities

(₹ in Lakhs)

Borrowings	March 31, 2019	March 31, 2018
A. Term loans from Banks (secured)		
IDBI Bank ltd	-	417.00
HDFC Bank Ltd	622.75	-
HDFC Bank Ltd. - against vehicles	17.46	3.04
Loan from others (Refer Note - 19.5 (d))	99.08	**127.16**
TOTAL (A)	739.29	547.20
B. Loans from others (un-secured)		
Deferred payment laibility - interest free sales tax loan	-	31.49
TOTAL (B)	**-**	31.49
TOTAL (A + B)	**739.29**	**578.68**

19.2 Current - financial liabilities

(₹ in Lakhs)

Borrowings (current maturities)	March 31, 2019	March 31, 2018
A. Long term debt from Banks (secured)		
IDBI Bank Ltd	417.00	833.20
HDFC Bank Ltd	1,122.75	1,000.00
HDFC Bank Ltd. - against vehicles	11.77	15.05
Loan from others (Refer note - 19.5 (d))	36.21	33.03
TOTAL (A)	**1,587.73**	**1,881.27**
B. Current maturities of finance lease obligations - from HPFSIPL		
TOTAL (B)	**-**	-
C. Loans from others (un-secured)		
Deferred payment laibility - interest free sales tax loan	31.49	348.18
TOTAL (C)	**31.49**	**348.18**
TOTAL (A + B + C)	**1,619.22**	**2,229.45**

19.3 Current maturities of long term debt

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

19.4 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.

19.5 Term loan from IDBI and HDFC :

a) The capex term loan of₹2,500 Lakhs is sanctioned by IDBI Bank for setting up of Spun Concrete Poles unit with a project cost of₹3,350 Lakhs with a capacity of 1,00,000 poles p.a. at Narsaraopet, Guntur District, Andhra Pradesh. The loan is secured by pari passu first charge on the entire Property, Plant and Equipment of the company both present and future. This loan is also guaranteed by CMD, Spouse of CMD and two Directors in their personal capacity.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

b) HDFC Term Loan II of₹2,000 Lakhs & Term loan III of ₹2,025.00 Lakhs are (drawn ₹1,245.50 Lakhs) towards the refinancing of capital expenditure of the Company. The loans are secured by a first charge on the entire Property, Plant and Equipment of the Company both present and future. These loan are also guaranteed by CMD and two Directors in their personal capacity.

(₹ in Lakhs)

Name of the bank	Loan amount drawn	No of instalments	% of interest	Outstanding as on March 31,2019
IDBI Bank Ltd				
- Term Loan I	2,500.00	12 (QTLY) commencing from 1-10-2016	11.55	417.00
HDFC Bank Ltd				
- Term Loan II	2,000.00	4 (HY) commencing from 30-09-2017	10.30	500.00
Term loan III				
- Drawal i	883.50	8 (QTLY) commencing from 18-05-2019	8.90	883.50
- Drawal ii	362.00	8 (QTLY) commencing from 30-06-2019	9.25	362.00

c) **HDFC Bank - vehicle loan**

The Term Loans are secured by exclusive hypothecation of vehicles acquired through execution of Demand Promissory Notes and are repayable by Equated Monthly Installments (EMIs') as per the Loan Schedule sanctioned by the bank.

d) **HBL America, USA**

Represents loan in the form of Note entered into with the State of Connecticut Department of Economic And Community Development, U.S.A., which is repayable in equal monthly installments totaling $ 4688, and matures on October 1, 2022. The Note is secured by the assets of the Company.

19.6 Unsecured loans

a) **Deferred payment liability - Interest Free Sales Tax Loan (IFST):**

IFST Loan represents the Sales tax payable by the Company given as Loan by State Government under a scheme and is 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'. Pursuant to requirement under Ind AS - 109 on Financial Instruments and in view of the option exercised under Ind AS - 101 on First Time Adoption of Ind AS, un-winding of interest using effective interest rate was made and the Deferred Government Grant carved out, from the said loan, is being amortized in equal installments over the remaining repayment period of the IFST loan.

19.7 As on the balance sheet date, there were no continuing defaults in repayment of borrowings and interest.

Note : 20

20.1 Provisions (non - current)

(₹ in Lakhs)

Provision for employee benefits	March 31, 2019	March 31, 2018
Provision for earned leave encashment	181.35	201.75
TOTAL	**181.35**	**201.75**

20.2 Provisions (current)

(₹ in Lakhs)

Provision for employee benefits	March 31, 2019	March 31, 2018
Provision for employee benefits		
Provision for earned leave encashment	11.41	9.51
Provision for gratuity	92.23	102.43
Other provisions		
Provision for warranties	1,317.22	1,037.05
Provision for excise duty on closing stocks	-	-
Provision for commission on profits to director	101.59	191.27
Contingency provision	30.00	30.00
TOTAL	**1,552.45**	**1,370.26**

Note : 21 Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Deferred tax liability (as per last balance sheet)	1,382.88	1,169.79
Add: Deferred tax (asset)/liability for the year	(182.84)	213.09
TOTAL	**1,200.04**	**1,382.88**

Note : 22 Other non- current liabilities

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Deferred government grant (refer note 19.6)	55.92	111.84
TOTAL	**55.92**	**111.84**

Note : 23 Borrowings

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
A. Loans repayable on demand from banks (secured)		
State Bank of India (SBI)	5,686.38	11,791.17
IDBI Bank Ltd	-	-
ICICI Bank Ltd	3,108.69	7,245.32
Axis Bank Ltd	3,503.51	8,153.38

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 23 Borrowings (Contd.)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Buyer's credit from banks	-	-
TOTAL (A)	**12,298.58**	**27,189.87**
B. Loans repayable on demand from related parties (unsecured)		
Loans from directors	711.00	711.00
TOTAL (B)	**711.00**	**711.00**
C. Other loans from banks (unsecured)		
Purchase bill discounting from Kotak Mahindra Bank Ltd	3,285.50	2,812.34
Purchase bill discounting from IDBI Bank Ltd	2,827.82	2,829.63
Sale bills (LC backed) discounted with SBI	228.22	276.98
Sale bills (LC backed) discounted with Yes Bank	-	-
HDFC short term loan	1,500.00	-
TOTAL (C)	**7,841.54**	**5,918.95**
TOTAL (A + B + C)	**20,851.12**	**33,819.82**

23.1 Working capital loans

The demand loans from Banks are secured by a first charge on all the chargeable current assets and by a second charge on the property, plant and equipment (both present and future) of the Company. All the loans are also guaranteed by CMD, Spouse of CMD and two Directors in their personal capacity.

23.2 Purchase bill discounting facility from Kotak Mahindra Bank Ltd. is guaranteed by CMD and a Director of the Company in their personal capacity and purchase bill discounting facility from IDBI Bank Ltd is secured by accepted bill of exchange and post dated cheque/standing instructions for making payment on due date

23.3 Loan from directors is repayable on demand with interest.

Note : 24 Trade payables

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Total outstanding dues of :		
Micro Enterprises & Small Enterprises (MESE)	901.66	949.47
Payables other than MESE	6,716.96	11,615.46
TOTAL	**7,618.62**	**12,564.93**

24.1 Details relating to Micro, Small & Medium Enterprises (Relating to Parent Company) : *(₹ in Lakhs)*

Provision for employee benefits	March 31, 2019	March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	901.66	949.47
Interest	1.02	2.74
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	8703.39	4287.97
Interest	-	-
The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	21.34	17.29
The amount of interest accrued and remaining unpaid	22.36	20.04
The amount of further interest remaining due and payable for the earlier years	782.12	762.08

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 : 25 Other financial liabilities - current

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Current maturities of long-term debt(refer note - 19.2)	1,619.22	2,229.45
Interest accrued but not due on loans	14.98	32.45
Unpaid/unclaimed dividends (refer note - 25.1)	37.95	34.61
Trade deposits	154.91	180.41
Creditors for capital expenditure	71.40	68.30
Statutory dues	1,316.51	2,298.29
Directors' current account	357.90	266.56
Accrued compensations to employees	1,260.11	1,532.72
Others	18.58	1.07
TOTAL	**4,851.56**	**6,643.86**

25.1 Does not include any amount outstanding which is required to be credited to Investor Education and Protection Fund (IEPF).

Note : 26 Other current liabilities

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Advances against sales	794.58	1,166.66
Advances against sale of assets	390.00	-
Accrued expenses	1,213.52	1,310.53
TOTAL	**2,398.10**	**2,477.19**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 27 Revenue from operations

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
(a) Sale of products (including excise duty)	1,19,501.84	1,57,987.58
(b) Sale of traded goods	681.60	784.60
(c) Sale of services	4,943.07	3,796.75
(d) Other operating revenue - sale of scrap	1,047.44	850.81
TOTAL	**1,26,173.95**	**1,63,419.74**

Note : 28 Other income

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
a. Interest income		
Interest received on deposits with banks/others	315.67	357.27
Interest on IT refunds	22.36	43.95
b. Other non-operating income (net of directly attributable expenses)		
Exchange gains	550.99	841.54
Deferred income-Govt. grant	55.92	55.92
Export incentives received	413.71	740.10
Miscellaneous income	385.98	335.68
TOTAL	**1,744.63**	**2,374.46**

Note : 29 Cost of material consumed

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Opening stocks	20,671.12	20,283.07
Purchases - Material,Components and Consumables	76,273.85	1,02,175.13
	96,944.97	**1,22,458.20**
Less : closing stocks	16,417.41	20,671.12
	80,527.56	**1,01,787.07**
Less : Internal capitalisation	-	43.18
Cost of material consumed	**80,527.56**	**1,01,743.89**

Note : 30 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(in Lakhs ₹)

	March 31, 2019	March 31, 2018
a. Manufactured goods		
i) Opening stocks		
a) Semi finished goods	7,963.77	11961.69
b) Finished goods	5,723.85	5518.09
TOTAL (A)	**13,687.62**	**17479.78**
ii) Closing stocks		

Note : 30 Changes in inventories ... (Contd.)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
a) Semi finished goods	6,849.38	7963.77
b) Finished goods	6,516.86	5723.85
TOTAL (B)	**13,366.24**	**13687.62**
(Increase) / decrease (C = A - B)	321.38	3792.16
b. Traded goods		
Opening stock of traded goods	1,483.85	1179.75
Closing stock of traded goods	1,138.73	1483.85
(Increase) / decrease (D)	**345.12**	**(304.10)**
(Increase) / decrease in inventory (C + D)	**666.50**	**3488.06**

Note : 31 Employee benefits expense:

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Salaries & bonus	7,061.94	7,691.82
Contribution to provident & other funds	557.75	637.25
Gratuity	64.33	96.93
Staff welfare expenses	754.43	988.13
Recruitment & training	20.89	29.11
Remuneration to directors:		
Salaries & allowances	166.54	146.40
Contribution to provident fund	13.13	11.52
Commission on profits	101.59	191.27
Directors sitting fees	4.60	3.70
TOTAL	**8,745.20**	**9796.13**

Note : 32 Finance cost

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Interest on term loans	210.31	357.31
Interest on bank borrowings	1,875.25	2,479.91
Interest on vehicle loans	1.81	3.46
Interest on other loans	-	0.66
Interest on unsecured loans	71.10	75.43
Interest - others	150.42	273.48
Bank charges & commission	755.60	876.32
TOTAL	**3,064.49**	**4,066.57**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 33 Depreciation and amortization expense

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Depreciation of tangible assets	3,844.70	3,954.22
Amortisation of intangible assets	603.38	662.31
TOTAL	**4,448.08**	**4,616.54**

Note : 34 Manufacturing expenses

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Stores & Spares consumed	1,296.29	2,104.86
Equipment lease rentals	37.18	25.95
Factory rent	40.13	38.18
Consumable tools charged off	37.74	13.76
Contract wages	7,547.47	8,765.81
Testing charges	251.46	233.07
Power and fuel	5,355.05	6,188.26
	14,565.32	**17,369.88**

Note : 35

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
(A) Administrative expenses		
Rent	291.21	360.08
Rates, duties & taxes	216.34	451.98
Insurance	267.52	312.94
Professional & consultancy charges	1,231.36	609.68
Expenditure incurred on corporate social responsibility activities	107.36	94.04
Repairs and maintenance	883.84	1,011.89
Travelling and conveyance	1,150.66	1,354.65
Sundry expenses	925.44	1,298.36
Payments to auditors	39.83	37.60
Audit expenses	1.78	3.26
Advances & deposits written off	149.42	131.77
TOTAL	**5,264.76**	**5,666.25**
(B) Selling Expenses		
Freight & insurance on sales	4,264.27	4,900.40
Liquidated damages	216.66	290.98
Commission on sales	292.23	237.39
Credit impairment	597.93	944.28
Expected Life Time Credit Loss	-	187.85
Provision for warranties	280.17	186.31

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Note : 35 (B) (Contd.)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Installation charges paid	452.15	1,086.21
Televan hire charges	43.29	60.33
Other selling expenses	578.23	537.64
TOTAL	**6,724.93**	**8,431.40**

Note : 36 Exceptional items of (income)/expenditure

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Impairment / diminution In value of investments (refer note no. 44)	-	483.25
(Profit)/Loss on sale of assets	(615.12)	729.71
(Profit)/Loss on sale and exchange of land	(48.75)	(223.19)
	(663.87)	**989.77**

Note : 37 Disclosure as per Ind AS - 33 earnings per share (EPS) - face value of share : ₹1/- each

Computation of EPS (basic & diluted)

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
Profit After Tax (₹)	2,726.53	3,074.71
No. of Shares (Basic)	27,71,94,946	27,71,94,946
No. of Shares (Diluted)	27,71,94,946	27,71,94,946
EPS (Basic)	0.98	1.11
EPS (Diluted)	0.98	1.11

Note : 38 Disclosure as per schedule III of the act and Ind AS-37 on provisions, contingent liabilities and contingent assets :

38.1 Movement of provisions during the year 2018-19

(₹ in Lakhs)

	Particulars	Provision for warranties	Contingency provision
a)	the carrying amount at the beginning of the period ;	1,037.05	30.00
b)	additional provisions made in the period, inluding increases to existing provisions ;	1,069.42	
c)	amounts used (ie incurred and charged against the provision) during the period	(766.49)	-
d)	unused amounts reversed during the period	0.00	-
e)	the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	(22.76)	-
f)	**the carrying amount at the end of the period ;**	**1,317.22**	**30.00**

Unused amounts of provision for warranties represents provision reversed from the opening balance (after warranty period). It is expected that provision for warranties 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.

38.2 Contingent liabilities not provided for and commitments:

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

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. The contingent liabilities and commitments are as under:

(₹ in Lakhs)

Nature of contingent liability	March 31, 2019	March 31, 2018
i) Contingent liabilities not provided for: **HBL Power Systems Limited**		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	690.98	658.20
Sales tax	673.54	479.03
Custom duty	488.70	491.70
Income tax	190.57	-
Property tax	134.25	134.25
Fuel surcharge adjustment (FSA)	154.29	131.67
Enhancement of land cost	-	168.44
Erstwhile promoters of SCIL Infracon Pvt Ltd	188.31	188.31
Others	34.50	9.50
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees		
HBL Power Systems Limited	15,923.76	15,030.60
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	197.26	256.51
b) Other commitments:		
Legal undertakings (LUTs) given to customs authorities for clearing the imports at nil / concessinal rate of duty	73.00	60.63

The Group has other commitments, for purchase / sale orders which are issued after considering requirements per operating cycle for purchase / Sale of Goods and Services, Employee Benefits in the normal course of business. The Group does not have any long term committments or material non-cancellable contractual committments / contracts, which might have material impact on the financial statements.

38.3 Commitment towards dividend and dividend distribution tax

The Board in its meeting held on May 30, 2019 has recommended a Dividend of ₹0.30 per Equity Share of ₹1/- each for the financial year ended March 31, 2019. The proposal is subject to the approval of Share Holders at the Annual General Meeting to be held, and if approved would result in a Cash outflow of ₹831.58 Lakhs towards Dividend and ₹170.93 Lakhs towards Corporate Dividend Distribution Tax.

38.4 Contingent assets:

During the year 2011, some assets at one of the plants of the Company, were damaged due to heavy rains. The Company's claim for the loss was repudiated by the insurers. A case was filed for recovery of the claim of ₹234.60 Lakhs towards loss sufferred apart from interest thereon. The matter is sub judice.

During the year 2014, there was a heavy damage to the assets and inventory at two plants of the Company, due to hud-hud cyclone. The Company's claim for the resultant losses was partly allowed by the Insurers and the balance claims were repudiated. The matter relating to the claim of ₹400 Lakhs towards damage to assets and inventory and ₹921.75 Lakhs towards loss of profits, apart from interest thereon, on being referred to arbitration was partly awarded infavour of the company. Subsequently on an appeal by the insurer further proceedings of arbitration were stayed by the Commercial Court. The matter is sub judice.

Note : 39 Income tax and sales tax assessments:

Taxes due as per returns filed have been paid. The Liability, if any, in respect of pending Income / Sale Tax Assessments, that may arise upon completion is not ascertainable at this stage.

Note : 40 Confirmation of balances

The Parent Company had 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 the amounts have been trued up, accounting adjustments have been made wherever found necessary. Such confirmations are awaited from some parties, comprising of Government Departments and Public Sector Undertakings, mainly.

Note : 41

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 : 42 Disclosures as prescribed by Indian Accounting Standard (Ind AS)

42.1 Disclosure as per Ind AS - 2 - Inventories

During the year ended March 31, 2019, ₹87.98 Lakhs (March 31, 2018, ₹151.37 Lakhs) was recognised as an expense in respect of inventories carried at net realisable value in the statement of profit and loss.

42.2 Disclosure as per Ind AS -7

Statement of reconciliation for changes in liabilities arraising from financing activities.

(₹ in Lakhs)

	Long-term borrowings	Working cpaital borrowings	Interest free sales tax loan	Unsecured loans
Opening balance	2,428.47	33,108.82	379.66	711.00
Borrowed during the year	1,245.50	-	-	-
Repaid during the year	(1,346.95)	-	(348.18)	-
Net movement	(101.45)	(12,968.70)	(348.18)	-
Closing balance	2,327.02	20,140.12	31.49	711.00

42.3 Disclosure as per Ind AS -12 - income tax

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

a) **A Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarized as follows:The income tax expense for the year can be reconciled to the accounting profit as follows:**

(₹ in Lakhs)

		Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax		4,280.07	5,505.86
Current tax @ 34.608%	**(A)**	1,480.00	1,905.00
Effect of unused tax losses of subsidiaries / associates		16.73	(21.19)
Effect of income exempt / taxed at lower rate		472.12	472.12
Effect of profit of foreign subsidiaries not liable to Indian tax		50.01	(12.45)
Others		(565.50)	(869.68)
Total	**(B)**	**(26.64)**	**(431.20)**
Income tax expense recognised in statement of profit and loss	**(A-B)**	**1,506.64**	**2,336.20**

b) **The income tax on other comprehensive income** *(₹ in Lakhs)*

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Income tax benefit arising on income / (expense) recognised in other comprehensive income		
Tax on remeasurement of defined benefit plan	(13.05)	(5.34)
Others	(11.77)	(44.90)
Income tax benefit recognised in other comprehensive income	**(24.82)**	**(50.24)**

c) **Details of income tax assets and income tax liabilities are as follows:** *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Advance tax / MAT credit / TDS	5,558.50	4,697.05
Provision for income tax	(5,083.69)	(4,419.57)
Asset / (liability)	**474.81**	**277.48**

d) **The gross movement in the current income tax asset / (liability) is as follows:** *(₹ in Lakhs)*

	March 31, 2019	March 31, 2018
Net current income tax asset / (liability) at the beginning	277.48	(262.72)
Add : income tax paid / adjusted (net of refund received)	1,934.71	2,840.57
Less : provision for current tax	1,737.38	1,972.33
Net current income tax asset / (liability) at the end	474.81	277.48

e) **The tax effects of significant temporary differences that resulted in deferred income tax asset and liability are as follows:**

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Deferred tax liability		
Property, plant and equipment	1,472.59	1,662.82
Total	**1,472.59**	**1,662.82**
Deferred tax asset		
Warranties	-	-
Employee benefits	67.35	73.11
Provision for doubful debts	183.81	182.04
Other comprehensive income	(11.77)	(44.90)
Others	33.16	69.69
Total	**272.55**	**279.94**
Deferred tax liability after set off of deferred tax asset	**1,200.04**	**1,382.88**

f) The gross movement in the deferred income tax account is as follows: (₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Net deferred tax liability at the beginning	1,382.88	1,169.79
Credit / (charge) relating to temporary differences	(182.84)	213.09
Net deferred income tax liability at the end	**1,200.04**	**1,382.88**

42.4 Disclosure as per Ind AS-17 - leases

a. Finance leases (un-discounted)

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Amount of finance lease	-	7.55
Less : lease amount repaid during the period		7.55
Amount outstanding at the end of the period	**-**	**-**
Amount payable not later than one year	-	-
Amount payable later than one year and not later than five years	-	-

b) Operating lease

The parent Company had taken office, residential facilities and equipment under cancellable operating leases. The rental expenses under such cancellable operating lease for the year ended March 31, 2019 was ₹286.39 Lakhs (previous year ₹294.42 Lakhs)

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

42.5 Disclosure as per Ind AS-19 -Employee Benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under: *(₹ in Lakhs)*

	March 31, 2019	March 31, 2018
Employer's contribution to PF/ESI/ pension plan	570.88	648.77

b) Defined benefit plan:

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, under the payment of gratuity act, the Company has taken a group gratuity policy of LIC of India. As per the valuation made under projected unit credit method and demanded by LIC of India, 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. Apart from the said funding, to keep the policy alive, the Company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position) *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Present value of obligation	1,425.89	1,422.07
Fair value of plan assets	1,333.66	1,319.64
Surplus / (deficit)	(92.23)	(102.43)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(92.23)	(102.43)

Expense recognized during the period (including premium paid) *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
In income statement (p&l a/c-expense provision)	64.33	96.93
In other comprehensive income (balance sheet item)	37.70	15.43

Characteristics of defined benefit plan and risks associated with it

Actuarial Valuation Method

The valuation has been carried out using the Projected Unit Credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost and where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Defined benefit
Employer's contribution	100%
Employees' contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal retirement age	58
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the payment of gratuity act, 1972 (as amended from time to time).

The benefit valued in this..(Contd)

Type of plan	Defined benefit
Benefit on early retirement / termination / resignation /withdrawal	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	₹ 2000000
Gratuity formula	(15/26) x last drawn salary x number of completed years

Description of regulatory framework in which plan operates

The payment of gratuity is required by the Payment of Gratuity Act, 1972.

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of liquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. increase in the maximum limit on gratuity of ₹20,00,000).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Effect of any amendments, curtailments and settlements - not applicable in this case.

Explanation of amounts in financial statements

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	For the period ending March 31, 2019	For the period ending March 31, 2018
Present value of obligation as at the beginning	**1,422.07**	1,424.30
Current service cost	49.77	49.64
Interest expense or cost	112.06	99.70
Actuarial (gains) / loss on obligations	32.01	27.59
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(190.02)	(179.16)
Acquisition adjustment	-	-

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Changes in the present value... (Contd.) *(₹ in Lakhs)*

Particulars	For the period ending March 31, 2019	For the period ending March 31, 2018
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	1,425.89	1,422.07
Bifurcation of net liability		
Current liability (short term)	31.07	17.09
Non-current liability (long term)	1,394.82	1,404.98
Net liability	1,425.89	1,422.07

Changes in the fair value of plan assets *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Fair value of plan assets as at the beginning	1,319.64	1,120.62
Acquisition adjustment	(6.49)	(16.09)
Expected return on plan assets	103.99	78.44
Contributions	112.23	303.68
Benefits paid	(190.02)	(179.16)
Actuarial gain/(loss) on plan assets	5.68	12.15
Fair value of plan assets as at the end	1,333.67	1,319.64

Expenses recognised in the income statement *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Current service cost	49.77	49.63
Past service cost	-	-
Expected return on plan assets	(103.99)	(78.44)
Interest cost	112.06	99.70
Expenses recognised in the income statement	57.84	70.89

Other comprehensive income *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	32.68	(181.24)
Actuarial (gains) / losses - experience variance	(0.67)	208.83
Actuarial (gains) / loss on obligations	32.01	27.59
Actuarial (gains) / loss on plan assets	(5.69)	12.16
Total Other Comprehensive Income(OCI)	37.70	15.43

Financial assumptions

Particulars	March 31, 2019	March 31, 2018
Discount rate (per annum)	7.63%	7.88%
Salary growth rate (per annum)	4.00%	4.00%

Demographic assumptions

Particulars	March 31, 2019	March 31, 2018
Indian assured lives mortality (2006-08) ult	*100%*	*100%*
Attrition rate:		
Age at valuation date / valuation date	**March 31, 2019**	March 31, 2018
18-30	15%	15%
31-40	5%	5%
41 &+	1%	1%

Disability: no explicit allowance

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase in reported cost.

Table of sample mortality rates from Indian assured lives mortality 2006-08 Ult

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Membership status

Particulars	As on March 31, 2019	As on March 31, 2018
Number of employees	1,777	1,992
Total monthly salary (₹ in Lakhs)	335.44	394.81
Average past service (years)	9	8
Average age (years)	39	38
Average remaining working life (years)	19	20
Number of completed years valued		
Decrement adjusted remaining working life (years)	15.69	15.88

Amount, timing and uncertainity of future cash flows

Sensitivity analysis

Significant actuarial assumptions for the detemination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Significant actuarial assumptions for the detemination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Defined benefit obligation (base)	1,425.89	1,422.07
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	1,301.59	1,304.01
Decrease: -1%	1,568.99	1,558.03
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	1,569.18	1,557.78
Decrease: -1%	1,299.60	1,302.79
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +50%	1,470.37	1,471.19
Decrease: -50%	1,373.58	1,363.66
Mortailtiy rate:(% change compared to base due to sensitivity)		
Increase: +10%	1,427.56	1,423.82
Decrease: -10%	1,424.22	1,420.31

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There is no change in the method of valuation for the prior period.

Asset liability matching strategies

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

Effect of plan on entity's future cash flows

Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected contribution during the next annual reporting period

(₹ in Lakhs)

The Company's best estimate of contribution during the next year remains similar to current year.	92.23	-

Maturity profile of defined benefit obligation

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Weighted average duration (based on discounted cashflows) in years	15.69	15.88

Maturity profile of defined benefit...(Contd.) *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Expected cash flows over the next (valued on undiscounted basis):		
1 year	31.07	97.46
2 to 5 years	215.69	188.72
6 to 10 years	581.39	575.99
More than 10 years	2,663.02	2,789.85

(ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using Projected Unit Credit method (PUC) and is charged to Profit and Loss account. The obligation is not funded.

Assets and liability (balance sheet position) *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Present value of obligation	184.54	201.74
Fair value of plan assets	-	-
Surplus / (deficit)	(184.54)	(201.74)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(184.54)	(201.74)

Expense recognized during the period *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
In Income statement (P&L--expense provision)	24.48	17.58

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

The valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of Plan	Long term benefit
Employer's contribution	100%
Employees'contribution	NIL
Salary for calculation of leave encashment benefit	Last drawn salary
Normal retirement age	58
Vesting period	Not applicable
Benefit on normal retirement	Leave Salary[Gross Salary) subject to a maximum of 30 days' salary
Benefit on early retirement / termination / resignation / withdrawal	As above
Benefit on death in service	As above
Limit	Yes
Benefit formula	No. of days' leave encashable x last drawn salary

Notes forming part of the consolidated financial statements

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Description of regulatory framework in which plan operates

The payment of leave encashment benefit is required as per Company's scheme.

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

Interest rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rate will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the Company is not able to meet the short-term benefit payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary escalation risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory/contractual risk: Benefit is paid in accordance with the requirements of the enterprise's scheme (as amended from time to time). There is a risk of change in regulations /rules requiring higher benefit payouts (e.g. increase in the maximum limit on benefit amount).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Changes in the present value of obligation *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Present value of obligation as at the beginning	201.74	220.20
Current service cost	22.58	22.02
Interest expense or cost	15.90	15.41
Actuarial (gain)/ loss on obligations	(13.99)	(19.85)
Past service cost	0.00	0.00
Effect of change in foreign exchange rates	0.00	0.00
Benefits paid	(41.68)	(36.03)
Acquisition adjustment	0.00	0.00
Effect of business combinations or disposals	0.00	0.00
Present value of obligation as at the end	184.54	201.74

Bifurcation of net liability *(₹ in Lakhs)*

Particulars	March 31, 2019	March 31, 2018
Current liability (short term)	3.20	17.09
Non-current liability (long term)	181.34	184.65
Net liability	184.54	201.74

Changes in the fair value of plan assets

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	41.68	36.03
e) Benefits paid	(41.68)	(36.03)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Expenses recognised in the income statement

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Current service cost	22.58	22.02
Past service cost	-	-
Expected return on plan assets	-	-
Interest cost	15.89	15.40
Net actl. (gain)/ loss recognized in the period:	(13.99)	(19.85)
Expenses recognised in the income statement	24.48	17.57

Actuarial assumptions The valuation has been carried out using the Projected Unit Credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

Financial assumptions

Particulars	March 31, 2019	March 31, 2018
Discount rate (per annum)	7.63%	7.88%
Salary growth rate (per annum)	4.00%	4.00%
Demographic assumptions		
Indian assured lives mortality (2006-08) ult	100%	100%
Attrition rate:		
Age at valuation date / valuation date		
18-30	15.0%	15.0%
31-40	5.00%	5.00%
+& 41	1.00%	1.00%
Disability: no explicit allowance		

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase in reported cost.

Table of sample mortality rates from Indian assured lives mortality 2006-08

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Table of sample mortality rates from...(Contd.)

Age	Male	Female
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Membership status

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Number of employees	1,777	1,992
Total monthly salary (₹ in Lakhs)	335.44	394.81
Average past service (years)	9	8
Average age (years)	39	38
Average remaining working life (years)	19	20
Number of completed years valued	0	0
Decrement adjusted remaining working life (years)	15.69	15.88

42.6 Disclosure as per Ind AS -21 - The Effects of changes in foreign exchange rates

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Exchange differences arising out of settlement / translation on account of :		
a) Exports	301.13	573.82
b) Imports	252.41	267.86
c) Others	(2.55)	(0.14)
Net gain (loss) recognised during the year	**550.99**	**841.54**

42.7 Disclosure as per Ind AS– 24 - related party disclosures

1	Joint arrangement	Gulf Batteries Company Limited, Kingdom of Saudi Arabia	
2	Associate Companies	Naval Systems & Technologies Private Limited	
3	Investors of Subsidiaries	Shakti Concrete Industries Limited (SCIL)	
4	Partners of Joint Venture Company	Abdullah Hamoud Al Shuwayer Sons Trading Company Advance Electronic Company Limited	
5	Key Management Personnel	Dr A J Prasad	Chairman & Managing Director
		M S S Srinath	Executive Director
		Kavita Prasad	Executive Director
		K Sridharan	Chief Financial Officer
		M V S S Kumar	Company Secretary
		N. Prabhakar Murthy	Director of SCIL Infracon Private Limited
		K. Gyan Sagar	Former Promoter and Director of SCIL
		Cmde. Arvind Sharma (Retd.)	CEO / Director of Associate Company

42.7 Disclosure...(Contd.)

		Non-Executive Directors	
		P. Ganapathi Rao	Independent Director
		Preeti Khandelwal	Independent Director
		K Venkat Sriram	Independent Director
		Richa Datta	Independent Director
		M C Mohan	Independent Director
		Ajay Bhaskar Limaye	Non- Executive Director
		Abhishek G Poddar	Non- Executive Director

Disclosure of transactions with related parties and the status of outstanding balances. *(₹ in Lakhs)*

Sl.No	Name	Nature of transaction	Transactions during the year	As on March 31, 2019	
				Gross trade receivables (un-secured)	Gross trade payables
1	Joint venture	Sale of goods	-	525.64	
			(257.22)	(525.64)	
2	Key Management Personnel				
3		Funds repaid	-	-	711.00
			(10.00)		(711.00)
		Remuneration Paid	231.13	-	
			(229.71)		
		Commission on Profits	101.71	-	
			(191.27)		357.90
		Rent Paid	7.03	-	(266.56)
			(7.03)		
		Interest Paid	71.10	-	
			(75.43)		
		Purchase of Assets	-		
			(42.00)		
		Sitting Fee Paid to Non--Executive Directors	4.60	-	
			(3.70)		

Figures in brackets represent previous year balances

Against the above gross trade receivables, the Company had made a provision for doubtful debts of ₹526 Lakhs for joint venture entity.

42.8 Disclosure as per Ind AS-108 - Operating Segments

The Company's operations include batteries of different types, electronics, railway signalling contracts etc. Except for batteries and electronics, the segment revenue, segment results and segment assets and liabilities of other activities are individually below the threshold limit set out in paragraph 27 of Ind AS 108. Accordingly, batteries and electronics segments are shown separately as reportable segments and others are included in un-allocated segment.

1) Business segments: batteries and electronics segments have been considered as primary business segements for reporting under Ind AS 108 - operating segments issued by Ministry of Corporate Affairs.

2) In the opinion of the management the other segments being railway signalling contracts and others are not reportable business segments of the Company as per paragraph 27 of Ind AS 108 - operating segments

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

(₹ in Lakhs)

Particulars	March 31, 2019		March 31, 2018	
Segment revenue				
Batteries				
Exports	15,790.26		15,196.29	
Domestic sales	94,942.40	1,10,732.66	1,19,201.37	1,34,397.66
Electronics				
Exports	2,079.60		1,540.84	
Domestic sales	10,621.04	12,700.64	13,378.14	14,918.98
Unallocated				
Exports	413.06		20.86	
Domestic sales	3,515.25	3,928.31	14,508.55	14,529.41
Total		1,27,361.61		163,846.05
Less : Inter-segment revenue		1,187.66		426.32
Net revenue		**1,26,173.95**		**1,63,419.73**
Identifiable operating expenses				
Batteries	94,989.20		1,14,630.56	
Electronics	9,627.96		12,376.33	
Unallocated	4,710.31	1,09,327.47	15,119.49	1,42,126.38
Allocated expenses				
Batteries	4,568.73		3,673.55	
Electronics	1,802.95		852.06	
Unallocated	1,560.27	7,931.95	4,110.09	8,635.70
Segment operating income		**8,914.53**		**12,657.66**
Unallocable expenses		4,057.69		4,680.85
Operating profit		**4,856.84**		**7,976.81**
Other income		1,744.63		2,374.46
Profit before interest and exceptional items		**6,601.47**		**10,351.27**
Exceptional items - (income)/expenses		(663.87)		989.77
Interest Expenses		3,064.49		4,066.57
Profit before Income taxes		**4,280.08**		**5,505.86**
Income tax expenses		1,506.64		2,336.21
Net profit		**2,773.44**		**3,169.65**
Segment depreciation(including amortisation of intangible assets)				
Batteries		3,043.34		3,187.72
Electronics		427.21		450.99
Unallocated		977.53		977.83
Total		**4,448.08**		**4,616.54**
Segment assets				
Batteries		81,592.71		91,331.37
Electronics		15,235.22		14,866.16

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Unallocated	19,243.47	27,954.43
Total Assets	**1,16,071.40**	**1,34,151.96**
Segment liabilities		
Batteries	11,060.89	14,060.64
Electronics	2,025.92	3,414.97
Unallocated (includes term loans,bank loans,hire (purchase loans	2,6361.64	41,675.60
Total Liabilities	**39,448.45**	**59,151.21**

42.9 Financial instruments

A) Capital management

The group manages its Capital structure and make adjustments to it, in light of changes in economic condition. To mainintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholder, or issue new shares. No changes were made in the objectives, policies and procedures in the past three years.

The group monitors capital using a Gearing Ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes issued equity capital, share premium account and all other equity reserves attributable to the equity holders.

Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2019 were as follows: (₹ in Lakhs)

Particulars	March 31, 2019			March 31, 2018		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
Assets :						
Cash cash equivalents	1,179.51	1,179.51	1,179.51	721.76	721.76	721.76
Other bank balances	2,122.68	2,122.68	2,122.68	1,302.34	1,302.34	1,302.34
Investments in Others	2.13	2.13	2.13	2.10	2.10	2.10
Trade receivables	36,307.46	36,307.46	36,307.46	45,317.59	45,317.59	45,317.59
Other financial assets	4,006.89	4,006.89	4,006.89	4,397.74	4,397.74	4,397.74
Total	**43,618.67**	**43,618.67**	**43,618.67**	**51,741.53**	**51,741.53**	**51,741.53**
Liabilities :						
Trade payables	7,618.62	7,618.62	7,618.62	12,564.93	12,564.93	12,564.93
Borrowings	23,209.63	23,209.63	23,209.63	36,627.95	36,627.95	36,627.95
Other financial liabilities	3,232.34	3,232.34	3,232.34	4,414.41	4,414.41	4,414.41
Total	**34,060.59**	**34,060.59**	**34,060.59**	**53,607.29**	**53,607.29**	**53,607.29**

B) Financial risk management

Financial risk factors

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key Financial Risks include Market Risk, Credit Risk and Liquidity Risk. The respective managements, review and design policies and procedures to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group's exposure to credit risk is influenced mainly by the customers' repayments. The Group's exposure to liquidity risks are on account of interest rate risk on borrowings. The following sections provide details regarding the Group's exposure to the above mentioned financial risks and the management thereof.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

Market risk

The Group operates internationally and a portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales and services in those countires. The exchange rate between the local and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group's operations are affected as the local currency appreciates/ depreciates against these foreign currencies. The Group leaves exchange rate risk with regard to foreign exposures unhedged when the local currency is depreciating against the foreign currency and hedges this risk when the local currency is appreciating against the foreign currency. Currently the foreign exchange risk of the Group is covered through Natural Hedge and the Group uses the foreign currency denominated accounts to mitigate the exchange rate variation.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2019 :

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	49.98	22.23	0.42	76.63
Other financial assets	-	-		-
Trade payables	(13.93)	(3.34)	(0.03)	(17.30)
Other financial liabilities	(3.09)	(1.33)	-	(4.42)
Net assets/(liabilities)	**32.96**	**17.56**	**0.39**	**50.91**

The following table analyzes foreign currency risk from financial instruments as of March 31, 2018 :

Particulars	U.S.dollars	Euro	GBP	SGD	Total
Trade receivables	74.29	37.32	0.42	-	112.03
Other financial assets	-	-	-	-	-
Trade payables	(20.34)	(1.12)	(0.28)	(0.02)	(21.76)
Other financial liabilities	(1.45)	(0.46)	-	-	(1.91)
Net assets/(liabilities)	**52.50**	**35.74**	**0.14**	**(0.02)**	**88.36**

For the year ended March 31, 2019 and March 31, 2018, the depreciation / appreciation in the exchange rate between the Indian rupee and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹550.99 Lakhs and ₹841.54 Lakhs respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹36307.46 Lakhs and ₹45317.59 Lakhs as of March 31, 2019 and March 31, 2018, respectively . Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers :

Particulars	March 31, 2019	March 31, 2018
Revenue from top customer	10.63%	16.94%
Revenue from top five customers	26.82%	35.56%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 was ₹Nil. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2018 was ₹176.80 Lakhs.

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
Balance at the beginning	552.63	546.00
Expected lifetime credit loss	597.93	1,132.13
Credit impairment	(624.56)	(1,125.50)
Balance at the end	**526.00**	**552.63**

Credit risk on cash and cash equivalents is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies with no history of default.

Liquidity risk

The Group's principal sources of liquidity is cash and cash equivalents and the cash flow that is generated from operations. The Group also has long term and short term borrowings from banks and financial institutions. Term loans are project specific and for refinancing of capital expenditures. Short term loans repayable on demand from banks and are obtained for the working capital requirements of the group.

As of March 31, 2019, the Company had a working capital of ₹37845.67 Lakhs including cash and cash equivalents of ₹1179.51 Lakhs . As of March 31, 2018, the Company had a working capital of ₹32099.82 Lakhs including cash and cash equivalents of ₹721.76 Lakhs .

As of March 31, 2019 and March 31, 2018, the outstanding gratuity and compensated absences were ₹284.98 Lakhs and ₹313.69 Lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest Rate risk

The interest rate risk is the risk that the fair value or the future cash flows of the companies financial instruments will fluctuate because of the change in market ineterest rates. The company is exposed to interest rate risks as it has significant interest bearing loans from banks and financial institutions. These fluctuations are managed through negotiated and prefixed interest rates on term loans enabling the management to plan its future financial commitments and exposures. Short term loans repayable on demand are a subject to prevailing market rate fluctuations and sanctioned facilities are availed on a need to borrow basis to ensure minimun exposure to interest rate fluctuations.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	7,618.62	-	-	7,618.62
Long term borrowings	1,619.22	731.54	7.75	2,358.51
Short term borrowings	20,851.12	-	-	20,851.12
other financial liabilities (excluding borrowings from banks and financial institutions)	3,232.34	-	-	3,232.34

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018 :

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	12,564.93	-	-	12,564.93
Long term borrowings	2,229.45	578.68	-	2,808.13
Short term borrowings	33,819.82	-	-	33,819.82
other financial liabilities (excluding borrowings from banks and financial institutions)	4,414.41	-	-	4,414.41

Note : 43 Disclosures relating to Corporate Social Responsibility (CSR)

As per section 135 of the companies act, 2013, a Company, meeting the applicability threshold, needs to spend atleast two percent of its average net profits for the immediately preceding three years, on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promotion of education, art and culture, health care, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were utilized through the year on these activities which are specified in schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year ₹106.12 Lakhs

b) The details of amounts spent during the year on CSR activities are as follows: *(₹ in Lakhs)*

i) Promotion of education of children	35.25
ii) Eradication of malnutrition	41.13
iii) Health care	24.09
iv) Contribution to eligible orphanages/oldage homes	6.88
Total	**107.35**

Note : 44

a) Subsidiary Companies, associate Company and joint venture Company considered in the preparation of the CFS.

Name of entity Considered for CFS:	Principal place of business	Country of incorporation	Ownership Interest &voting right March 31, 2019	Ownership Interest &voting right March 31, 2018
Subsidiary Companies				
HBL Germany GMBH	Zwickau	Germany	100%	100%
HBL America Inc.	Connecticut	U.S.A.	100%	100%
Associate Company				
Naval Systems & Technologies Private Limited	Hyderabad	India	41%	41%
Not Considered for CFS (refer note 44(b) below):				
Subsidiary Companies				
SCIL Infracon Private Limited	Hyderabad	India	100%	100%
Joint venture Company				
Gulf Batteries Company Limited	Dammam	Kingdom of Saudi Arabia	40.00%	40.00%

b) Change in the Group Composition :

i) The Company's subsidiaries, SCIL Infracon Pvt Ltd had filed for Dormant status with the Registar of Companies as at the year ended March 31, 2019 and the name of HBL Suntech LLP had been struck-off and the said LLP was dissolved during the year 2018-19. The parent company's investment in these entities had been fully provided for. In view of the foregoing, they have not been considered for consolidation as at March 31, 2019.

ii) The Group had a 40% interest in the Joint Venture Entity, Gulf Batteries Company Limited, which was involved in the manufacture of some of the group's main product lines outside India. Up to the financial year ending March 31, 2017 the group's interest in the enity had been accounted for using the equity method in the consolidated financial statements. Subsequently the financial statements and information of the JV Company remained inaccessible to the Parent Company. Further, due to subsistence of disputes with JV Company, the parent company filed a case for liquidation of the JV Company during the year 2017-18. In view of the foregoing, the effective date for loss of control over the JV Company, is reckoned as April 1, 2017. The parent company has fully provided for the value of the investment in the said entity. Consequently, the entity had not been considered for consolidation since March 31, 2018.

Note : 45

Additional information as required by Paragraph 2 of the General Instruction for preparation of CFS to Schedule III to the Companies Act, 2013 is attached.

Note : 46

Form AOC -1 as required under Section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 is attached.

Note : 47

Previous years figures as per Previous GAAP have been regrouped / reclassified wherever necessary to correspond with the current year Classifications / disclosures.

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 13, 2019

On behalf of the board

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Notes forming part of the consolidated financial statements

for the year ended March 31, 2019

ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT 2013: (Refer Note: 45)

Name of the Entity		Net Assets i.e. total asset less total liabilities		Share in Profit/ (Loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of Consolidated Net Assets	Amount (₹in Lakhs)	As % of Consolidated Profit or (Loss)	Amount (₹in Lakhs)	As % of other compreh-ensive income	Amount (₹in Lakhs)	As % of total compreh-ensive income	Amount (₹in Lakhs)
Parent	**HBL Power Systems Limited**	101.42%	77,712.69	90.88%	2,520.51	52.56%	(24.65)	91.54%	2,495.86
Subsidiaries	**Foreign**								
	HBL Germany GMBH	-0.83%	(636.71)	5.23%	145.07	-42.09%	19.74	6.04%	164.81
	HBL America Inc.	-1.28%	(977.65)	1.81%	50.26	89.53%	(41.99)	0.30%	8.27
Associates *	**Indian**								
	Naval Systems & Technologies Private Limited	0.68%	524.62	2.08%	57.59	0.00%	-	2.11%	57.59
	Total	**100%**	**76,622.95**	**100%**	**2,773.43**	**100%**	**(46.90)**	**100%**	**2,726.53**

* Investments as per Equity method

Note : Subsidiary entities SCIL Infracon Private Limited, HBL Suntech LLP and Joint Venture Entity Gulf Batteries Company Limited reported in the previous year have not been considered in the current year for reasons stated in Note no.44 (b)

HBL POWER SYSTEMS LIMITED

Referred to in Note No. 46

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

Sl.No.	Name of subsidiary company	Reporting period	Reporting currency	Exchange rate on the last date of the financial year	Share capital	Other equity	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)	HBL Germany, GmBH	31.03.2019	EURO	70.70	14.92	0.00	881.02	1502.82	-	3527.16	126.94	(0.01)	126.95	-	100
2)	HBL America,Inc	31.03.2019	USD	69.17	323.02	0.00	1096.04	1767.68	-	2254.28	40.87	0.26	40.61	-	100

Note : Subsidiary entities SCIL Infracon Private Limited and HBL Suntech LLP reported in the previous year have not been considered in the current year for reasons stated in Note no.44 (b) (i)

Part " B" : Associate

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies.

Sl No	Name of the Company	Naval Systems & Technologies Pvt Ltd
1	Latest Audited Balance Sheet date	31.03.2019
2	Shares held by the company at the year end	
	Number of Shares	41000
	Amount of investment (₹in Lakhs)	4.10
	Extent of holding %	41
3	Description of how there is significant influence	Common Directors
		(₹ in Lakhs)
4	Networth attributable to Shareholding as per latest audited Balance Sheet	528.71
5	Profit/(Loss) for the year	193.24
	i. Considered in consolidation	79.23
	i. Not Considered in consolidation	114.01

Note : Joint Venture Entity Gulf Batteries Company Limited reported in the previous year has not been considered in the current year for reasons stated in Note no.44 (b) (ii)

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Director

Place : Hyderabad
Date : August 13, 2019

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

ATTENDANCE SLIP

HBL POWER SYSTEMS LIMITED
CIN: L40109TG1986PLC006745
Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034
Ph No. +91-040-23355575, Fax: +91-040-23355048, e-mail :investor@hbl.in

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 33rd Annual General Meeting of the Company held at KLN Prasad Auditorium, Federation of Telangana Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 at 4.00 p.m. on Thursday, September 26, 2019.

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 authorization should be deposited with the Company.

HBL®

HBL POWER SYSTEMS LIMITED
CIN: L40109TG1986PLC006745
Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034
Ph No. +91-040-23355575, Fax: +91-040-23355048, e-mail :investor@hbl.in

PROXY FORM - FORM MGT – 11

33rd Annual general Meeting
September 26, 2019

[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 33rd Annual General Meeting of the Company to be held on Thursday, September 26, 2019 at 4.00 p.m. at KLN Prasad Auditorium, Federation of Telangana 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*	
ORIDINARY BUSINESS		**FOR**	**AGAINST**
1	Receive, consider and adopt the audited financial statements (standalone and consolidated) of the Company for the financial year ended March 31, 2019 together with the reports of the Board of Directors and Auditors thereon.		
2	Declaration of dividend for the year ended March 31, 2019		
3	Appointment a director in place of Mr. Ajay Bhaskar Limaye who retires by rotation and is eligible for re-appointment.		
4	Appointment of auditors for the year 2019-20 till the conclusion of the next Annual General Meeting (AGM) and to authorize the Board to fix their remuneration.		
SPECIAL BUSINESS			
5	Appointment of CA P Ganapathi Rao as an Independent Director for a further period of five years		
6	Appointment of Preeti Khandelwal as an Independent Director for a further period of five years		
7	Approval of amendment to Memorandum of Association		
8	Approval of adoption of Articles of Association in line with Companies Act, 2013		
9	Authorization to Board of Directors to enter into related party transactions.		

Signed this ………………………………… day of ……………………….. 2019.

Affix Re.1 Revenue Stamp

____
Signature of the member

____
Signature of the Proxy Holder(s)

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.

To

M/S Karvy Fintech Private Limited
(Formerly Karvy Computershare Private Limited)
Unit : HBL Power Systems Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032

Dear Sir,

Sub: e-mail address Registration

With reference to the subject, I would like to register my e-mail address to receive all communication from the Company including notice of AGM 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.

Notes

Notes

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 2018-19.

HBL Power Systems Limited

8-2-601, Road No.10, Banjara Hills, Hyderabad 500034, Telangana, India

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