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Hyderabad - 500 034, T.S., INDIA  
Phone : +91-40-66167777

**HBL**<sup>®</sup>

**HBL Power Systems Ltd.**

Date: September 4, 2023

The Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai-400001  
Scrip code: 517271

The Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra (East)  
Mumbai - 400 051  
Scrip code: HBLPOWER

Dear Sir/Madam,

**Sub:** Notice of 37<sup>th</sup> Annual General Meeting and Annual Report for the Financial Year 2022-23-reg.

**Ref:** SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022; Regulation 30 and 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening 36<sup>th</sup> Annual General Meeting and the Annual Report for the financial year 2022-2023 which will be circulated to the shareholders through electronic mode. The 37<sup>th</sup> AGM will be held on Thursday, September 28, 2023 at 04.00 P.M (IST) through Video Conference (VC) I Other Audio Visual Means (OAVM).

The Notice and the Annual Report will be made available on the Company's website at <https://hbl.in/reports/hblannualreport2023.pdf>

The schedule of AGM is as set out below:

Particulars	Details
Benpos Date for circulation of Notice	August 25, 2023
Day, date and time of 37 <sup>th</sup> AGM	Thursday, September 28, 2023 at 4:00 PM
Date of Annual Report circulation through e-mail	September 02, 2023
Cut Off Date (e-Voting)	Friday, September 15, 2023
Remote e-Voting Start day, date and time	Monday, September 25, 2023 at 9:00 AM IST
Remote e-Voting end day, date and time	Wednesday, September 27, 2023 at 5:00 p.m.
AGM e-voting result date	On or before Friday, September 29, 2023

This is for your information and records.

Thanking you  
For HBL Power Systems Limited



N Ramakrishna Rao  
Dy. Company Secretary

Encl: Annual Report 2023

ANNUAL  
REPORT 22-23

**HBL<sup>®</sup>**



GAINING  
MOMENTUM

HBL POWER SYSTEMS LIMITED

## INSIDE THE DOCUMENT



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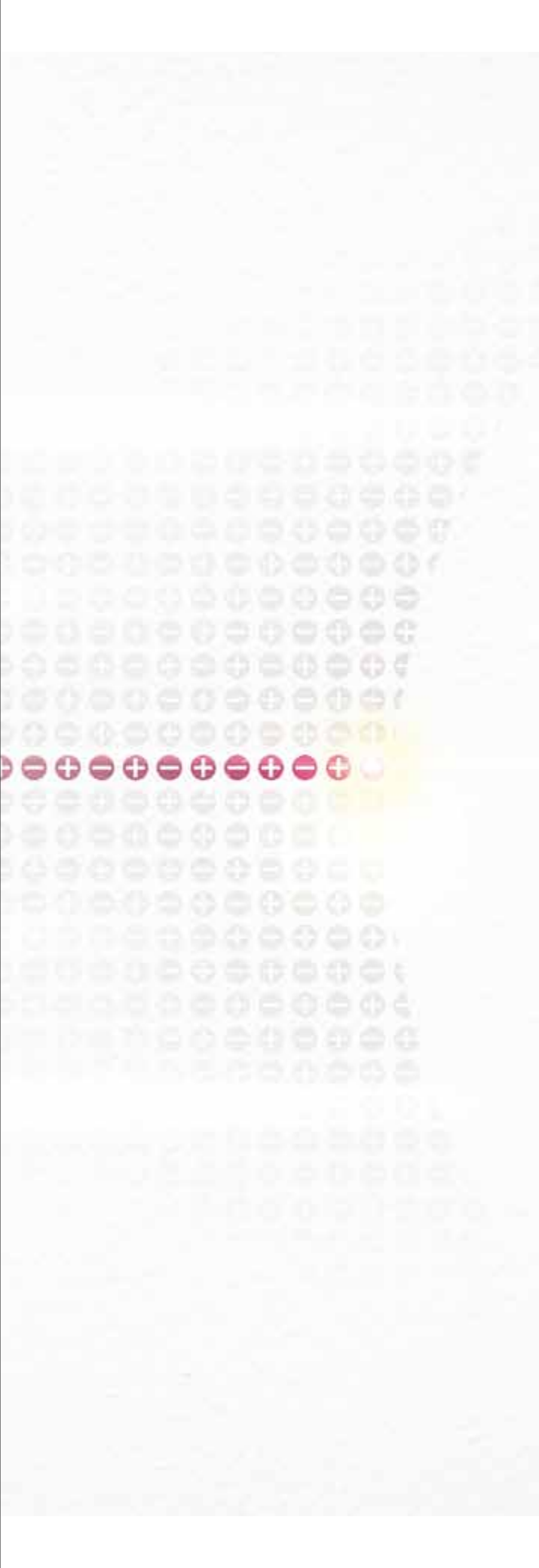
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**E**ARLIER, WE EMBARKED ON A SAFER JOURNEY TOWARDS BIG POSSIBILITIES AND BIGGER PROGRESS.

WE PUT IN THE NECESSARY GRUNT WORK; FROM FORTIFYING OUR CORE STRENGTHS TO TAKING A LEAP TOWARDS SCALING NEW HEIGHTS.

WE ALIGNED OURSELVES TO A STABLE AND SUBSTANTIAL FUTURE, AND TOOK SURE AND STEADY STEPS TOWARDS IT. AND NOW...

## OUR JOURNEY IS FINALLY **GAINING MOMENTUM!**

OUR STRATEGIES ARE SHOWING RESULTS. OUR TEAM IS INCREASINGLY INSPIRED AND COMMITTED TO RELENTLESS GROWTH. WE'RE GAINING A STRONGER FOOHOLD IN NEWER GROUNDS AND OUR CORE STRENGTHS HAVE KEPT US ROOTED & STABLE, THROUGH IT ALL.

WE'RE GAINING MOMENTUM TO **ACHIEVE OUR GOAL WITH FULL STEAM!**

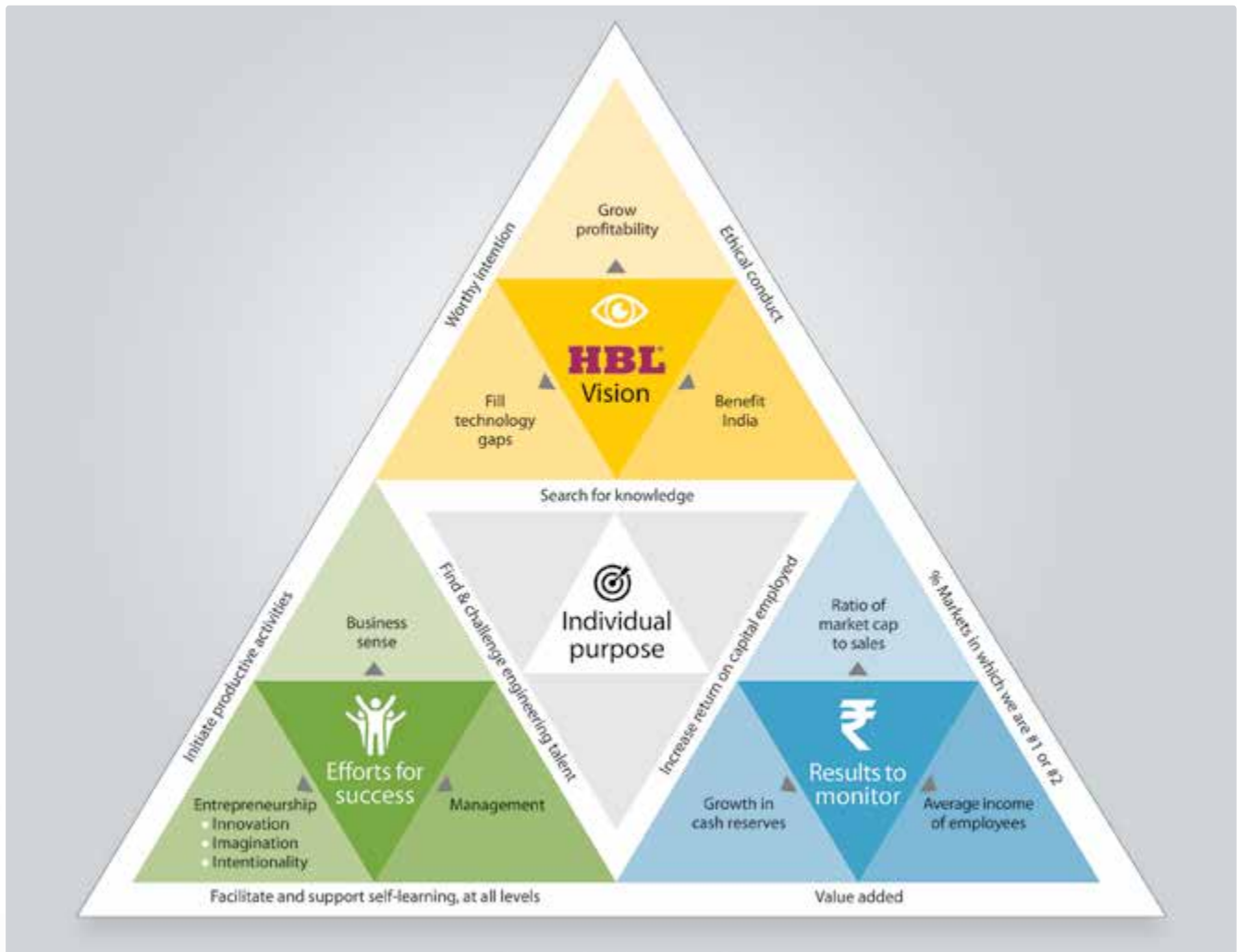
WE ARE INDIA'S LEADING RESEARCH-BASED ENGINEERING COMPANY THAT AIMS TO FILL TECHNOLOGY GAPS IN INDIA BY **DEVELOPING AND MANUFACTURING COMPLEX PRODUCTS AND SOLUTIONS DEMANDED IN INDIA TODAY.**

**O**UR business strategy has always been to identify technology gaps in India that our intellectual capital can fill through 'indigenous efforts'.

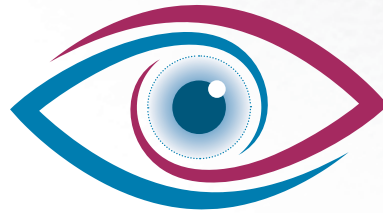
Our team of enthusiastic and energetic experts focus on creating technology-solutions that addresses

challenging applications for key user sectors such as Telecom, UPS, Railways, Power, Oil & Gas, Industries, and Defence, among others. Our power of engineering capability allows us to make a small yet meaningful contribution to making India Atmanirbhar.

Headquartered in Hyderabad, we have five manufacturing facilities located in Telangana and Andhra Pradesh dedicatedly develop and deliver specific products. Our equity is listed on the BSE Limited and the National Stock Exchange of India Limited.



THE TRIANGLE ENCAPSULATES THE ESSENCE AND BEING OF HBL. IT SHOWCASES THE 'WHO', 'WHY', 'HOW' & 'WHERE' OF THE ORGANIZATION.



## 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.

5

MAJOR  
MANUFACTURING  
FACILITIES

50<sup>+</sup>  
NATIONS

GLOBAL  
FOOTPRINT

1,720<sup>+</sup>

TEAM  
STRENGTH

1,350

REVENUE  
(₹ CRORE)

167

EBITDA  
(₹ CRORE)

95

NET PROFIT  
(₹ CRORE)

956

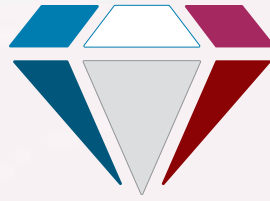
NETWORTH  
(₹ CRORE)

324

FIXED ASSETS-NET  
(₹ CRORE)

2,640

MARKET CAPITALIZATION  
(₹ CRORE)



VALUES

**HBL**

**FAIRNESS TO ALL**  
Is being just, and aligning our thoughts and acts in best interest of all we interact with

**HBL**

**INNOVATIVE SPIRIT**  
Is pro-actively visualising opportunities to improve what we do

**HBL**

**CRAFTSMANSHIP**  
Is being passionate and proud about the quality of what we produce and deliver

OUR INTEGRATED FACILITIES



**VIZIENAGARAM**  
Near Visakhapatnam, Andhra Pradesh  
**Product line:** 2V/12V-AGM VRLA & Tubular Gel



**SHAMIRPET**  
Hyderabad, Telangana  
**Product line:** Ni-Cd & Specialty batteries and power electronics



**NANDIGAON**  
Near Hyderabad, Telangana  
**Product line:** PLT, Lithium-Ion and Submarine Batteries

**ENTREPRENEURIAL OPPORTUNISM**

Is identifying and converting gaps and challenges into business opportunities.

**DEVELOPMENT OF INDIVIDUALS**

Is providing a learning and exploratory environment to build capabilities leading to personal growth in employees at all levels.

**HARMONIOUS CO-EXISTENCE**

Is a responsibility to conserve and nurture environment and society.



**THUMKUNTA**  
Hyderabad, Telangana  
Product line: Electronics



**VISAKHAPATNAM (SEZ)**  
Andhra Pradesh  
Product line: Ni-Cd batteries






**YAPRAL (Development Centre)**  
Hyderabad, Telangana  
Product line: Product development initiatives



# HBL POWER SYSTEMS IS A TECHNOLOGY-DRIVEN ENGINEERING ENTERPRISE THAT **DEVELOPS NICHE SOLUTIONS FOR DEMANDING APPLICATIONS**

## BUSINESS CAPABILITIES

			
BUSINESS SECTOR	DEFENCE	INDUSTRY	MOBILITY
HBL CAPABILITIES			
Industrial Batteries	Aircraft, Missiles, Torpedoes, Battle Tanks, Submarines	Nickel Cadmium & Lead Acid in various technologies	Lithium-ion (LFP, Pouch)
Electronics	Communication equipment for Army artillery and other fuses	Battery chargers, Energy storage systems, Battery Management System (BMS)	Train Protection & Train Management Systems, Motor & Vehicle controllers and EV Charging systems
Motors	Torpedo motors	Energy Saving Motors (IE4)	Switched Reluctance Motors & Permanent Magnet Motors for traction
Build to Print manufacturing	Foreign Companies' Offset (local content) obligation	Bringing batteries developed abroad (Technology Readiness Level 5 to 9)	Long Term Evolution (LTE) deployment

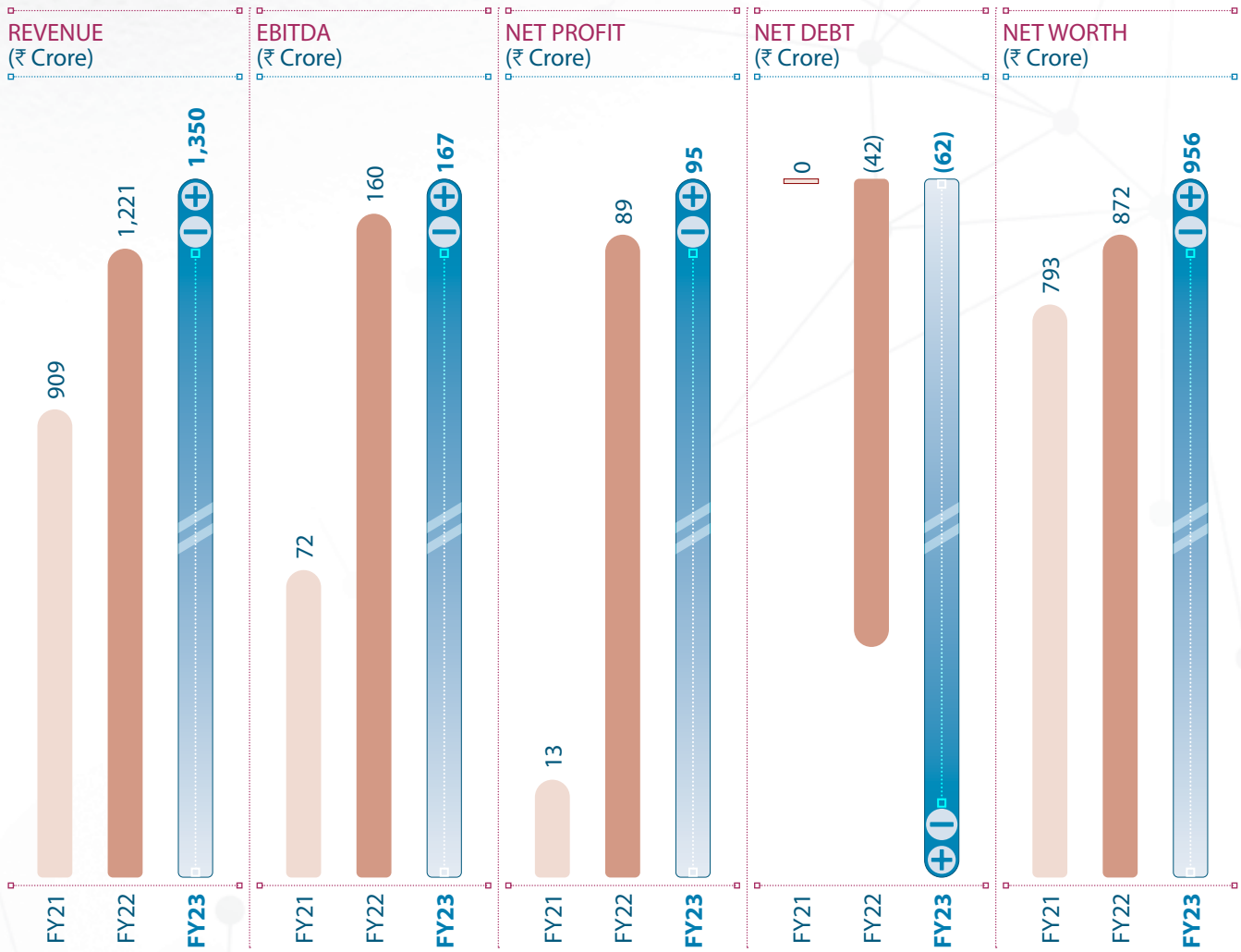
## BUSINESS SEGMENTS

The Company operates its business under three primary Segments namely industrial batteries, Defence & Aviation and Electronics for disciplined focus on growing each Segment.

INDUSTRIAL BATTERIES	DEFENCE & AVIATION	ELECTRONICS
<p>Only Indian player in the market to have high powered Pure Lead Thin Plate (PLT) battery in their product basket</p>	<p>One of the leading suppliers of batteries for various defence applications</p>	<p>Offered the first ever Train Collision Avoidance System (TCAS) for Indian Railways</p>
<p>World's second-largest manufacturer of Nickel-Cadmium (NCPP) batteries with Pocket Plate, Sintered Plate, and Fibre Plate technologies</p>	<p>Lithium Ion battery technology adopted for defence purposes</p>	<p>Developed Train Management System (TMS) for the Indian Railways- first time ever by a private sector entity</p>
<p>69%</p>	<p>17%</p>	<p>11%</p>
CONTRIBUTION TO TOTAL REVENUE	CONTRIBUTION TO TOTAL REVENUE	CONTRIBUTION TO TOTAL REVENUE

Revenue from other Segments - 3%

# KEY PERFORMANCE INDICATORS



3.42

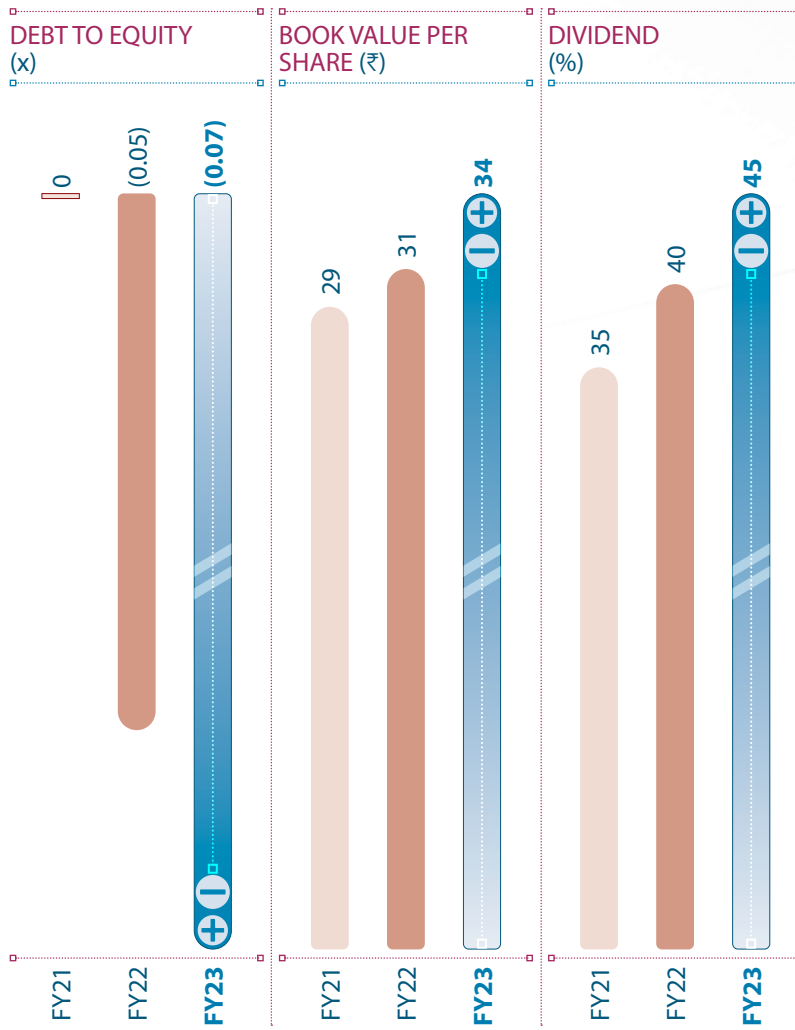
EPS (₹)

122

NET CASH FROM OPERATIONS  
(₹ CRORE)

12%

EBITDA MARGIN



## BUSINESS HIGHLIGHTS



### INDUSTRIAL BATTERIES

- Witnessed strong demand from telecom sector due to 5G Rollouts
- Executed large orders for supply of 12V-VRLA batteries for Wi-Fi electrification projects as a part of the Bharat Net project
- Bagged single largest order of ₹31 crore for Ni-Cd batteries for prestigious IGGL (Indradhanush Gas Grid Limited) pipeline project in Northeast
- Bagged good export orders for supplies to New York City Transit (NYCT) & Siemens Via Rail, Canada



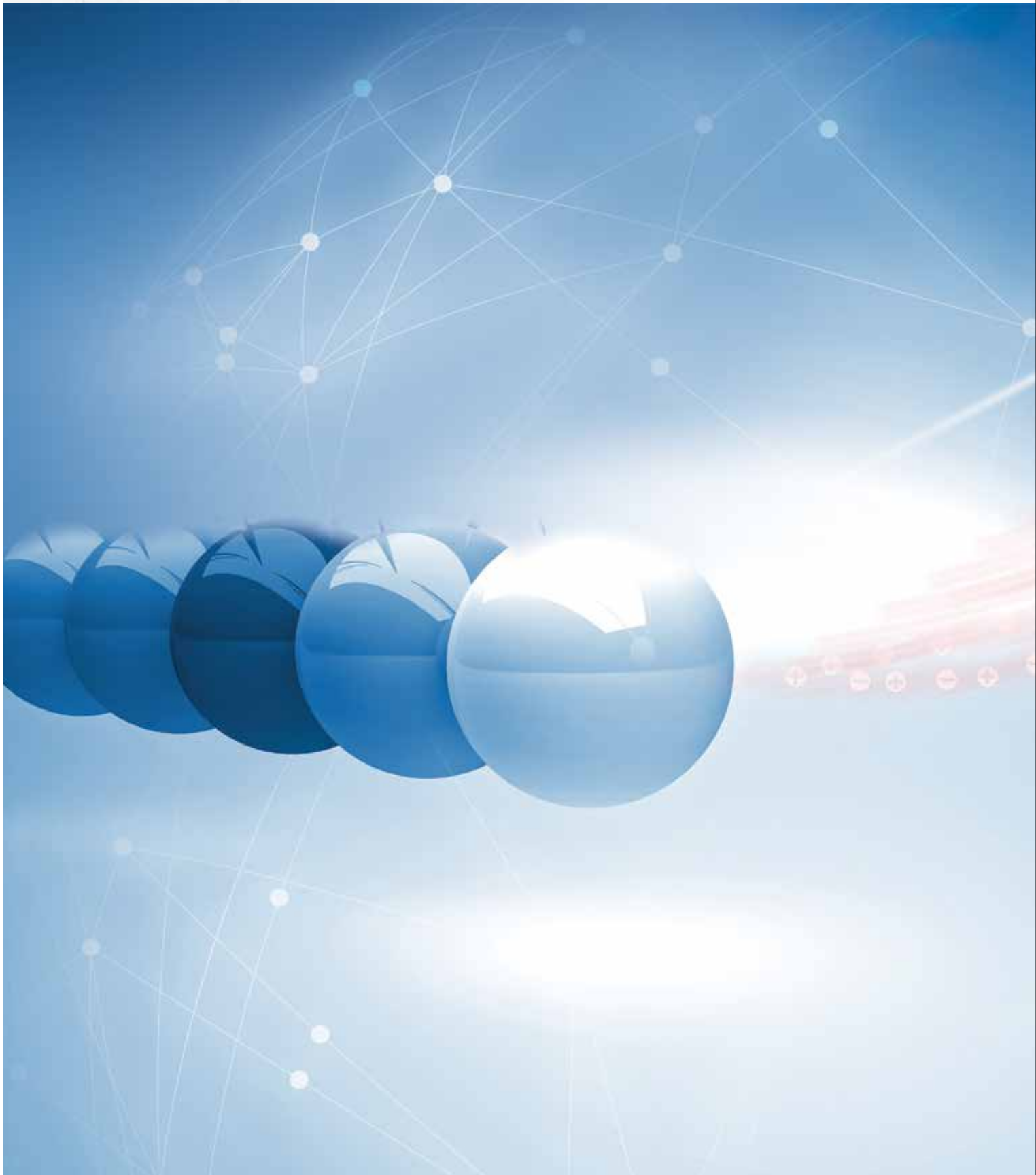
### DEFENCE

- Completed type approval process for Type-II batteries meant for use in HDW German (Shishumar) class submarines, and secured manufacturing clearance
- Developed and supplied thermal batteries to Advanced Systems Lab (ASL) of DRDO, for Agni Prime Strategic Missile and received a production order



### ELECTRONICS

- Won four contracts for deployment of Kavach TCAS in Delhi-Howrah and Delhi-Mumbai routes worth ₹807 crore
- Won a contract for supply of 46 Kavach TCAS systems to Integral Coach Factory, to be installed in 23 Vande Bharat trainsets
- Completed deployment of Kavach TCAS in Milestone I of Eastern Railway, West Central Railway and Western Railway
- Deployment of Train Management System (TMS) in progress in Sealdah Division of Eastern Railway
- Type testing and field trial of Electronic Interlocking System in progress



WE STARTED THE CURRENT YEAR WITH A HEALTHY OPEN ORDER BOOK FOR ALL OUR BUSINESS SEGMENTS, WHICH IS HEARTENING. WE WILL DEPLOY OUR ENERGY AND RESOURCES TO **GROW THE BUSINESS AND WIDEN OUR HORIZONS**

## DEAR SHAREHOLDERS,

We are pleased to share your Company's progress in the recently ended fiscal 2022-23. While the financial numbers succinctly summaries the story, the satisfaction quotient was encouraging as we started reaping the benefits of our decade-long efforts.



### A THROWBACK ON FY23

To say the world is in uncharted waters would be understatement. The adverse impact of multi-dimensional challenges, such as armed conflict and climate change, has exposed the fragility of the global economic system. It resulted in incalculable damage (uncontrolled inflation, disrupted food supplies, increased human displacement, and faltering job creation ecosystems) and tested the resilience of every nation.

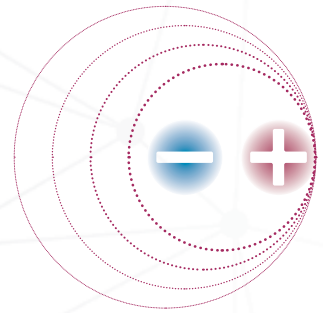
The government-funded capital expenditure and the gradual increase in interest rates allowed the nation to absorb the increased interest burden efficiently. India adopted a significantly matured approach to this multi-dimensional global crisis which helped India to emerge as one of the fastest-growing economy in the world. Also, corporate India maintained its resilience to deliver superior performances.

### OUR PERFORMANCE

Aligned with the India story, we reported a improved performance. Revenue from operations stood at ₹1,350 crore, a growth of 11% over the previous year. Notwithstanding heightened inflation and elevated interest costs, EBITDA improved to ₹167 crores in FY23 and a Net Profit of ₹95 crore in FY23. As liquidity improved, we adopted a judicious capital allocation strategy between investing in our business segments to capitalise on emerging opportunities and further reducing organisational leverage.

### BUSINESS IN FY23

It was a year of palpable excitement as every business segment had a healthy inflow of orders. There were good product introductions that gained the attention of user sectors and hence promised to add new growth levers to our business segments. Every business segment reported healthy operational and financial performance improvement and ended the year with a decent open order book.



## Electronics

Train Collision Avoidance System (TCAS) has become the flagship product in our Electronics segment. We won four contracts for deployment of Kavach TCAS to cover 1,322 route km and 267 locomotives.

Our team's proactive preparatory steps in FY22 helped us become the first Company to complete the execution of Kavach TCAS over Milestone I of three projects in Eastern Railway, West Central Railway, and Western Railway.

We have made considerable investments to improve our delivery schedules. We have significantly revamped and expanded our capacity for manufacturing electronic systems. We have adopted a Lean Manufacturing strategy for most of our manufacturing operations, including Electronics, to improve the productivity of our human resources and manufacturing infrastructure.

We continue to invest in inventories of electronic components to combat shortages and long lead times. Together, these initiatives, among several others, form the basis for the confidence in our supply chain resilience to complete the Kavach contracts ahead of schedule.

We have deployed the Train Management System (TMS) in the Eastern Dedicated Freight Corridor and our team is working hard to commission this solution in the Sealdah Division of Eastern Railway. These eminent projects should help us garner additional business for this solution shortly.

## Defence

Having completed supplies of two sets of Type-IV batteries for use in Kilo Class and Scorpene (Kalvari) Class Indian submarines, we have expanded our capabilities and completed the type approval process for Type-II batteries for HDW German (Shishumar) class submarines and secured manufacturing clearance. We expect to supply one set of these batteries in the current year.

During the year, we received the production order for the supply of thermal batteries to the Advanced Systems Lab (ASL) of DRDO for Agni Prime Strategic Missile. In addition, we developed and supplied thermal batteries for two other strategic missile programs of ASL.

Moreover, ELBI and IAI of Israel found that our batteries matched their stringent performance and quality standards. This opens an exciting

opportunity for the Company over the coming years. We are increasing our engagement with these agencies to develop new product variants to increase our business with them.

As our products are gaining traction globally, we are investing in critical and high-cost testing equipment to ensure we meet international testing standards and minimise our dependence on external test agencies. This will go a long way in improving our product quality and delivery timelines.

## Batteries

The battery division registered an excellent performance with robust growth in lead-acid and Nickel Cadmium batteries.

After a lull of about 2-3 years, we secured large orders from the telecom sector - from BSNL (a large order that is payment secured) and other private players. Our 12V-VRLA battery sales also picked up appreciably as we commenced supplies to small cell sites and increased our share of business with UPS OEMs.

We made considerable headway in the Data Center space with our PLT batteries, positioning them as the most suited product for this application. We concluded a contract



HON'BLE RAILWAY MINISTER WITNESSING THE PERFORMANCE OF TCAS ON A LOCOMOTIVE



with a large data center enterprise to supply PLT batteries over the next 30 months. In addition, we bagged large orders for PLT batteries from the Indian Army Data Center under the NFS project.

The year's highlight was widening the canvass for our PLT batteries. The Indian Army has recognised the performance superiority of PLT batteries and approved them for deployment in battle tanks and heavy trucks. Further, the DRDL has approved these batteries as a reliable power source for its Akash and other

missile launchers. Additionally, the demand for our PLT batteries for battle tank applications continued to grow in the Middle East and South-East Asian countries.

We experienced strong demand from the Oil & Gas sector and railways in the Nickel Cadmium space. We bagged our largest order for the prestigious IGGL pipeline project under execution. We have also successfully converted lead acid battery demand to Nickel Cadmium in various applications in the Power sector and Metro Rail, which should help grow the numbers over the medium term.

### Electric Drive Train

We made considerable progress in this area. We undertook road trials of our electric drive train (EDT) solution on a 7.5T truck, demonstrating encouraging results with our solution's performance and energy efficiency. It reinforces our belief that our solution is viable for commercial truck operators without financial subsidy from the Government. We will continue to develop solutions for larger trucks.

## OUR OPPORTUNITY WINDOWS



### Electronics

In the Union Budget 2023-24, an allocation of ₹2.40 lakh crore has been provided to the railway sector for accelerating the growth of the Indian Railways by improving infrastructure and introducing high-speed trains, which would call for increased TCAS deployment.

Considering these factors, Kavach TCAS garners the greatest attention in the directional focus for FY24. We will aim to supply and install Kavach systems in 23 Vande Bharat Trainsets. So far, 20 Kavach systems have been delivered, and eight have been installed in 4 Vande Bharat train sets. We will focus on getting our Train Management System (TMS) certified to Safety Integrity Level II, according

to CENELEC standards. Following this certification, the deployment in Eastern Dedicated Freight Corridor will be commercially operational. We will also complete the installation of TMS in the Sealdah Division of Eastern Railway. This will prepare our teams to be ready to take on many new projects for TMS, which are currently in the pipeline.



### Defence

We have partnered with HAL Kanpur to develop batteries for civil aircraft Hindustan D0-228 and with HAL, Bangalore for Light Compact Aircraft - Tejas, and Advanced Light Helicopters, as part of the Atmanirbhar Bharat and Make in India initiatives. Parallely, we are working with the Ministry of Aviation and the Director General of Civil Aviation (DGCA) to deploy NCSP batteries in all civil aircraft flying in India under the Atmanirbhar Bharat initiatives. When this happens, maybe

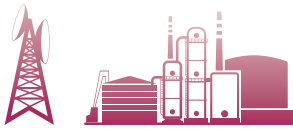
a few years into the future, it will open an interesting growth window for the HBL.

Further, leveraging our product success in the Indian context, we are engaging with defence authorities in other nations with Russian-made aircraft and helicopters to promote our batteries.

Having successfully developed batteries for Light Weight (LW) and Heavy Weight (HW) torpedoes, we embarked on creating new variants

to expand the market. Our wider offering, backed by new variants and ratings and our LW and HW torpedo battery solutions, is expected to enhance business volume in the next couple of years.

We are also working on products for new generation aircraft and helicopters, recently acquired by the Indian Air Force and currently under development in India.



## Batteries

Telecom players are back, investing aggressively in creating telecom infrastructure. Credible estimates suggest that telecom players will add another 4.5 Lakh towers to improve latency and quality 5G coverage. Moreover, 5G consumes more power than 4G. Hence, the connected battery capacity will be higher for a given backup requirement. Moreover, the replacement opportunity is also expected to be promising.

The UPS battery market is enormous (₹3000+ crore) and is growing consistently. While our share at this point is meager, we will adopt a cautious approach in this space with calibrated investment around capacity and channel building. These realities should sustain the demand for lead-acid batteries.

India is a data-guzzling market and the world's largest consumer of data. This data needs to be stored in India. As a result, India will add a data center capacity of over 4000 MW in the next five to six years. Our PLT batteries are fast catching the attention of Data Centre consultants and entities, aided by their performance, total cost of ownership, and safety over conventional VRLA and lithium options. We hope to make deeper inroads into this large and rapidly growing business space.

We have started FY24 on a positive note for our Nickel Cadmium batteries with a sizeable order book. We believe the demand for Nickel Cadmium Pocket Plate (NCPP) will remain robust over the next couple of years.

Our optimism is based on:

- 1) Mandatory commissioning of Fuel Gas De-sulfurisation (FGD) plants across all thermal power plants.
- 2) Commissioning of Oil & Gas pipelines (around 15000 km) across the country.
- 3) Implementation of various hydrocarbon projects under India Hydrocarbon Mission 2030.

The demand for these batteries will be further energised by the Government's aggressive targets for rail electrification across the Indian Railways network and various ongoing and upcoming (both new and expansion) metro rail projects.

## HOW THE OVERALL BUSINESS WILL EVOLVE

The fruits of our transformation journey have only started to show. Our high-value business segments, namely Electronics and Defence, where we enjoy an oligopolistic position, have come under the spotlight as our products and solutions secure approvals from user sectors. These segments should emerge as essential growth levers over the coming years. Our high-value products will continue to drive profitable business growth in the battery segment.

## PROSPECTS FOR FY24

We started the current year with a healthy open order book for all our business segments, which is heartening. We will deploy our energy and resources to grow the business and widen our horizons.

We will also work on optimising costs and improving productivity that will enable us deliver faster.

We look forward to inking this narrative once again next year with an even better performance and further exciting prospects.

## ACKNOWLEDGMENT

It is our privilege to pursue our passion for creating a better world by integrating our capabilities. We will focus on long-term growth, the ultimate measure to generate value. To achieve this, we will invest in strengthening our competitive advantages, be disciplined in capital allocation, and stay diligent in our pursuit of efficiencies.

We extend our gratitude to every team member for their relentless efforts in uplifting the organisation.

We would also like to thank all our stakeholders, Board, Bankers, and Government authorities for our support and assistance throughout our journey.

*We solicit your continued cooperation.*

Warm regards  
*The Management Team*



CORPORATE  
OVERVIEW



STATUTORY  
REPORTS



FINANCIAL  
STATEMENTS



# MANAGEMENT DISCUSSION & ANALYSIS

## THE HBL STORY

- Most technical startups are based on the promoter's prior work experience or a technical collaboration. In HBL's case it was neither. The promoter had not worked in any industry and there was no collaboration. His background in management of R&D led to his conviction that India has enough talent for developing appropriate technology for many products
- The idea was to create a manufacturing business by investing on, and managing R&D in India, with the focus on engineering intensive products to sell, B2G and B2B. The first product chosen, in 1977 happened to be batteries for aircraft of the Indian Air Force. Technology was then also developed for a number of types of specialized batteries for defense and industry; this work continues even today. But HBL never saw itself as only a "battery business"
- After 2002, technology development was begun in the Industrial Electronics and Railway Signalling domains. Development of the "Kavach" Train Collision Avoidance System was begun in 2007 and demonstrated on the tracks on 27 October 2012.

**Kavach became a commercial business only in 2022**

**BUSINESS MODEL & PORTFOLIO**

● The product range of HBL puzzles all those who become aware of it. However, this range is the result of a logical business model which was consistently applied. A single product is too big a risk. So, a portfolio was developed with related products (in both technology and market extensions)

- Product market choice was, and is, based on these criteria:
  - Enter only Niche markets, which are (at that time) too small for big companies and too difficult for small companies

- Avoid capital intensive products and B2C businesses. Search for Engineering Intensive businesses to invest
- Technology should be the basis of sustained competitive advantage; avoid products where technology is easily available
- Develop the technology needed, appropriate to the size of the Indian market, by R&D in-house
- The goal is to be #1 or #2 in a market of reasonable size; or #3 in a large market. If this is not possible, do not enter, or exit

- This business model has proved to be successful; HBL's market position in India is #1 or #2 in all its products, except telecom tower batteries where it initially was #2, then #1, and currently #3
- The business model is scalable; opportunities are constantly emerging, simply because India has a long way to go in industrial product manufacturing. In fact, HBL's business model should be easier to sustain profitable growth, than conventional business models, where competition will be difficult to cope with




**FINANCIAL OVERVIEW**

● Much of the R&D cost has been expensed. This is one reason why the profitability has been low in the past, and why it will be higher in future. Physical infrastructure, human resources and infrastructure already in place to support rapid growth for the next three years

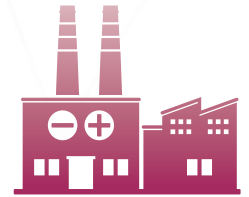
- For the next few years, R&D expenditure would be lower than in the last ten years, and working capital needs would increase
- Credit Rating by CARE Edge: Long Term A (Positive); Short Term A1

- All bank obligations have been met since inception without any rescheduling
- Dividends have been paid for twenty years without a break. Policy is to increase dividend every year

**BUSINESS SEGMENTS BY POTENTIAL FOR SALES GROWTH & EBITDA**

		
<p><b>INDUSTRIAL BATTERIES</b> Low Growth Decent EBITDA</p>	<p><b>DEFENCE &amp; AVIATION BATTERIES</b> Decent Growth Good EBITDA</p>	<p><b>ELECTRONICS</b> Rapid Growth Good EBITDA</p>
<p>All Lead Batteries</p>	<p>Batteries for Torpedoes, Submarines and other underwater applications</p>	<p>RAIL SIGNALING ELECTRONICS - Kavach, Electronic Interlock, TMS</p>
<p>All Nickel Batteries except Aviation</p>	<p>Nickel Aviation Batteries</p>	<p>DEFENCE ELECTRONICS - Electronic Fuzes for Ammunition</p>
<p>Lithium Batteries for Small Energy Storage Systems and E-Trucks</p>	<p>Lithium Missile Batteries</p>	<p>INDUSTRIAL ELECTRONICS - Motors &amp; Controllers for Electric Trucks</p>
<p><b>R&amp;D currently in progress. Significant results may appear only in FY 2027</b></p>		
<p>Advanced Chemistry - Stationary Batteries for B2B Energy Storage Systems</p>	<ul style="list-style-type: none"> <li>● State of the Art batteries for Torpedoes</li> <li>● Lithium batteries for defence and aviation</li> </ul>	<p>Power Electronics needed for B2B Energy Storage Systems</p>

**1** BUSINESS SEGMENT  
**INDUSTRIAL BATTERIES**



**H**BL's battery division is its primary revenue earner and growth driver contributing about 70% to the Company's topline. The Company's expertise in deploying diverse technologies to develop batteries suited for multiple applications differentiates it from others in the battery business.

While the lead-acid and Nickel Cadmium batteries (meant for stationary and rolling stock applications) are the major contributors to the division's prominence, the Company also develops batteries using other niche technologies. The division's batteries basket comprises a wide range of

industrial batteries that cater to a wide array of user sectors, namely Telecom, UPS, Railways, Solar, Oil & Gas and Power sectors.

FY23 was a good year for the battery division as it recorded a 22% topline growth in revenue.

**LEAD-ACID BATTERIES**

HBL is one of the prominent suppliers of batteries to the telecom sector. In recent years adversities in the telecom segment and heightened competition have dulled the business space. HBL has judiciously chosen to participate in profitable opportunities arising in this space.

In FY23, the telecom business registered stellar growth driven by strong demand from the telecom sector due to 5G rollouts.

The Company also secured a large order from BSNL for use in their tower network after a considerable period of time. Moreover, demand from other private telecom companies remained strong. The strong demand from the telecom sector continues in the current year.

HBL received sizeable orders for the supply of 2V VRLA batteries for the Indian Army Data Center under the NFS project.

During the year, HBL also commenced supplies of 12V-VRLA batteries to small cell sites (low-powered cellular radio access nodes). The Company increased the sale volume of its 12V VRLA (UPS battery), which improved its share of business with UPS OEMs and doubled business through the channels. In addition, the Company executed large orders for the supply of 12V-VRLA batteries for Wi-Fi connectivity network as a part of the Bharat Net project. The untiring efforts of the entire team resulted in a very satisfying growth of about 22% in FY23.

### NICKEL CADMIUM BATTERIES

HBL witnessed the highest-ever Nickel Cadmium Pocket Plate (NCP) sales in FY23, backed by higher demand, product preference, market penetration efforts and adequate supply-related resource deployment.

The Company clocked a 30%+ growth in the domestic business. While it registered the highest revenue in the domestic market, the export business remained stable throughout the year. Despite volatile metal prices (Nickel and Lithium Hydroxide), HBL earned decent margins backed by scale, efforts to partially pass on the cost burden to the customers and efficiencies.

The Company witnessed strong demand from Oil & Gas and Railways (Indian Railway and Metro Rail) sectors - Oil & Gas pipeline projects, Indian Railways electrification efforts and Metro Rail projects. HBL bagged its single largest order for Ni-Cd batteries from IGGL (Indradhanush Gas Grid Limited) pipeline project in the Northeast, which is under execution. Additionally, it successfully converted lead acid battery demand to NCP batteries in several Power sector and Metro Rail applications.

On the export front, HBL secured healthy orders to supply its Nickel Cadmium Fibre Plate (NCFP) batteries for railway applications for customers in the US and Canada.

HBL started the current year (FY24) with a good order book position which augurs higher business volumes in the domestic market and exports.

The Company is working to position its NCFP batteries as a reliable and cost-effective solution for rail rolling stock application. Additionally, HBL is putting in concerted efforts to position NCP batteries as the preferred option in Indian Metros backed by performance referrals from outside India.

In the export market for NCP batteries, HBL is working towards enhancing its share of business with various OEMs while expanding its reach and deepening its engagement with end users and EPC(s).



### PURE LEAD THIN PLATE BATTERIES (PLT)

The Company's PLT batteries gained considerable ground as the Company successfully positioned PLT batteries as the most suitable one for Data Centre applications aided by its high-rate discharge capability, attractive total cost of ownership, reliable performance & safety. It completed 84 MW of installations during the year. Recently, the Company concluded a rate contract with a large data center entity to supply PLT batteries over the next 30 months.

The Company worked closely with key consultants in the Data Center space for incorporating PLT batteries as the preferred source for power back-up. HBL added several new customers in the Data Center space, which has widened its opportunities.

HBL received the approvals from the Indian Army for the deployment of its PLT batteries in battle tanks and heavy trucks to address challenges faced in high-temperature and very low-temperature regions of the

country. This was the highlight of the year. Also, Defence Research & Development Laboratory (DRDL) approved the Company's PLT batteries for application in Akash and other missile launchers as a reliable power backup.

Further, demand for HBL's PLT batteries for battle tank applications continued to grow in Middle East and South-East Asian countries.



### MEDIUM-TERM OPPORTUNITIES

**India opportunity:** The Indian Lead acid battery is expected to register a CAGR of more than 9% during 2023-28. COVID-19 moderately impacted the market size in 2020, and currently, the market has reached pre-pandemic levels. The growing demand from telecommunication

and data centres coupled with the increasing applications in industries such as railways are expected to drive business volumes during the forecast period. Meanwhile, alternate technologies, mainly lithium-ion, are expected to make in-roads into the market, and the progress will be gradual.

Alongside new chemistries, new advancements in lead-acid are expected to create increased opportunities for the lead-acid battery market.





**Telecom:** The rollout of the fifth-generation (5G) telecom service in India, which started in October 2022, has been the fastest in the world, with the rollout of 2.70 lakh 5G sites

within nine months. The sector is expected to add another 4.5 Lakh towers to improve latency and quality of 5G coverage. Moreover, a 5G site consumes significantly more power

than a 4G site, and hence connected battery capacity will be higher for a given backup requirement. As a result, replacement demand is expected to remain robust over the coming years.

**UPS & Data Centres:** The increasing adoption of cloud computing, the growth of big data, the rise of the Internet of Things (IoT), and the proliferation of smart mobile devices & 5G services have contributed to the increasing demand for data centres.

By 2025 India's data centre capacity will have doubled to 1,700 -1,800 MW, as predicted by CRISIL. Over the long term, India is expected to augment additional data centre capacity of over 4,000 MW in the next five to six years. The domestic UPS battery market is very large and growing consistently.

HBL's current share is meagre, which offers a significant opportunity for the Company over the coming years. HBL will approach this business segment with calibrated investment around capacity and channel building. It aspires to be a reliable third player in this segment.

**Railways:** The ubiquitous Metro trains running along the landscape of Indian cities are steadily emerging as one of the best solutions for urban transportation. A "metro revolution" is happening in the country, with the number of cities having a transport network rising to twenty from five in 2014.

And the number is rising even faster, with the Centre generously funding metro projects in metros and Tier 1 cities.

Bharat Express. The Government envisions providing comfortable, affordable and safe commute opportunities to all.

Further, a revolution in the Indian Railways segment will be witnessed with the launch of 'Vande Metro' by the end of 2023, which will run over short distances, along with the Vande

The Railways have planned to fully electrify its network, opening an array of opportunities for NCPP & NCFP batteries.

**Oil & Gas pipelines:** India is among the top five developers of oil pipelines, which are under construction and proposed, according to an analysis by Global Energy Monitor, a non-profit that tracks energy projects. Their analysis highlighted that the country is constructing 1,630 km long oil transmission pipelines, ranking second globally in the pipelines under

construction category. With 1,194 km long proposed pipelines, India secured the 10th spot in the global pecking order.

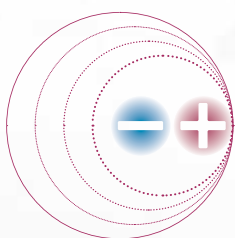
pipeline is operational and close to 12,995 km of the gas pipeline is under construction as of December 2022. The country aims to increase the pipeline coverage by ~54% to 34,500 km by 2024-25 and to connect all the states with the trunk natural gas pipeline network by 2027.

Gas Pipeline infrastructure is an economical and safe mode of transporting natural gas from its source to the consuming markets. In India, about 22,335 km of natural gas

**Flue Gas Desulphurisation (FGD):** The FGD technology eliminates sulphur dioxide from exhaust flue gases of fossil-fuel power plants. The Ni-Cd battery is preferred in this system to provide backup power and

UPS control. While India had initially set a deadline of 2017 for installing FGD units in all thermal power plants located near a million plus population, it was extended up to 2022 and further extended to 2025 owing to

numerous challenges faced by power generating companies. It promises healthy demand for Ni-Cd batteries over the coming years.



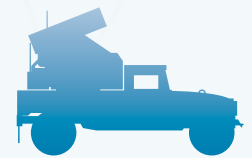
**HBL'S FOCUS AREAS**

- Capitalize on emerging demands to scale up operations across product lines
- Re-align NCPP manufacturing capacity to support pent-up demand in domestic markets
- Build capacity to support the increasing demand for 12V UPS batteries
- Scale up exports of NCPP & NCFP products
- Widen application spectrum for PLT batteries and enhance exports
- Continue to improve manufacturing infrastructure, process automation and efficiencies
- Leverage gains arising from ongoing lean manufacturing efforts
- Create awareness among customers to safely dispose of used batteries and enhance collection



BUSINESS SEGMENT

## DEFENCE & AVIATION BATTERIES



**W**ITH the advent of new-age sophisticated automated weapons, and electronic warfare where even mechanical devices are using electronic sensors, it is crucial for any defence establishment to invest in a reliable energy storage system.

Over the years, the Company has made considerable headway in creating a vast array of specialised batteries for diverse critical applications such as submarines, torpedoes, battle tanks, missiles, fuses, fighter aircraft, etc. In doing so, HBL is consistently making a defining contribution to Atmanirbhar Bharat's defence capabilities.

The Company deploys niche technologies and chemistries to manufacture batteries for diverse applications. It has compartmentalised its operations according to these technologies for efficient business management.

### NICKEL CADMIUM SINTERED PLATE BATTERIES

HBL has a long history of making specialised batteries. About three decades ago, it initiated its operations by developing aircraft batteries.

Currently, HBL's specialised batteries find application in Military & Civil aircraft and helicopters and Unmanned Aerial Vehicles (UAVs). The division caters to the requirement of the entire Indian Airforce covering various makes of aircraft and helicopters.

In FY23, the Company made further inroads into establishing its capabilities with the Indian Defence agencies. It was awarded the Approval of the Firm and its Quality Management Systems certificate by the Ministry of Defence, Government of India, for supplies with self-inspection. This quality mark promises to open new vistas of growth. The Company also received the clearance certificate for its product induction in

PILATUS, P8-I and V5 aircraft. It plans to commence commercial production of the batteries in the current year. During the year, the Company continued to export batteries to Bombardier for use in Global 7500 aircraft and to Israel Aerospace Industries (IAI) for use in UAVs.



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#### SILVER BATTERIES

Silver batteries are primarily used by the Indian Navy. HBL is recognised and respected for its indigenous design and development capabilities, making its products extremely reliable despite unfavourable operating conditions.

The Company's product portfolio comprises Primary and Secondary Silver Oxide Zinc batteries, and primary Silver Chloride Magnesium batteries for torpedoes and guided missiles.

More recently, these batteries are gaining wider acceptance beyond the Indian Navy, which should generate steady growth in business volumes.

The Company's performance in FY23 under this segment was muted as its defence customer deferred the offtake of batteries for its torpedo applications.

Notwithstanding this shortcoming, the Company enhanced its plate-making capacity with minimal investment. This strategic initiative will shorten the lead time, thereby supporting higher volumes.

The Company's efforts in developing batteries for Light Weight and Heavy Weight torpedo applications moved closer to completion.

#### THERMAL BATTERIES

These are lithium-based batteries that are used in explosive applications. These batteries provide the highest capacity per unit of volume with a substantial power density, making them suitable for a wide range of environments.

FY23 was a period of heightened activity as the Company received high demand from Government agencies. HBL successfully developed and delivered batteries for India's strategic missile programs. Upon approval, these should lead to a steady uptick in business over the medium term.

The Company sharpened its focus on lean initiatives; process automation and quality enhancement yielded the desired results.



### SUBMARINE BATTERIES

These are customised batteries for vital submarine applications. Over the years, HBL has designed and developed these batteries indigenously and invested in developing manufacturing capabilities for these highly specialised batteries.

Having completed battery supplies for the Kilo Class and Scorpene (Kalvari) Class Indian submarines in the previous year, HBL achieved the type approval process for Type-II batteries meant for use in HDW German (Shishumar) class submarines securing manufacturing clearance.

Further, the development of lithium-ion phosphate batteries for submarine application, as per technology shared by NSTL, is progressing satisfactorily. HBL is confident of completing the obligations under the development order by the end of March 2024.



### MEDIUM TERM OPPORTUNITIES

India has one of the largest armed forces and the 3rd largest defence budget in the world. Historically, India imported the majority of its defence needs from advanced nations.

Growing concerns about national security due to territorial disputes with neighbouring countries have necessitated the Government to further strengthen its defence capabilities thus bringing defence indigenisation into the limelight.

The Government's clarion call for an 'Atmanirbhar' Bharat, especially in the defence sector, has provided the much-needed thrust to partner with the private sector to develop in-house capabilities.

Interestingly, the drive has transformed India from an importer of defence equipment to an exporter of defence capabilities. In FY23, defence exports reached an all-time high of approximately ₹16,000 crore, recording a 10-fold increase since 2016-17.

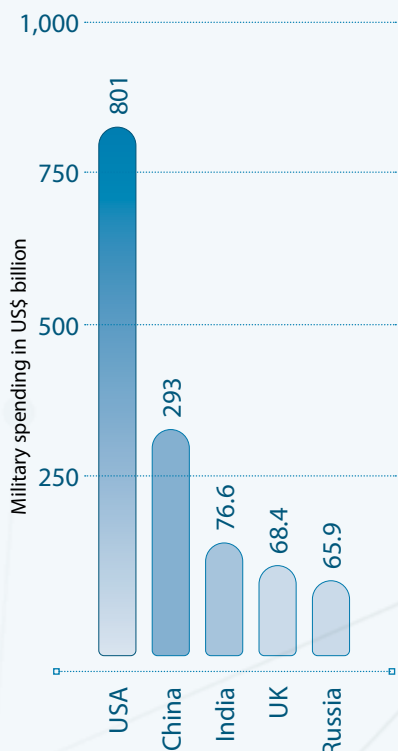
The Ministry of Defence has set an ambitious goal of reaching a turnover of ₹1.75 lakh crore in aerospace and defence manufacturing by 2025, which includes exports of ₹35,000 crore.

Funds worth US\$ 72.2 billion (₹5,93,537.64 crore), which is 13.18% of the total defence budget, have been allocated to the Ministry of Defence (for FY24) to expand the R&D ecosystem and establish indigenous manufacturing infrastructure.

Aiming to ensure transparency, predictability, and ease of doing business in the domestic defence industry, the Government is creating a robust ecosystem and putting in place supportive policies.

The Ministry of Defence has made three comprehensive 'Positive Indigenisation lists' comprising 310 defence equipment to be manufactured domestically. To encourage R&D in Defence & Aerospace ecosystem, government schemes such as iDEX (Innovations for Defence Excellence) and DTIS (Defence Testing Infrastructure Scheme) have come into existence.

### MILITARY EXPENDITURE BY COUNTRY



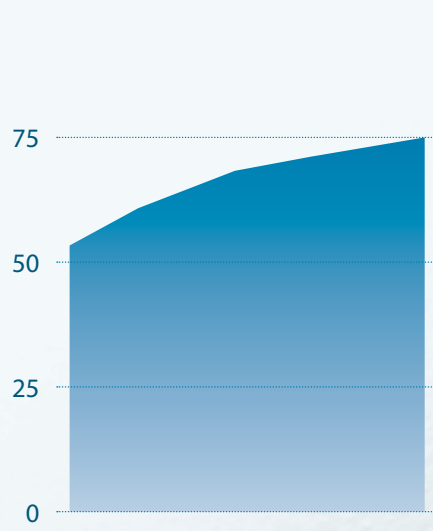
### INDIA'S DEFENCE EXPORTS ON THE RISE

Exports in INR Crore



### INDIGENISATION EFFECT

Local Procurement Percentage



SOURCES  
<https://www.makeinindia.com/sector/defence-manufacturing>  
<https://www.ibef.org/industry/defence-manufacturing>  
<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1893096>  
<https://www.investindia.gov.in/sector/defence-manufacturing>

# 3 BUSINESS SEGMENT ELECTRONICS



**T**HIS is rapidly emerging as a growth driver within the organisation, with the promise to enhance its business returns and organisational standing. The company patiently persevered for over a decade, and succeeded in

developing electronic solutions for critical applications. Having received regulatory approvals for some of its electronic solutions, this segment is poised to emerge as an important business and profitability driver over the coming years.

This business segment is organized into two divisions, namely Railway Electronics and Electric Mobility, to ensure a focused effort to grow both segments.

### RAILWAY SIGNALING ELECTRONICS

India's extensive railway network is underutilised due to legacy signaling and safety solutions, which have outlived their useful life. Hence, even as the number of trains crisscrossing the Indian landmass increases, the operating ratio of Indian Railways is reported to be very low. Moreover, the number of accidents has increased considerably. Case in point: In 2022-

23, 48 train accidents were reported, including 36 derailments, six collisions, and four fire accidents. This marks a significant increase compared to the previous fiscal year's 34 accidents. The need for contemporary solutions in signaling and train management has become the topmost priority for the Indian Railways.

Mindful of this pressing need, HBL developed electronic solutions for both issues. Its TCAS (Train Collision Avoidance System), called as Kavach by Indian Railways, addresses the safety issue, and TMS (Train Management System) is designed for efficient track utilisation.



**TCAS:** Having successfully deployed its TCAS solution in some sections of the massive Indian Railway network, TCAS is now being sought after by multiple zones of the Indian Railways. In FY23, the Company received a sizeable volume of orders for its TCAS solution.

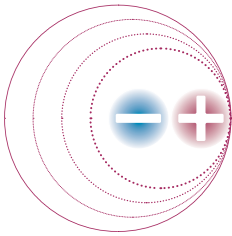
HBL as the lead member of a consortium with Siemens, signed the first contract under the Government's Mission Raftar project with the Eastern Railway to deploy its TCAS solution over 260 km of track and

120 locomotives from Howrah to Pradhankhanta. As a lead member of the consortium with Shivakriti International, HBL also received two contracts from West Central Railway and Western Railway for deploying Kavach over 547 km and 96 km respectively. The WCR project also involves Installation of Kavach on 87 locomotives. Further, the Company has also received an order from Ashoka Buildcon for supplying Kavach systems for installation in East Central Railway over 417 km and 60 locomotives.

The Company also received an order from Integral Coach Factory to install TCAS solutions in the prestigious Vande Bharat train sets manufactured at their facilities.

These large orders will be completed in the next 18-24 months.

HBL has significantly revamped and expanded its electronics systems manufacturing capacity. The Company has adopted a Lean Manufacturing strategy in its manufacturing operations, including Electronics, to improve man-machine productivity. These efforts would go a long way in efficiently and profitably delivering its solutions within the committed time.



HBL is prepared well to execute the current and upcoming Kavach projects, with its enhanced modern and automatic production facilities and expanded capabilities in engineering and construction.



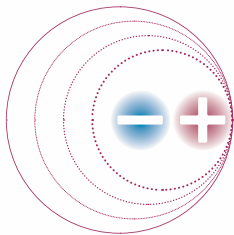


**TMS:** One of the bottle-necks in operation of trains on the Indian Railways network is congestion on the available track Infrastructure. Legacy systems for signaling and operations management are not able to keep pace with the need for running more trains. This, together with delays in running of trains, affects the country's economic progress. Addressing this problem has become a compelling need for Indian Railways.

HBL's Train Management System (TMS), together with automatic signaling, addresses this problem squarely and facilitates better train management and seamless train movement.

A TMS is a central control centre, from where the operations of running trains in a large section of the railway network can be controlled centrally, avoiding delays in signaling. TMS, with its centralised traffic control capability

and faster emergency response time, increases track capacity utilization. The Company had deployed this solution in the Eastern Dedicated Freight Corridor. TMS installation in the Sealdah Division of Eastern Railway is in progress and will be completed in the current year.



HBL is the only approved and proven Indian Company for TMS

**DEFENCE ELECTRONICS - ELECTRONIC FUZES FOR AMMUNITION**

- Electronic Fuzes are essential for reliability and safety. HBL is the only Indian supplier for the Electronic Fuzes, and can also supply to other firms making the rest of the grenades

- Grenades fuzes made by HBL have been approved by the Ministry of Home Affairs for use by the paramilitary forces under a "Development cum Production Partner" contract with ARDE/ DRDO. Sales to MHA are expected to begin FY 24 and increase rapidly

- Approval of the Army for their needs of Grenades is expected during FY 24
- HBL has facilities and licenses for handling explosive materials



## INDUSTRIAL ELECTRONICS

The Company has developed Electric Drive Train (EDT) kits for retrofitting light commercial vehicles and passenger buses. HBL has secured approval from ICAT for one rating; the rest will be offered for testing by ICAT.

During the year, the Company conducted road trials of its EDT solution on a 7.5T truck. The trials demonstrated encouraging results with our solution's performance and energy efficiency. This reinforced the Company's belief that the solution is commercially viable without financial subsidy by the Government for commercial truck operators. The team continues to develop solutions for larger trucks.

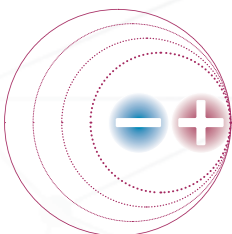


## MEDIUM-TERM OPPORTUNITIES

As India scales its vision of Atmanirbhar Bharat, the Union Budget 2022-23 has earmarked funds for speedy implementation of the Kavach System on a 2,000 km track and sanctioned implementation on 34,000 track of Golden Diagonal & Golden Quadrilateral rail route, which will be accomplished by 2027-28.

In the Union Budget 2023-24, an allocation of ₹2.40 lakh crore has been provided to the railway sector for accelerating the growth of the Indian Railways by improving infrastructure and introducing high-speed trains, which would call for increased Kavach deployment. The Railway minister informed that tenders

will soon be awarded to install the Kavach system across various railway zones in Jharkhand, West Bengal, Uttar Pradesh, Delhi, Bihar, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra.



Indian Railways has so far deployed Kavach on 1465 route km (RKM) and 121 locomotives including electric multiple unit rakes in South Central Railway, in the States of Telangana (684 RKM, Andhra Pradesh (66 RKM), Karnataka (117 RKM) and Maharashtra (598 RKM)

## HUMAN RESOURCES



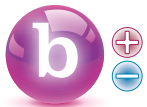
**F**OR HBL, its team is an invaluable resource that drives its zeal for technology innovation and accelerates its growth. Their spirit and passion for excellence is the critical differentiator behind the Company's success.

The HBL team comprises of 1,700+ members, a majority of whom are engineers specialised in diverse disciplines. The diverse team that brings in varied expertise, experiences and perspectives,

enriching the organisation. Some common attributes of its members are deep knowledge base, expertise and diverse experience.

HBL's people development practices help strengthen the capabilities of our people to contribute to its growth. The Company believes in nurturing new talents, up-skilling its team and inculcating a culture of self-learning to allow them to broaden their professional horizon.

Besides being scientifically advanced and rich in technological developments the Company maintains a safe, healthy and friendly work environment that is conducive to mutual bonding and building team spirit that aids the personal growth of the team members which eventually reflects in their work.



## QUALITY MANAGEMENT

**Q**UALITY has been our forte. Ensuring quality is critical for maintaining daily operations of industries such as defense, and railways, among others, that need reliable and uninterrupted power supply for long-term success.

At HBL, we are passionate about quality and this passion has been crucial in establishing us as a forerunner in the industry. Our uncompromising quality practices in both battery solutions and services

for every critical instrument in this industry that is being reinvented every now and then with the latest technological advancements has been essential for carving out a space for ourselves. Our reputation often precedes us.

**Quality infrastructure:** The Shamirpet campus, our central test facility, is probably the best proof of our commitment towards quality. Being the only NABL-accredited laboratory

in India (as per ISO 17025) with the facility and capability of testing all the applicable tests of IEC 60623: 2017, IEC 62259: 2003, IEC 60896:2004 and

IEC 61427:2013, we additionally test our products outside with our third-party partner agencies like Dekra India Limited and Intertek EU periodically.

**Process approval:** Several highly substantial global approvals including ISO 9001-2015, ISO14001-2015, ISO

45001-2018, and ISO 22163-2017 - IRIS- Rev 3 (Railway business) and AS 9100D (Aviation, Space and Defence

Organisations) have been received by the business processes of the Company.

**Global tools:** Several globally acknowledged quality management tools like Quality Circles, 5S and Six Sigma is used by the Company. With training and active participation from our team members, these tools help

the Company identify the problem areas in our quality management procedures and solve them directly on a regular basis. Our team members are consistently utilising these tools to locate and resolve problems in our

quality management procedures. The Company further seeks the support of consultants to embed lean practices in all business segments.

**Approval by global aviation giants:** We are an FAA (Federal Aviation Administration), USA-approved supplier of onboard nickel-cadmium

batteries for Boeing aircraft. We are also an approved OEM supplier of comparable batteries for the aircraft

manufactured by IAI (Israel Aerospace Industries), and Bombardier.

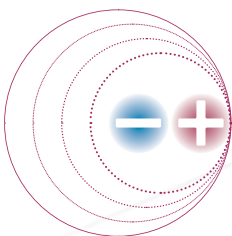
**Other stringent clients:** Being an approved supplier to the Indian Defence establishment and Indian Railways, the quality protocols of our

products are pretty strict. Data Center customers are also one of our key audiences where quality is of utmost importance. Delivering high quality

products to these corporate giants, we are hopeful that all our segments will experience an uptick in orders in the near future.

### HBL'S FOCUS AREAS

- HBL was the first company in India to receive the coveted IRIS conformity assessment certification in 2009. This certification aims at ensuring consistency in the quality and meticulous audits throughout the sector
- HBL is also the first company in India to be endowed with the esteemed Silver level certification (upgraded from the previous Bronze level) from International Railway Industry Standard (IRIS). This high-quality performance level means that the companies get to foreground their commitment to quality which in turn makes the sector more competitive thus benefitting the entire supply chain



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## FINANCIAL RATIOS

In accordance with the amendments notified in Regulation 17 of the SEBI (LODR) Regulations, 2015 on May 9, 2018, the details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios as compared to the immediately previous financial year are reported hereunder:

Particulars	March 31, 2023	March 31, 2022	Change	Reason for change
Debtors' turnover	4.28	4.20	1.79%	
Inventory turnover	4.27	4.18	2.17%	
Interest coverage ratio	21.07	15.77	33.61%	Increased profitability and lower interest cost.
Current ratio	3.09	3.55	-12.93%	
Debt equity ratio	0.09	0.07	22.60%	
Operating profit margin (%)	8.40	8.22	2.19%	
Net profit margin (%)	7.02	7.25	-3.12%	
Return on net worth (%)	9.92	10.16	-2.27%	

## INTERNAL CONTROL AND ITS ADEQUACY

**H**BL maintains a system of well-established practices and procedures for effective internal control of operations and other allied activities.

The internal audit function is strengthened, from time to time, in consultation with statutory auditors and the Audit Committee for monitoring 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.

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



## HEALTH, SAFETY & ENVIRONMENT

- HBL was conferred with the prestigious "Outstanding Contribution Award" for conserving Greenery in the unit of the Vishakhapatnam SEZ Authorities on the occasion of the 32nd 'Zone Formation Day Celebrations
- HBL was also nominated and issued an appreciation certificate for adopting best practices in environmental protection by the Telangana State Pollution Control Board on the eve of "75 Years of Azadi Ka Amrit Mahotsav"

**Health:** As a progressive and forward-thinking organisation, HBL prioritises the overall health of all its team members above everything else. To identify and resolve the health issues of all the team members, regular health check-ups are performed by a group of medical professionals.

**Safety:** Along with health, workplace safety is of paramount importance to the Company. HBL ensures that all team members work in a safe environment, irrespective of their position. We encourage the team members to adopt safe practices, use safety equipment, and participate in periodic safety drills. Case in point, we are already an ISO 45001:2008 certified company.

**Environment:** HBL prioritises sustainability and conservation in its business model. While we work to reduce our carbon footprint, we also support green initiatives through different community initiatives.

Regarding our production processes, we don't think linearly but cyclically. As a manufacturing company and an environmentally conscious entity, we practice the well-regarded 3R approach – reduce, reuse, and recycle in all our facilities. All our production facilities have maintained a zero-liquid discharge status for the last two decades. HBL supports afforestation in all the vacant lands surrounding the facilities. Moreover, the Company also encourages its vendors to adopt the Environment and Social Responsibility Code of Conduct.





## CORPORATE SOCIAL RESPONSIBILITY

**A**s we identify ourselves as a socially conscious and socially accountable business venture, we always strive for all stakeholders' inclusive growth and development. This includes the people surrounding our operational units or the general public at the regional and national levels. In short, we are committed to the overall upliftment of the communities that we belong to. However, the core thematic areas that remain the focus of our CSR philosophy are education, healthcare, sanitation, drinking water, and the community's overall well-being.

**Healthcare:** Child health is foundational to adult health and well-being. When children's health is nurtured and supported, it sets the stage for healthy adulthood. But children cannot achieve their optimal health alone. They depend on the adults in their families and the community to provide them with an environment where they can learn and grow successfully. We aim to make that dependence more secure.

Align with this philosophy; HBL supports over 100 Anganwadi centres that work for children between the ages of 3-6. During the year, the Company continued to identify and develop Anganwadi centres. Thumkunta factory location, near Hyderabad has been focused among others, during the reporting year by providing necessary resources and utilities needed for training and education of the children. The Company also considering certain requests received from the villages for CSR support.

**Education:** Education broadens the mind of young children and prepares them to face life's challenges with courage and optimism. It helps instil values, knowledge, intelligence, and confidence. But not all children can benefit from education primarily because of their financial backgrounds, and it is more challenging for the young girl child. Because, in a financially weak situation worsened by patriarchal prejudices, a girl child's education is sacrificed much more often than a boy. HBL actively works in this sphere to remove those obstacles so that a girl from a less privileged background can go to school and continue her studies. The Company runs several scholarship programs to support the cause. The Company also supports and encourages girl students in their aim for higher education. Moreover, the Company supports pre-primary and primary education by providing innovative learning aids, and digital education kits as

reinforcements towards creating a happy learning environment for the children. The Company also organises competitions and annual day celebrations to showcase the talents of young children.

**Sanitation:** Sanitation is an essential element in environmental sustainability. To maintain a clean neighbourhood, the Company organises regular community sanitation programs involving local communities where concepts like cleanliness, hygiene, and sanitation are discussed and stressed, creating awareness both at an individual and a community level.

**Well-being:** HBL partners with prominent NGOs like Akshaya Patra Foundation, Anuraag, NICE (Needy Illiterate Children Education), and Jyothi Ashram (an orphan home) and works for the upliftment of underprivileged children and kids with special needs.







# Corporate information

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## REGISTERED OFFICE:

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

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## BOARD OF DIRECTORS

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Executive Directors	Non-Executive Independent Directors	Non-Executive Non-Independent Directors
<b>Dr. Aluru Jagadish Prasad</b> <i>Chairman &amp; Managing Director</i>	<b>Poruri Ganapathi Rao</b> <b>Preeti Khandelwal</b> <b>Karipineni Venkat Sriram</b> <b>Richa Datta</b>	<b>Advay Bhagirath Mikkilineni</b>
<b>Kavita Prasad Aluru</b> <i>Whole Time Director</i>		

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## AUDIT COMMITTEE

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**Poruri Ganapathi Rao** - *Chairperson*  
**Preeti Khandelwal** - *Member*  
**Karipineni Venkat Sriram** - *Member*  
**Richa Datta** - *Member*  
**Kavita Prasad Aluru** - *Member*

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## KEY MANAGERIAL PERSONNEL

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**E. Sairam** - *Chief Financial Officer*, (w.e.f. March 29, 2023)  
**GBS Naidu** - *Company Secretary*, (w.e.f. April 01, 2023)  
**MSS Srinath** - *President*

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## AUDITORS

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Statutory	Cost	Secretarial
M/s. LNR Associates Chartered Accountants 10-19-15/3, Soudamani, Siripuram Visakhapatnam-530 003	M/s. Narasimha Murthy & Co. Cost Accountants, 3-6-365, Pavani Estates, Y V Rao Mansion Himayatnagar, Hyderabad - 500 029	CS Vinay Babu Gade Practicing Company Secretary #4-65, Koheda, Hayatnagar, Hyderabad – 501511 Telangana

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## BANKERS

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State Bank of India  
Axis Bank Limited  
ICICI Bank Limited

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## REGISTRAR AND SHARE TRANSFER AGENT

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KFin Technologies 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 of Annual General Meeting

Notice is hereby given that the Thirty-seventh Annual General Meeting of the members of HBL Power Systems Limited will be held on Thursday, September 28, 2023 at 4.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") 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, 2023 together with the reports of the Board of directors and auditors thereon.
2. To declare dividend for the year ended March 31, 2023.
3. To appoint a director in place of Mrs. Kavita Prasad Aluru (DIN 00319292) who retires by rotation and is eligible for re-appointment.
4. To ratify the appointment of statutory auditors and to authorize the Board to fix their remuneration.

RESOLVED THAT pursuant to the recommendations of the Board of Directors (including Audit Committee), provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification, amendment or enactment thereof, for the time being in force), the appointment of M/s. LNR Associates (FRN: 05381S), Chartered Accountants, Visakhapatnam as independent Statutory Auditor of the Company be and is hereby ratified to hold the office for a period of five years from the conclusion of 36th (thirty-sixth) Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in the year 2027, subject to ratification by members at every year Annual General Meeting, at such remuneration plus applicable taxes and reimbursement of out-of-pocket expenses in connection with the Audit as may be mutually agreed between the Board of Directors of the Company.

## SPECIAL BUSINESS:

### 5. Ratification of Cost Auditor's remuneration for FY 2023-24

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014,

(including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the remuneration of Rs.10,00,000/- (Rupees Ten Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses, payable to M/s. Narashimha Murthy & Co., Cost Accountants, Hyderabad (Firm Registration No 000042), who are reappointed by the Board of Directors of the Company as Cost Auditors, to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2024.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper, or expedient to give effect to this resolution.

### 6. Appointment of Ms. Deeksha Mikkilineni as a Non-Executive Director – Promoter group

To consider and, if thought fit, to pass the following Resolution as an ordinary resolution:

RESOLVED THAT pursuant to Section 149, 152, 188 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with regulations 17, 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable provisions and (including any modification or re-enactment thereof); recommendations of the Nomination and Remuneration Committee and the Board of Directors, Ms. Deeksha Mikkilineni (DIN : 10267611), who was appointed as an Additional Director of the Company on August 11, 2023 pursuant to the provisions of Section 161 of the Companies Act, 2013 ("Act") and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and being eligible, offer herself for appointment be and is hereby appointed as a Director of the Company, liable to retire by rotation in the capacity of Non-Executive Director.

RESOLVED FURTHER THAT pursuant to provisions of Section 188(1)(f) read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act"), rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 23(4) of the SEBI (LODR) Regulations, 2015, as amended from

time to time and subject to such approvals, consents and permissions as may be necessary, consent of the members of the Company be and is hereby given for appointment of Ms. Deeksha Mikkilineni as Non-Executive Director in compliance with the regulatory provisions for appointment of a related party to any office or place of profit, with such powers and authority as may be decided, from time to time, by the Board of Directors (including committees of the Board) of the Company.

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorised to take all steps as may be necessary to give effect to this resolution and to do such acts, deeds, matters as in its absolute discretion it may consider necessary and expedient in the best interest of the Company

#### 7. Authorisation to enter into related party transaction

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

RESOLVED THAT pursuant to provisions of Section 188 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act"), rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 23(4) of the SEBI (LODR) Regulations, 2015, as amended from time to time and subject to such approvals, consents 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 related parties as mentioned herein below and authorize the Board of Directors of the Company to enter into any contracts and/ or agreements, arrangements, transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the listing regulations, with respect to sale and purchase, of supply of any goods, avail or service 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 of any agent 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:

Name of related party	Purpose	Relationship
HBL America Inc, USA	Sales and service of exports to USA	Wholly owned
HBL Germany GmbH, Germany	Sales and service of exports to Europe	Subsidiaries
Torquedrive Technologies Pvt. Ltd	Intended to do the marketing of e-trucks	
TTL Electric Fuel Pvt. Ltd	Intended to set up battery charging facilities	Stepdown Subsidiary
Naval Systems and Technologies Pvt. Ltd	Development of naval electronics business	Associate Company
Tonbo Imaging India Pvt. Ltd	Financial investment plus manufacturing	Investee Company

#### Description of transaction(s)

Sale, purchase, supply any goods including capital goods, or materials, selling or otherwise disposing off, or buying, leasing of property of any kind, availing of or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction sale / purchase of goods and supply and availment of services.

#### Maximum aggregate value per financial year

Not exceeding Rs.500 crores in one financial year in aggregate with one or more or in combination with one or more of the related party(ies) mentioned in column (1) of the table with a power to the Board of Directors to inter change the value of transaction with each or all the related party(ies) within the aggregate limit of Rs.500 Crores.

RESOLVED FURTHER THAT pursuant to provisions of Section 188(1)(f) read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act"), rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 23(4) of the SEBI (LODR) Regulations, 2015, as amended from time to time and subject to such approvals, consents and permissions as may be necessary, consent of the members of the Company be and is hereby given and authorized the Board of Directors of the Company to recommend and nominate any Director, Key Managerial Personnel (KMP) or such other officer(s) of the Company, by whatever name

called, as Director on the Board or KMP or in such other key management position, in any or all of the above mentioned entities, as the Board of this Company may decide from time to time, in compliance with the regulatory provisions for appointment of a related party to any office or place of profit, with such powers and authority as may be decided, from time to time, by the Board of Directors (including committees of the Board) of the Company.

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.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects.

#### 8. Alteration of Articles of Association:

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

RESOLVED THAT pursuant to the provisions of sections 5, 14 and other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) consent of the members of the Company be and is hereby accorded for the addition and deletion in the Articles of Association of the Company:

ADDITION: after Article No.86 (3) addition of Article No.86 (4)

Where a retiring Director, is appointed to the office of Executive Director or whole-time Director for a fixed term and during such fixed term, the office of such Director, becomes liable to determination by retirement of directors by rotation and is reappointed at the annual general meeting pursuant to Section 152 of the Companies Act, 2013 read with rules made thereunder, shall not be deemed to constitute a break in appointment as an Executive Director or whole-time Director of the Company.

DELETION: Entire Article No. 119 (119A-119H) of the existing Articles of Association.

RESOLVED FURTHER THAT upon approval of the above alterations by the members, the Articles of Association of the Company shall have Article No.01 to Article No.118.

RESOLVED FURTHER THAT the Company Secretary be and is hereby authorised to take all steps as may be necessary to give effect to this resolution and to do such acts, deeds, matters as in its absolute discretion it may consider necessary and expedient in the best interest of the Company

#### 9. Amendment to main objects clause of Memorandum of Association:

To consider and, if thought fit, to pass 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 re-enactment(s) thereof for the time being in force) and subject to such approvals and permissions of Registrar of Companies and other concerned authorities, if any, to the extent necessary, consent of the members of the Company be and is hereby accorded for inclusion of the following new S.No. 17 (after S No.16) to the existing object clause III (A) to the Memorandum of Association of the Company:

17. *To carry on the business of research, design, product development, systems integration, implementation, fabrication, manufacturing, processing, assembly, environmental and reliability testing, characterization, offering and providing consultancy wafer lab and turnkey services and other related activities and services in order to develop and provide breakthrough technology innovation solutions for various industries such as Integrated Circuits, Optoelectronics Communications and Networking and Digital Television and Internet Convergence industries including but not limited to reconfigurable integrated circuits design, development and production of Night Vision Devices, Image Intensifiers, Thermal Images, Nights Sights, Homing Head product and Parts thereof, advanced System-on-Chip (SOC) devices, Silicon-on-insulator (SOI) integrated circuits, electronic static discharge (ESD) protection, advanced emulation, optoelectronic system design, manufacturing and packaging of all kinds of custom wavelength lasers, diodes, amplifiers, thermo photovoltaics, infra-red (IR) and ultra-violet (UV) imaging systems, charged-coupled services (CCD) and complementary metal-oxide semiconductor (CMOS) imagers, special cameras, sensors, optical diagnostics, ad-hoc networking, wireless and satellite communications, smart antennas, wireless broadband, digital rights management, targeted advertising, multimedia databases, etc.*

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

Place: Hyderabad

Date : August 11, 2023

For and on behalf of the Board

**G B S Naidu**

Company Secretary

## Notes:

1. Pursuant to the General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
2. 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. 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.
3. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the Circulars through VC, the facility for the appointment of proxies by the members will not be available.
4. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body resolution/authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said resolution/authorization shall be sent to the Scrutinizer by email through its registered email address to [cs.gvinay@gmail.com](mailto:cs.gvinay@gmail.com) with a copy marked to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and [investor@hbl.in](mailto:investor@hbl.in).
6. Members whose shareholding is in electronic mode are requested to notify any change in address or bank account details to their respective depository participant(s) (DP). Members whose shareholding is in physical mode are requested to opt for the Electronic Clearing System (ECS) mode to receive dividend on time in line with the Circulars. We urge members to utilize the ECS for receiving dividends. Please refer to point no. 17 for the process to be followed for updating bank account details.
7. Members may note that the Board, at its meeting held on May 25, 2023, has recommended a final dividend of ₹ 0.45 per share and in this regard, the Register of Members and Share transfer books of the Company shall remain closed from Saturday, September 16, 2023 to Thursday, September 28, 2023 (both days inclusive). The record date for the purpose

of final dividend, if approved by the members, is Friday, September 15, 2023. The final dividend, once approved by the members in the ensuing AGM, will be paid within the statutory period, electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants / demand drafts will be sent to their registered addresses only. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialized mode) and with the Company's Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive the dividend directly into their bank account on the payout date.

8. Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividend paid or distributed by a company on or after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. To enable us to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid Permanent Account Number	10%* or as notified by the Government of India (GOI)
Members not having PAN / valid PAN	20% or as notified by the GOI

\*As per the Finance Act, 2021, Section 206AB has been inserted effective July 1, 2021, wherein the higher rate of tax (twice the specified rate) would be applicable on payment made to a shareholder who is classified as 'Specified Person' as defined under section 206AB of the Finance Act, 2021.

\*As per section 139AA of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid / inoperative and he shall be liable to all consequences under the IT Act and tax shall be deducted at the higher rates as prescribed under the IT Act.

However, no tax shall be deducted on the dividend payable to resident individual shareholders if the total dividend to be received by them during financial year 2023-24 does not exceed ₹5,000, and also in cases where members provide Form 15G / Form 15H (Form 15H is applicable to resident individual shareholders aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding of tax. PAN is

mandatory for members providing Form 15G / 15H or any other document as mentioned above.

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20%\*\* (plus applicable surcharge and cess) or as notified by the GOI on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA), read with Multilateral Instrument (MLI) between India and the country of tax residence of the shareholders, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA read with MLI, non-resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Indian income tax authorities duly attested by the shareholders or details as prescribed under rule 37BC of the Income-tax Rules, 1962
- Copy of the Tax Residency Certificate for financial year 2023-24 obtained from the revenue or tax authorities of the country of tax residence, duly attested by shareholders
- Electronic Form 10F as per notification no.03/2022 dated July 16, 2022 issued by the Central Board of Direct Tax [Notification can be read under notification-no-3-2022-systems.pdf (incometaxindia.gov.in)]. Form 10F can be obtained electronically through the e-filing portal of the income tax website at <https://www.incometax.gov.in/iec/foportal>
- Self-declaration by the shareholders of having no permanent establishment in India in accordance with the applicable tax treaty
- Self-declaration of beneficial ownership by the non-resident shareholder
- Any other documents as prescribed under the IT Act for lower withholding of taxes, if applicable, duly attested by the shareholders

In case of Foreign Institutional Investors (FII) / Foreign Portfolio Investors (FPI), tax will be deducted under Section 196D of the IT Act at the rate of 20%\*\* (plus applicable surcharge and cess) or the rate provided in relevant DTAA, read with MLI, whichever is more beneficial, subject to the submission of the above documents, if applicable.

\*\* As per the Finance Act, 2021, Section 206AB has been inserted effective July 1, 2021, wherein the higher rate of tax (twice the specified rate) would be applicable on payment made to a shareholder who is classified as 'Specified Person' as defined under the provisions of the aforesaid Section. However, in case of a non-resident shareholder or a

non-resident FPI / FII, the higher rate of tax as mentioned in section 206AB shall not apply if such non-resident does not have a permanent establishment in India.

The aforementioned documents are required to be sent to [investor@hbl.in](mailto:investor@hbl.in) and [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) by 11:59 p.m. IST on Friday, September 15, 2023. No communication would be accepted from members from September 16, 2023, regarding tax-withholding matters.

TDS certificates in respect of tax deducted, if any, can be subsequently downloaded from the shareholder's portal. Shareholders can also check their tax credit in Form 26AS from the e-filing account at <https://www.incometax.gov.in/iec/foportal> or "View Your Tax Credit" on <https://www.tdscpc.gov.in>.

9. Members are requested to address all correspondence, including dividend-related matters, to RTA, KFin Technologies Limited, Unit: HBL Power Systems Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500 032, Telangana.
10. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA as mentioned above, or with the Company Secretary, at the Company's registered office or at [investor@hbl.in](mailto:investor@hbl.in). Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall also be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.
11. In compliance with Section 108 of the Act, read with the corresponding rules, Regulation 44 of the LODR Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) facility provided by KFin Technologies Limited to vote on all the resolutions set forth in this notice. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the 'Instructions for e-voting' section which forms part of this Notice. The Board has appointed Mr. Vinay Babu Gade (Membership No. ACS 20592) (CP No. 20707) Practicing Company Secretary, as the scrutinizer ("Scrutinizer") for conducting the e-voting process in a fair and transparent manner.
12. The Scrutinizer will submit his report to the Chairman of the Company ("the Chairman") or to any other person authorized

- by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges and will also be displayed on the Company's website, [www.hbl.in](http://www.hbl.in).
13. Members holding share either in physical or dematerialized form, as on cut-off date, i.e. Friday, September 15, 2023, may cast their votes electronically. The e-voting period commences on Monday, September 25, 2023 at 9:00 a.m. IST and ends on Wednesday, September 27, 2023 at 5:00 p.m. IST. The e-voting module will be disabled by Kifn Technologies Limited thereafter. Members will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. Friday, September 15, 2023. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.
  14. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting period mentioned above or is otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
  15. Any person holding shares in physical form, and non-individual shareholders who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date, i.e. Friday, September 15, 2023, may follow steps mentioned in the Notice under 'Instructions for e-voting'.
  16. In compliance with the Circulars, the Annual Report 2022-23, the Notice of the 37th AGM, and instructions for e-voting are being sent through electronic mode to those members whose email addresses are registered with the Company / depository participant(s) (DP). Members may also note that the Notice of the 37th GM and the Annual Report 2022-23 will also be available on the Company's website, <https://hbl.in/Investors-Details.php>, websites of the stock exchanges, i.e. BSE and NSE, at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), respectively.
  17. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, KFin Technologies Limited at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com), to receive copies of the Annual Report 2022-23 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report and update of bank account details for the receipt of dividend.

Type of holder	Process to be followed	
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, KFin Technologies Limited either by email to <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> or by post to KFin Technologies Limited, Unit: HBL Power Systems Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500 032.	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode.	Form ISR-1
	Update of signature of securities holder.	Form ISR-2
	For nomination as provided in Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014.	Form ISR-13
	Declaration to opt out.	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of nominee).	Form ISR-14
	Form for requesting issue of duplicate certificate and other service requests for shares / debentures / bonds, etc., held in physical form.	Form ISR-4
Demat	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.	

18. Additional information, pursuant to Regulation 36 of the LODR Regulations, in respect of the directors seeking appointment / reappointment at the AGM, forms part of this Notice.
19. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, KFin Technologies Limited, at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP. In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to

receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

20. As per Section 72 of the Act, the facility for submitting nomination is available for members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form SH-13. Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the RTA, in case the shares are held in physical form.

21. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.
22. Instructions for e-voting and joining the AGM are as follows:

**PROCEDURE FOR REMOTE E-VOTING**

- i. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:

**Step 1 :** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2 :** Access to KFIN e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

**Step 3 :** Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

**Login method for remote e-Voting for Individual shareholders holding securities in demat mode.**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p><b>1. User already registered for IDeAS facility:</b></p> <p>I. Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></p> <p>II. Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section.</p> <p>III. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting”</p> <p>IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p> <p><b>2. User not registered for IDeAS e-Services</b></p> <p>I. To register click on link : <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></p> <p>II. Select “Register Online for IDeAS” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>III. Proceed with completing the required fields.</p> <p>IV. Follow steps given in points 1</p> <p><b>3. Alternatively by directly accessing the e-Voting website of NSDL</b></p> <p>I. Open URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></p> <p>II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section.</p> <p>III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</p> <p>IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFIN.</p> <p>V. On successful selection, you will be redirected to KFIN e-Voting page for casting your vote during the remote e-Voting period.</p>



Individual Shareholders holding securities in demat mode with CDSL	<p><b>1. Existing user who have opted for Easi / Easiest</b></p> <p>I. Visit URL: <a href="https://web.cdslindia.com/myeasinew/home/login">https://web.cdslindia.com/myeasinew/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></p> <p>II. Click on New System Myeasi</p> <p>III. Login with your registered user id and password.</p> <p>IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFIN e-Voting portal.</p> <p>V. Click on e-Voting service provider name to cast your vote.</p> <p><b>2. User not registered for Easi/Easiest</b></p> <p>I. Option to register is available at <a href="https://web.cdslindia.com/myeasinew/Registration/EasiRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiRegistration</a></p> <p>II. Proceed with completing the required fields.</p> <p>III. Follow the steps given in point 1</p> <p><b>3. Alternatively, by directly accessing the e-Voting website of CDSL</b></p> <p>I. Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></p> <p>II. Provide your demat Account Number and PAN No.</p> <p>III. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account.</p> <p>IV. After successful authentication, user will be provided links for the respective ESP, i.e. KFIN where the e-Voting is in progress.</p>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<p>I. You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility.</p> <p>II. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature.</p> <p>III. Click on options available against company name or e-Voting service provider – KFIN and you will be redirected to e-Voting website of KFIN for casting your vote during the remote e-Voting period without any further authentication.</p>

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990 and 1800 22 44 30</b>
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022- 23058738 or 022-23058542-43</b>

Details on Step 2 are mentioned below:

**Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFIN which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:**

- i. Launch internet browser by typing the URL: <https://evoting.kfintech.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 KFIN for e-voting, you can use your existing User ID and password for casting the 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 "EVEN" i.e., 'HBL Power Systems Limited - AGM' and click on "Submit"
- 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).

**(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:**

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFIN, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>
  - a. Select the Company name viz.
  - b. Enter the DP ID & Client ID / Physical Folio Number and PAN details. If the PAN details are not available on record in respect of a Physical Folio, Member shall enter one of the Share Certificate numbers.
  - c. Upload a self-attested copy of the PAN card (in case registered) or a self-attested copy of share certificate details of which are entered as mentioned above, for authentication.
  - d. Enter your email address and mobile number.
  - e. The system will then confirm the email address for receiving this AGM Notice.
  - f. After successful submission of the email address, KFintech will email the Annual Report, the Notice of AGM along with the e-voting user ID and password to the shareholders on or before XXXX
- ii. Alternatively, member may send an e-mail request at the email id [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

**Details on Step 3 are mentioned below:**

**Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.**

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFIN. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFIN. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM though VC/ OAVM shall open atleast 15 (fifteen) minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [investor@hbl](mailto:investor@hbl).

- in. Questions /queries received by the Company from September 25, 2023 9:00 a.m. till September 26, 2023 5:00 p.m. shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
  - vii. 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.
  - viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.
  - ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

#### OTHER INSTRUCTIONS

- I. Speaker Registration: The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from KFIN. On successful login, select 'Speaker Registration' which will open from September 25, 2023 9:00 a.m. till September 26, 2023 5:00 p.m. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. Post your Question: The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from KFIN. On successful login, select 'Post Your Question' option which will be opened from September 25, 2023 9:00 a.m. till September 26, 2023 5:00 p.m.
- III. 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.kfintech.com> (KFIN Website) or contact Ms. B. Swati Reddy at [evoting@kfintech.com](mailto:evoting@kfintech.com) or call KFIN's toll free No. 1800-309-4001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, September 15, 2023 being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. In case a person (individual holding shares in physical mode/ non individuals) has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, 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 send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
    1. Example for NSDL:
    2. MYEPWD <SPACE> IN12345612345678
    3. Example for CDSL:
    4. MYEPWD <SPACE> 1402345612345678
    5. Example for Physical:
    6. 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.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFIN at toll free number 1800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).
- VI. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's report shall also be placed on the website of the Company.

## EXPLANATORY STATEMENT

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

#### ITEM NO. 5 - Ratification of Cost Auditor's remuneration for FY 2023-24

As per the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"), as amended from time to time, the Company is required to have an audit of its cost records conducted by a cost accountant in practice for products covered under the Companies (Cost Records and Audit) Rules, 2014. The Board, based on the recommendation of the Audit Committee, has approved the re-appointment of M/s K. Narashimha Murthy & Co., Cost Accountants, Hyderabad (Firm Registration Number 000042), as the Cost Auditors to conduct the audit of the cost records of the Company, for the financial year ending March 31, 2024, at a remuneration of 10,00,000/- (Rupees Ten Lakhs) plus applicable taxes and reimbursement of reasonable out of pocket expenses.

In accordance with Section 148(3) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought for passing an ordinary resolution as set out in Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors, for the financial year ending March 31, 2024.

None of the Director, Key Managerial Personnel, or their respective relatives are, in any way, concerned or interested, financially or otherwise, in the said resolution.

#### ITEM NO. 6 – Appointment of Ms. Deeksha Mikkilineni as a Director of the Company

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its meeting held on August 11, 2023, recommended appointment of Ms. Deeksha Mikkilineni as an Additional Director in the category of Non-Executive Director.

The resolution seeks the approval of the members in terms of Sections 161 read with the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) for the appointment of Ms. Deeksha Mikkilineni as an Additional Director in the category of Non-Executive Director.

No director, key managerial personnel or their relatives, except Dr Aluru Jagadish Prasad, Mrs. Kavita Prasad and Mr. Advay Bhagirath Mikkilineni is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 6 for the approval of members.

Brief particulars pursuant to Regulation 36(3) of the Listing Regulations and additional information to be given to Members in terms of Secretarial Standards on General Meetings (SS-2), of all the appointees are given in Annexure to the Explanatory Statement.

#### ITEM NO. 7 – Authorisation to enter into related party transactions

Necessary approval of members was obtained pursuant to Section 188 of the Companies Act, 2013 at the previous Annual General Meeting of the Company. As informed to the stakeholders through the Stock Exchanges on various occasions, that the Company is intending to invest / had invested in entities; to enter into transactions, which would eventually result into transactions as a related party of the Company. Further, to protect the interest of the Company and to oversee the operations of the investee Company, it is recommended by the Board to nominate any Director, Key Managerial Personnel (KMP) or such other officer(s) of the Company as Director or in such KMP position, as the Board of Directors, the Chairman and Managing Directors deems fit, in such investee entities. Therefore, the special resolution set out in S.No.7 of the notice above, is recommended for approval of the members of the Company. Nature of interest of related parties is given below:

Name of the Related party	Description of relationship	Particulars of contract or arrangement with related party (existing and proposed)
HBL America Inc, USA	A wholly owned Company.	a. Sale, purchase, supply any goods including capital goods, or materials, selling or otherwise disposing off, or buying, leasing of property of any kind, availing of or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction sale / purchase of goods and supply and availing of services. b. Not exceeding Rs.500 crores in one financial year in aggregate with one or more or in combination with one or more of the related party(ies) with a power to the Board of Directors to inter change the value of transaction with each or all the related party(ies) within the aggregate limit of Rs.500 Crores. c. Appointment of related party in the office or place of profit.
HBL Germany, GmbH	A wholly owned Company.	
Torquedrive Technologies Private Limited	A wholly owned Company.	
TTL Electric Fuel Private Limited	A stepdown subsidiary and Kavita Prasad Aluru and Mr. MSS Srinath are Directors.	
Naval Systems and Technologies Private Limited	Associate Company and Kavita Prasad Aluru and Mr. MSS Srinath are Directors. HBL holds 41% shares in the Company.	
Tonbo Imaging India Private Limited	Investee Company.	

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval of the members.



Except Dr. Aluru Jagadish Prasad, Kavita Prasad Aluru, Mr. Advay Bhagirath Mikkilineni, Ms Deeksha Mikkilineni 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.7 of the Notice.

#### **ITEM NO. 8 – Amendment to Articles of Association of the Company.**

There can be situations when a retiring Director is appointed as an Executive Director or Whole-time Director for a fixed term and in such case, the retiring directors' office is liable for determination by retirement of director by rotation on becoming longest in office since their last appointment. To avoid any kind of legal and technical interpretation in continuity of office of such Executive Director or Whole-time Director due to determination office by retirement of director by rotation, it is recommended to include Article 86(4) in the Articles of Association of the Company clarifying the position of the office of such Executive Director or Whole-time Director immediately after their reappointment as Director pursuant to Section 152 of the Companies Act, 2013.

Further, Article 119 was included by a special resolution of the members in the AGM held in the year 2012 which is not required now in the opinion of the Board. Therefore, it is recommended to delete the said clause.

The proposed amendment, approved by the Board of Directors on August 11, 2023, is subject to the consent of the shareholders by a Special Resolution at Item no.8 of this Notice.

Pursuant to provisions of section 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, the alteration of Memorandum and Articles of Association is an item required to be transacted by means of postal ballot. However, in terms of the proviso to section 110 of the Companies Act, 2013 introduced as per the Companies (Amendment) Act, 2017, read with Rule 20 and 22 of the Companies (Companies Management and Administration) Rules, 2014 including any statutory modifications and amendments thereto, approval of shareholders for any item of business required to be transacted by means of postal ballot may be transacted at a general meeting by a company which is required to provide the facility of voting by electronic means to its shareholders. The Company, being a listed Company is required to provide the facility of voting by electronic means to its shareholders and hence, may obtain the approval of its shareholders for alteration of the objects clause of the Memorandum of Association at the Annual General Meeting.

Copy of the existing MOA and AOA, indicating the proposed amendments, being referred in this resolution would be available on the website of the Company at <https://hbl.in/Investors-Details.php> up to and including the last date of 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.8 for approval of the members as a Special Resolution.

#### **ITEM NO. 9 – Amendment to main Objects of Memorandum of Association of the Company.**

The stakeholders were informed through Stock Exchanges communication that HBL is proposing to invest and enter into business combinations with entities having parallel business or customers. Your Directors, considering the Government of India's vision to strengthen the defence sector and to encourage private participation for supplies to defence, are visualizing business opportunities and rapid development in the activities mentioned in the resolution. The alteration in the object clause of the MOA, as set out in the resolution, is to facilitate Company's entry into such businesses as elaborated in the proposed new clause. The proposed activities can be carried out conveniently and advantageously along with the existing activities of the Company.

The current Memorandum of Association does not explicitly allow the proposed business and hence, to enable the Company to seize the anticipated growing prospects, there is a need to amend the present objects in the Memorandum of Association of the Company. The proposed amendment, approved by the Board of Directors on August 11, 2023, is subject to the consent of the shareholders by a Special Resolution at Item no.9 of this Notice.

Pursuant to provisions of section 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, the alteration of objects clause of the Memorandum of Association is an item required to be transacted by means of postal ballot. However, in terms of the proviso to section 110 of the Companies Act, 2013 introduced as per the Companies (Amendment) Act, 2017, read with Rule 20 and 22 of the Companies (Companies Management and Administration) Rules, 2014 including any statutory modifications and amendments thereto, approval of shareholders for any item of business required to be transacted by means of postal ballot may be transacted at a general meeting by a company which is required to provide the facility of voting by electronic means to its shareholders. The Company, being a listed Company is required to provide the facility of voting by electronic means to its shareholders and hence, may obtain the approval of its shareholders for alteration of the objects clause of the Memorandum of Association at the Annual General Meeting.

Copy of the existing MOA, indicating the proposed amendments, being referred in this resolution would be available on the website of the Company at <https://hbl.in/Investors-Details.php> up to and including the last date of 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.9 for approval of the members as a Special Resolution.

For and on behalf of the Board  
**GBS Naidu**  
Company Secretary

Place: Hyderabad  
Date: August 11, 2023

**Information pursuant to Secretarial Standards-2 and Regulation 36(3) of the listing Regulations regarding appointment or reappointment of the Directors at the forthcoming annual general meeting**

<b>Name of the appointee</b>	<b>Kavita Prasad Aluru</b>	<b>Deeksha Mikkilineni</b>
DIN	00319292	10267611
<b>Category</b>	Director – Promoter group	Director – Promoter group
<b>Date of Birth</b>	11.12.1971	19.09.2001
<b>Date of appointment / re- appointment</b>	10.08.2018	11.08.2023
<b>Qualification</b>	A graduate degree in commerce	Bachelor of Science in Molecular Biology
<b>Brief profile and expertise in specific functional area</b>	Extensive expertise in business management and specific focus on international marketing activities and corporate finance, banking and internal control.	Pursuing masters.
<b>Chairman/ Member of Committees of the Board of Companies of which he/she is a director</b>	Nil	Not applicable
<b>Shareholding as on 31.03.2023</b>	97,88,386	20,87,187
<b>Last remuneration drawn</b>	33.30 lakhs	NIL
<b>Relationship with other Directors/KMP etc.</b>	Related to Dr. Aluru Jagadish Prasad, Chairman and Managing Director and Mr. Advay Bhagirath Mikkilineni, Director.	Related to Dr. Aluru Jagadish Prasad, Chairman and Managing Director, Mrs. Kavita Prasad and Mr. Advay Bhagirath Mikkilineni, Directors.
<b>Meetings of Board attend during the financial year 2022-23</b>	4	Not applicable



# DIRECTORS' REPORT

## Dear Members,

Your Directors take pleasure in presenting the Thirty-seventh Annual Report for the financial year ended on March 31, 2023. The standalone and consolidated financial performance is presented below prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) as amended.

(₹ in Crs)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	1,349.75	1,221.50	1,368.68	1,236.21
Other Income	17.84	14.28	17.68	14.37
Total Income	1,367.59	1,235.77	1,386.36	1,250.58
Total Expenditure	1,242.59	1,128.34	1,259.25	1,139.79
Earnings before interest, tax, depreciation and tax (EBITDA)	168.20	149.37	173.16	153.35
Finance Costs	6.23	7.27	6.55	7.48
Depreciation & Amortization expenses	34.31	34.67	35.46	35.08
Profit before Exceptional items and Tax	125.00	107.43	127.11	110.79
Exceptional Items – Income / (Expenses)	1.33	10.73	2.69	11.61
<b>Profit before tax (PBT)</b>	126.33	118.16	129.80	122.40
Provision for tax & Deferred tax adjustment	30.79	28.76	98.65	93.90
Other comprehensive income (net)	-0.74	-0.84	-1.49	-0.98
<b>Total Comprehensive Income for the Period (PAT)</b>	94.80	88.55	97.17	92.92
Earnings Per Share (Diluted EPS of Rupees)	3.42	3.19	3.51	3.35
Proposed Dividend on share of Re 1 each	45%	-	-	-

## PERFORMANCE REVIEW AND OPERATING RESULTS

The vision and mission of the Company has been to fill the technology gap for over four decades, continuous efforts in crafting the culture of encouraging the engineering talent and the rational at the fundamental of its business have resulted in achieving an improved fiscal performance.

Standalone revenue from operations was ₹1,349.75 Crs in FY 2022-23, posting a growth of 11% compared to the revenue of ₹1,221.50 Crs relating to corresponding previous year 2021-22. The profit after tax for FY 2022-23 was ₹95.54 Crs as compared to profit after tax of ₹89.40 Crs for FY 2021-22 which is around 7% higher than the previous year. There was a continuous effort in reducing the finance cost which resulted in reduction by 14% against previous year. Exceptional income is net of monetization of non-productive assets and assets written off during the year.

For detailed presentation on the segment-wise performance of the reporting period, future growth, risks and opportunities, please read the Management Discussion and Analysis section of this annual report.

## DIVIDEND

Your Directors are pleased to recommend a final dividend of 45% (i.e. ₹0.45 paise per equity share of ₹1 each fully paid up) for the Financial Year 2022-23 subject to the approval of the members at the ensuing annual general meeting. The proposed final dividend, if approved by the members, would involve cash out flow of ₹12.47 Crs and will be paid subject to deduction of applicable tax pursuant to Finance Act, 2020. Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company had formulated a Dividend Distribution Policy ('the Policy'). The Policy is available on the Company's website at <https://hbl.in/Investors-Details.php>.

The details of book-closure and record date for entitlement of members to receive dividend, if approved, for the financial year March 31, 2023 is given in the notes to the notice of annual general meeting of this annual report.

## CONSOLIDATED FINANCIAL STATEMENT

The consolidated financial statements of the Company, its subsidiaries and associates for FY 2022-23 have been prepared in compliance with the applicable provisions of the Companies Act, 2013 and as stipulated under Regulation 33 of SEBI Listing Regulations as well as in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended. The audited consolidated financial statements together with the Independent Auditor's Report thereon form part of this Annual Report.

A statement containing the salient features of the Financial Statement of the subsidiary companies is attached to the Financial Statement in Form AOC-1 pursuant to Section 129(3) of the Companies Act, 2013.

Additionally, the Company will make available the said financial statement of the subsidiary companies pursuant to the provisions of Section 136 upon a request by any Member of the Company or its subsidiary(ies) including associate companies. These financial statements of the Company, the subsidiary(ies) and associate companies would be available on the website of the Company at <https://hbl.in/Investors-Details.php>.

## SUBSIDIARY AND ASSOCIATE COMPANIES (AS ON MARCH 31, 2023)

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 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 Torquedrive Technologies Private Limited SCIL Infracon Private Limited – dormant Company.
Associate companies	Naval Systems & Technologies Pvt Ltd (NSTL)
The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary and associates companies 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.	
During the reporting period, necessary approval of the concerned authorities were obtained for cancellation of investment in Gulf Batteries Company Ltd, KSA.	
There has been no material change in the nature of the businesses of the subsidiaries except as disclosed hereunder.	
<b>PERFORMANCE OF SUBSIDIARIES AND ASSOCIATES AND THEIR CONTRIBUTION ON OVERALL PERFORMANCE OF THE COMPANY:</b>	
HBL Germany, GmbH wholly owned subsidiary	The revenue for the reporting period was INR 26.76 Crs as compared to INR 30.13 Crs in the previous year. The Company earned profit after tax of 0.75 Crs profit as against INR 1.01 Crs in the previous year.
HBL America Inc wholly owned subsidiary	The revenue during the financial year INR 32.39 Crs as compared to INR 35.67 Crs in the previous year. The Company earned profit after tax of INR 3.74 Crs profit as against INR 1.58 Crs in the previous year.
Torquedrive Technologies Private Limited wholly owned subsidiary	The commercial operation of the Company is yet to commence.
Naval Systems & Technologies Pvt Ltd Associate Company	The revenue during the financial year INR 16.15 Crs as compared to INR 12.08 Crs in the previous year. The Company earned profit after tax of INR 2.45 Crs profit as against INR 1.60 Crs in the previous year.
SCIL Infracon Private Limited	Since the Company is dormant, reporting is not applicable.

The details with respect to contribution to assets and other information are provided in Form AOC-1 attached to the financial statements of the Company.





### SHARE CAPITAL

The paid up-capital of the Company is ₹27,71,94,946 divided into 27,71,94,946 equity shares of ₹1 each, fully paid-up. Company has not issued different class of securities except equity. There is no change in the share capital of the Company.

### MATERIAL CHANGES AND COMMITMENTS

Other than intimation on business to Stock Exchanges, no material changes and commitments have occurred after the closure of the FY 2022-23, 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 2022-23.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Kavita Prasad Aluru (DIN 00319292) will retire by rotation at the 37<sup>th</sup> AGM and being eligible, has offered for re-appointment.

The term of office of Mrs. Kavita Prasad Aluru as an Executive Director ended on August 09, 2023. She requested the Board for a temporary brake from executive role in the Company which was accepted by the Board at the meeting held on August 11, 2023.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board has, approved the appointment of Ms. Deeksha Mikkileneeni (DIN: 10267611) as an Additional Director (Non-Executive Director) with effect from August 11, 2023 and will hold office upto the date of ensuing annual general meeting, subject to approval of the shareholders of the Company. Necessary resolution for her appointment is being placed for the approval of shareholders as part of the notice of the 37th AGM. Brief profile of the appointee has been provided elsewhere in the annual report.

In the opinion of the Board, all the Independent Directors possess requisite qualifications, experience, expertise and integrity for the purpose of Rule 8(5)(iiiia) of the Companies (Accounts) Rules, 2014.

During the year, none of the non-executive directors of the Company had any pecuniary relationship or transactions with the Company except for the sitting fee paid for attending the Board meetings.

### CHANGE IN KEY MANAGERIAL PERSONNEL

During the reporting period, Mr. K Sridharan, Chief Financial Officer and Mr. MVSS Kumar, Company Secretary retired from services with effect from September 30, 2022 and March 31, 2023 respectively and in their place Mr. E Sairam joined as Chief Financial Officer with effect from March 29, 2023 and Mr. G B S Naidu joined as Company Secretary with effect from April 01, 2023.

### NUMBER OF MEETINGS OF THE BOARD

Four meetings of the board were held during the reporting year. For details of the meetings of the board, please refer to the Corporate Governance Report section, which forms part of this report.

### Committees of the Board

The Committees of the Board focus on certain specific areas and make informed decisions in line with the delegated authority. The following Committees constituted by the Board function according to their respective roles and defined scope:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders' Relationship Committee
5. Risk Management Committee
6. Environment, Social and Governance (ESG) Committee

Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance, which forms a part of this Report. Further, during the year under review, all recommendations made by the various committees have been accepted by the Board.



## BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations. The performance of the board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017. In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

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

## AUDIT COMMITTEE

The details pertaining to composition of Audit Committee are included in the report on corporate governance, which forms part of this report. The Board of Directors has accepted the recommendations of the Audit Committee placed at respective meetings.

## RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically

addressed through mitigating actions on a continuing 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.

## ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

The Board constituted the committee on August 11, 2023 to review any statutory requirements for Sustainability reporting. The Committee shall have the following responsibility and authority:

- The Committee shall guide the Company in setting up of the ESG goals and continuously take updates on the ESG thereon.
- The Committee shall review the implementation and practice of the ESG. The Committee may form and delegate authority to sub-committees as and when appropriate.
- The Committee shall ensure that the Company is taking the appropriate measures to undertake and implement actions to further its ESG goals. The Committee shall have access to any internal information necessary to fulfill its role, in this regard.
- The Committee shall review any statutory requirements for Business Responsibility and Sustainability reporting.
- The Committee shall have the authority to obtain advice and assistance from internal or external experts, advisors.

## 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

During the financial year, in compliance of Section 186 of the Act, the Company has advanced unsecured loan of ₹2.00 crs and extended corporate guarantee to Bank for ₹12.71 crores for the credit facilities availed by the step down subsidiary. Other particulars of loans, guarantees and investments have been disclosed in the financial statements.

## TRANSACTIONS WITH RELATED PARTIES

All contracts/ arrangements/ transactions entered by the Company during the FY 2022-23 with related parties were on an arm's length





basis and in the ordinary course of business and approved by the Audit Committee. Certain transactions, which were repetitive in nature, were approved through omnibus route.

As per the SEBI Listing Regulations, if any Related Party Transactions ('RPT') exceeds INR 1,000 crore or 10% of the annual consolidated turnover as per the last audited financial statement whichever is lower, would be considered as material and would require Members approval. In this regard, the Company has obtained necessary approval of the members at the previous annual general meeting. However, there were no material transactions of the Company with any of its related parties as per 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.

The details of RPTs during FY 2022-23, including transaction with person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the Company are provided in the accompanying financial statements.

During the FY 2022-23, the Non-Executive Directors of the Company had no pecuniary relationship or transaction with the Company other than sitting fees, commission and reimbursement of expenses, as applicable.

Pursuant to the requirements of the Act and the SEBI Listing Regulations the Company has formulated a policy on RPTs and is available on Company's website URL: <https://hbl.in/reports/HBL-Policies.pdf>

### 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.

### SECRETARIAL STANDARDS

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility and Sustainability Report ('BRSR') on initiatives taken from an environmental, social and governance perspective, in the prescribed format is available as a separate section in the Annual Report.

### EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, 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	Complaints filed during the year	Pending as on end of the year
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 Ms. Sucharita Palepu, 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.

## HUMAN RESOURCES

Please refer to the paragraph on Human Resources / Industrial Relations in the Management Discussion & Analysis section for detailed analysis.

## DIVERSITY AND INCLUSION

Diversity and inclusion at workplace helps nurture innovation, by leveraging the variety of opinions and perspectives coming from employees with diverse age, gender and ethnicity. The Company assists the employees through awareness drives or personal interactions, to build an approach of open mindedness, express of thoughts and culture. The Company employed 5.63% women employees in FY 2022-23 vis-à-vis 5.89% in FY 2021-22.

## 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. Aluru Jagadish Prasad	Mr. Suresh Kalyan	Mr. MVV Vidyasagar
Total remuneration CTC (₹ lakhs)	₹ 96.15 lakhs and commission ₹ 377.58 lakhs	₹ 139.91 lakhs	78.20 lakhs
Designation and Nature of Duties	Chairman and Managing Director	Chief Operating Officer (COO)	President – Electronics Group
Qualification	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	BE (Electrical & Electronics)
Experience (years)	46 years	33 years	37 years
Date of commencement of employment	Promoter of the Company	17.11.2014	01.04.2011
Age (years)	77 years	59 years	59 years
Last employment held before Joining the Company	Administrative Staff College of India	Amara Raja Batteries Limited, Hyderabad, as President – Finance Ltd.	Director(Operations) at Axiom Consulting

- The ratio of the remuneration of each Non-Executive director to the median remuneration of the employees of the Company for the financial year: Not Applicable as none of the Non-Executive Director was paid any remuneration.
- The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Key Managerial Personnel	Remuneration for the financial year (In Lakhs)		% increase
	March 31, 2023	March 31, 2022	
Dr. Aluru Jagadish Prasad, Chairman and Managing Director	96.15	96.15	-
Mrs. Kavita Prasad Aluru, Executive Director	33.30	33.30	-
Mr. MSS Srinath, President	50.55	50.55	-
Mr. MVSS Kumar, Company Secretary*	12.66	16.88	-
Mr. K Sridharan, Chief Financial Officer*	20.24	34.00	-

\* the remuneration paid to CFO and Company Secretary during the year was for part of the year for reasons mentioned elsewhere in the report.

- The percentage increase in the median remuneration of employees in the financial year: 9%
- The number of permanent employees on the rolls of Company: 1,720 (as at March 31, 2023)





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

Aggregate remuneration of KMP in 2022-23	₹ lakhs	212.90
Commission on profits to CMD		377.58
Revenue	₹ lakhs	1,34,974.91
Profit before tax	₹ lakhs	12,633.28
Remuneration of KMPs	as % of revenue	0.44
Remuneration of KMP	as % of PBT	4.67

f. Comparison of remuneration of each the key managerial personnel (March 31, 2023):

Name of the KMP	Designation	₹ In lakhs		
		Remuneration	Commission on profit	Total
Dr. Aluru Jagadish Prasad	Chairman and Managing Director	96.15	377.58	473.73
Kavita Prasad Aluru	Executive Director	33.30	-	33.30
MSS Srinath	President	50.55	-	50.55
K Sridharan*	Chief Financial Officer	20.24	-	20.24
MVSS Kumar*	Company Secretary	12.66	-	12.66
	<b>Total</b>	<b>212.90</b>	<b>377.58</b>	<b>590.48</b>

\*The remuneration paid to CFO and Company Secretary during the year was for part of the year for reasons mentioned elsewhere in the report.

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

Commission on net profits was paid to Chairman and Managing Director only in addition to the monthly remuneration as disclosed elsewhere in this report.

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 separately, 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 REPORT

Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, a separate section in **Annexure VII** titled "Report on Corporate Governance" is attached to the Annual Report.

### STATUTORY AUDITORS

M/s LNR Associates, Chartered Accountants (FRN 053815) Visakhapatnam who are the Statutory Auditors of the Company have been appointed by the members at the 36<sup>th</sup> Annual General Meeting (AGM) of the Company held on September 27, 2022 for a period of five years to hold office till the conclusion of AGM in 2027 subject to ratification of members at every year AGM. Accordingly, ratification of their appointment is being recommended at the ensuing AGM.

The Report given by M/s. LNR Associates, Chartered Accountants on the financial statements of the Company for the year 2022-23 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

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant. Your Board, on the recommendation of Audit Committee has appointed M/s 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 2023-24, subject to the approval from Central Government, if any.

**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 amended from time to time.

**SECRETARIAL AUDITORS**

CS Vinay Babu Gade, Practicing Company Secretary issued a Secretarial Auditor for the financial year 2022-23 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 2022-23.

**GENERAL**

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

- ✓ There are no significant material orders passed by the Regulators or Courts or Tribunal, which would impact the going concern status of the Company and its future operation. However, Members attention is drawn to the Statement on Contingent Liabilities and Commitments in the Notes forming part of the Financial Statement.
- ✓ No fraud has been reported by the Auditors to the Audit Committee or the Board.
- ✓ There has been no change in the nature of business of the Company.

**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 their sincere appreciation towards the Company's valued customers and shareholders for the support and the confidence reposed by them in the management of the company and look forward to the continuance of this mutually supportive relationship in future. 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.

Place: Hyderabad  
Date: August 11, 2023

For and on behalf of the Board  
Dr. Aluru Jagadish Prasad  
Chairman and Managing Director



**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO  
FOR THE FINANCIAL YEAR 2022-2023**

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts of Companies) Rules, 2014]

- A. Conservation of Energy: Energy saving devices such as re-cycling of heat, biomass based boilers 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:

(₹ lakhs)

SL.NO.	PARTICULARS	2022-23	2021-22
<b>A</b>	<b>VALUE OF IMPORTS (ON ACCRUAL BAISI)</b>		
	Raw Materials, Components & Spares	13,342.86	9,567.59
	Capital Items/Equipment	109.01	1,157.22
<b>B</b>	<b>EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)</b>		
	Travelling Expenses		
	Professional Charges	8.29	0.06
	Commission	331.01	249.76
	Marketing Expenses	267.35	245.37
	Advances/Others	222.93	53.36
	Total	14,281.46	11,273.35
<b>C</b>	<b>INCOME IN FOREIGN CURRENCY (ON ACCRUAL BASIS)</b>		
	Export Sale	21,072.96	25,542.63
	Services	337.04	303.86

Place: Hyderabad  
Date: August 11, 2023

For and on behalf of the Board  
**Dr. Aluru Jagadish Prasad**  
Chairman and Managing Director



## 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 related party transactions entered by the Company during the financial year with the related parties are well within the scope of statutory and regulatory provisions prescribed under the Companies Act, 2013 read with rules made thereunder; SEBI listing regulations and other applicable regulations, if any, and with the relevant approvals of the Board / members as the case may be.

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
HBL Germany, GmbH	Wholly owned subsidiary
HBL America Inc, USA	Wholly owned subsidiary
Torquedrive Technologies Private Limited	Wholly owned subsidiary
TTL Electric Fuel Private Limited	Step down subsidiary
Barclays Wealth Trustees India Private Limited - Trustee for Aluru Family Private Trust	Holding 51.27% shareholding in the Company.
Naval Systems and Technologies Private Limited	Associate company
SCIL Infracon Private Limited	Wholly owned subsidiary – dormant Company
Tonbo Imaging India Private Limited	Investee Company

(ii) Key Managerial Personnel

Name of the Key Managerial Personnel	Nature of relationship
Dr Aluru Jagadish Prasad	Chairman and Managing Director
Kavita Prasad Aluru	Executive Director (daughter of CMD)
Advay Bhagirath Mikkilineni	Non-Executive Director (grandson of CMD)
MSS Srinath	President (related to Kavita Prasad and Advay Bhagirath)
E Sairam (w.e.f. March 29, 2023)	Chief Financial Officer
GBS Naidu (w.e.f. April 01, 2023)	Company Secretary
MVSS Kumar (upto March 31, 2023)	Company Secretary
K Sridharan (upto September 30, 2022)	Chief Financial Officer

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

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

d. Date(s) of approval by the Board, if any: For transactions with entities mentioned in table (a)(i) above, necessary approval was obtained at the 36<sup>th</sup> Annual General Meeting of the Company held on September 27, 2022. 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

Place: Hyderabad  
Date: August 11, 2023

For and on behalf of the Board  
**Dr. Aluru Jagadish Prasad**  
Chairman and Managing Director





## ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

### Brief outline on CSR Policy of the Company

Social and individual development is vision of HBL's CSR policy. While standing strong on beliefs of equality, HBL continue to increase contribution towards social cause especially in the surrounding localities where the Company has manufacturing facilities as per the regulatory prescriptions. The CSR policy envisages the pressing needs of the communities in nearby localities where the Company operates keeping in mind the scope of statutory provisions with regard to CSR contributions. The policy facilitates the CSR team to approach new locations, identify the issues to be addressed and design programs by involving the communities to achieve the purpose of the CSR activity.

### HBL'S initiatives:

As a socially responsible organization, HBL remains committed to working for the upliftment of the community. HBL has been taking up Social Responsibility activities to improve standards of living for needy people with an approach of reaching out directly to the beneficiaries, and also working with institutions that work for beneficiaries since 2007, well before the mandatory requirements under the Companies Act 2013. The key care has been taken to address social issues in education, skill development and encouraging self-resilience in people and the communities. The Company spends in Eradication of Malnutrition and Hunger, Promotion of Children Education, basic and preventive health and wellness, water sanitation and hygiene to support the basic needs of communities. The Company's CSR policy incorporates an inclusive approach in every program it undertakes. With a view to develop the knowledge base of community (ies), HBL also joins hands with strategic organizations and research in providing technology consulting for no charge.

The projects undertaken are within the comprehensive structure of Schedule VII to the Act.

### 1. Composition of CSR committee:

S No.	Name and directorship category	Designation / Nature of Directorship	No of meetings held	No of meetings attended
1	Poruri Ganapathi Rao	Chairperson - Non-Executive Independent Director	3	3
2	Preeti Khandelwal	Member - Non-Executive Independent Director	3	3
3	Karipineni Venkata Sriram	Member - Non-Executive Independent Director	3	3
4	Richa Datta	Member - Non-Executive Independent Director	3	1
5	Kavita Prasad	Member - Executive Director	3	3

### 2. Prescribed CSR expenditure:

During financial year, the Company was obligated to spend a minimum of ₹119.75 lakhs as per the provisions of the Companies Act, 2013. However, the CSR Committee and the Board have approved an initial budget of ₹ 142.44 lakhs and subsequently further increased to ₹167.44 lakhs. Against the approved budget, the Company spent ₹167.37 lakhs which is much higher than the statutory requirement of ₹119.75 lakhs under the Act. Upon periodical review on the CSR activities, the CSR Committee recommended to the Board and which was agreed by Board, for an increase in budget by ₹25 lakhs for financial year, aggregating the total budget for the financial year 2022-23 to ₹167.44 lakhs.

₹ lakhs

S. No.	Sector - CSR Project	Project area	Actual	Direct /indirect
1	Eradication of Malnutrition and Hunger	Shameerpet , Mahbubnagar, Nandigaon, Vizianagaram, VSEZ, Narsaraopeta and Tumkunta	81.10	Direct
2	Promotion of Children Education	Shameerpet , Mahbubnagar, Nandigaon, Vizianagaram, VSEZ, Narsaraopeta and Tumkunta	29.31	Direct
3	Contribution to eligible Orphanages / Old age homes	Govt. of Telangana and Andhra Pradesh	6.96	Indirect
4	Contribution to permitted projects [para (ix)(a) of Schedule VII]”	Asian Health Foundation, Hyderabad	50.00	Indirect
<b>Grand Total</b>			<b>167.37</b>	



The above spending does not include unspent amount relating to previous years'. Out of the CSR unspent amount of ₹27.58 lakhs, an amount of ₹ 21.58 lakhs was spent during the reporting year on the same projects which were approved by the Board during the financial year 2020-21 and a balance of ₹6.00 lakhs will be spent towards the same approved projects in the current year.

**3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:**

Composition of the CSR committee shared above and is available on the Company's website at [www.hbl.in](http://www.hbl.in)

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

Since the CSR obligation pursuant to Section 135(5) of the Act, for the Company in the three immediately preceding financial years is less than the amount prescribed under Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company is not required to undertake impact assessment of the CSR projects.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any. – See Note 8(g)**

**6. Average net profit of the Company as per Section 135(5) of the Act: ₹5,988 lakhs**

**7. Information as per Section 135 of the Act:**

(a)	Two percent of average net profit of the company as per section 135(5)	₹119.75 lakhs
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
(c)	Amount required to be set off for the financial year, if any	NIL
(d)	Total CSR obligation for the financial year (7a+7b-7c)	119.75 lakhs

**8. (a) CSR amount spent or unspent for the financial year:**

₹ lakhs

Total Amount Spent during the Financial Year. (in ₹)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount.	Date of transfer
167.37	-	-	-	-	-



## (b) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No. of the Project	Name of the Project	Local area (Yes/No)	Location of the project State and District(s)	Project duration	Amount allocated for the project (in ₹).	spent in the current financial Year	Amount transferred as per Section 135(6)	Implementation through agency		Implementation - Direct (Yes/No)	CSR Registration number
								Name	Registration number		
1	Health	Yes	Telangana State Medchal-Malkajgiri, Mahboonagar and Rangareddy	Open ended	44.58	45.51	NIL	Yes	NA	Yes	NA
			Andhra Pradesh Visakhapatnam, Vizianagaram and Guntur		34.86	35.59					
2	Education	Yes	Telangana State Medchal-Malkajgiri, Mahboonagar and Rangareddy	Open ended	20.33	19.81	NIL	Yes	NA	Yes	NA
			Andhra Pradesh Visakhapatnam, Vizianagaram and Guntur		9.67	9.50					
<b>Total</b>					<b>109.44</b>	<b>110.41</b>	<b>NIL</b>				

## (c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No. of the Project	Item in Schedule VII	Local area (Yes/No)	Location of the project State and Districts	spend for the project	Mode of Implementation Direct	Implementation through agency Name	CSR Registration number
1	Education	Yes	Telangana State Medchal-Malkajgiri Rangareddy	1.10	NA	SOS Childrens Villages of India	CSR00000692
			Andhra Pradesh Vizianagaram Guntur	2.00		The Akshaya Patra Foundation Association Saikorian	CSR00000286 CSR00019351
				0.96		Needy Illiterate Children Education	CSR00013933
2	Health /Projects	Yes	Telangana State Medchal-Malkajgiri Rangareddy	1.10	NA	Jyothi Orphan Ashram	CSR00034540
			Andhra Pradesh - Vizianagaram & Guntur	1.80		Medical Educational & Nature Service	CSR00032475
3	Research	Yes	Hyderabad	50.00	NA	Asian Health Foundation, Hyderabad	CSR000002479
<b>Total</b>				<b>56.96</b>	<b>-</b>		

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹167.37 Lakhs

(g) Excess amount for set off, if any



₹ In lakhs

S.No.	Particular	Amount
1	Two percent of average net profit of the company as per section 135(5)	119.75
2	Total amount spent for the Financial Year	167.37
3	Excess amount spent for the financial year [(ii)-(i)]	47.62
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5	Amount available for set off in succeeding financial years [(iii)-(iv)]	86.65*

\*see the note below.

\*Note (g) above: Amount available for set off in succeeding financial years

₹ In lakhs

Excess amount spent in the Financial year	Minimum spending obligation [Section 135(5)]	Actual amount spent	Amount available for set off [Rule 7(3)]	Financial year upto which set off can be availed	Cumulative amount available for set off
2021-22	63.00	102.03	39.03	2024-25	39.03
2022-23	119.75	167.37	47.62	2025-26	86.65

**9. (a) Details of Unspent CSR amount for the preceding three financial years:**

₹ In lakhs

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Spent upto the end of financial year 2021-22	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount to be spent in succeeding financial years
					Name of the Fund	Amount	Date of transfer	
1	2020-21	59.76	32.18	21.58	NA	-	-	6.00

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

₹ In lakhs

Sl. No.	Project	Name of the Project.	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - completed /Ongoing
1	Education	Promotion of education	2011-2012	Open ended	59.76	21.58	53.76	Ongoing
<b>Total</b>					<b>59.76</b>	<b>21.58</b>	<b>53.76</b>	

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**(a) Date of creation or acquisition of the capital asset(s) : **None**(b) Amount of CSR spent for creation or acquisition of capital asset : **NIL**(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. : **NA**(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : **NA****11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) of the Act: NA**Place: Hyderabad  
Date: August 11, 2023Dr. Aluru Jagadish Prasad  
Chairman and Managing Director  
DIN: 00057275Poruri Ganapathi Rao  
Chairperson, CSR Committee  
DIN: 00089685


**FORM NO. MGT-9**
**EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2023**

[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](mailto: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 KFin Technologies 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 industrial and defence 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	HBL America Inc. USA	Not applicable	WOS	100%	2(87)
2	HBL Germany GmbH, Germany	Not applicable	WOS	100%	2(87)
3	Naval Systems and Technologies Pvt Ltd. Plot 563. Road 31 Jubilee Hills Hyderabad-500 033	U31403TG2006PTC051006	Associate	41%	2(6)
4	Torquedrive Technologies Private Limited (TTL) 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034, Telangana	U29100TG2021PTC148083	WOS	100%	2(87)
5	TTL Electric Fuel Private Limited 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034, Telangana	U74999TG2021PTC153003	Stepdown subsidiary	60% through TTL	2(87)
6	SCIL Infracon Private Limited ## Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015	U45400TG2007PTC054295	WOS	100%	2(87)

## 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.

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

##### a. Category-wise Share holding

Category	No. of Shares held as at 31.03.2022			No. of Shares held as at 31.03.2023			% Change	
	D'mat	Physical	Total	D'mat	Physical	Total		
<b>A</b>	<b>PROMOTERS</b>							
1	INDIAN							
a.	2,13,93,317	-	2,13,93,317	7.72	2,13,93,317	-	2,13,93,317	7.72
b.	Central Government/State Government(s)							
c.	14,20,70,777	-	14,20,70,777	51.25	14,23,75,777	-	14,23,75,777	51.36
d.	Financial Institutions / Banks							
e.	Others							
<b>Sub-Total (A)(1)</b>	<b>16,34,64,094</b>	<b>-</b>	<b>16,34,64,094</b>	<b>58.97</b>	<b>16,37,69,094</b>	<b>-</b>	<b>16,37,69,094</b>	<b>59.08</b>
2	FOREIGN							
a.	Individuals (NRIs/Foreign Individuals)							
b.	Bodies Corporate							
c.	Institutions							
d.	Qualified Foreign Investor							
e.	Others							
<b>Sub-Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>16,34,64,094</b>	<b>-</b>	<b>16,34,64,094</b>	<b>58.97</b>	<b>16,37,69,094</b>	<b>-</b>	<b>16,37,69,094</b>	<b>59.08</b>
<b>B</b>	<b>PUBLIC SHAREHOLDING</b>							
1	Institutions							
a.	Mutual Funds							
b.	5,000	-	5,000	0	2,500	-	2,500	0
c.	Central Government / State Government(s)							
d.	2,58,42,240	-	2,58,42,240	9.33	-	-	-	-9.33
e.	Insurance Companies							
f.	18,96,686	-	18,96,686	0.68	25,32,946	-	25,32,946	0.91
g.	2,34,69,551	-	2,34,69,551	8.47	-	-	-	-8.47
h.	Alternate Investment fund							
i.	-	-	-	-	32,000	4,000	36,000	0.01
<b>Sub-Total (B) (1)</b>	<b>5,12,13,477</b>	<b>-</b>	<b>5,12,13,477</b>	<b>18.48</b>	<b>25,67,446</b>	<b>4,000</b>	<b>25,71,446</b>	<b>0.93</b>
2	Non- Institutions							
a.	22,76,689	2,000	22,78,689	0.82	67,59,475	2,000	67,61,475	2.44
b.	Individuals							
i.	5,17,23,471	24,48,644	5,41,72,115	19.54	7,89,66,257	23,77,464	8,13,43,721	29.35
ii.	25,94,379	-	25,94,379	0.94	1,38,08,052	-	1,38,08,052	4.98
c.	34,72,192	-	34,72,192	1.25	89,41,158	-	89,41,158	3.23
<b>Sub-Total (B) (2)</b>	<b>6,00,66,731</b>	<b>24,50,644</b>	<b>6,25,17,375</b>	<b>22.55</b>	<b>10,84,74,942</b>	<b>23,79,464</b>	<b>11,08,54,406</b>	<b>39.99</b>
<b>Total Public Shareholding Group (B)</b>	<b>11,12,80,208</b>	<b>24,50,644</b>	<b>11,37,30,852</b>	<b>41.03</b>	<b>11,10,42,388</b>	<b>23,83,464</b>	<b>11,34,25,852</b>	<b>40.92</b>
<b>C. Shares held by Custodians and against which depository Receipts have been issued</b>	-	-	-	-	-	-	-	-
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>27,47,44,302</b>	<b>24,50,644</b>	<b>27,71,94,946</b>	<b>100</b>	<b>27,48,11,482</b>	<b>23,83,464</b>	<b>27,71,94,946</b>	<b>100</b>

**b. Shareholding of Promoters**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2022			Shareholding at the end of the year i.e. 31.03.2023			% Change during the year
		No. of Shares	% of total Shares	% of Shares Pledged	No. of Shares	% of total Shares	% of Shares Pledged	
1.	Dr. Aluru Jagadish Prasad	26,92,827	0.97	0.00	26,92,827	0.97	0.00	-
2.	Mrs. Kavita Prasad Aluru	97,88,386	3.53	0.00	97,88,386	3.53	0.00	-
3.	Advay Bhagirath Mikkilineni	39,17,600	1.41	0.00	39,17,600	1.41	0.00	-
4.	Mr. MSS Srinath	19,56,920	0.71	0.00	19,56,920	0.71	0.00	-
5.	Mikkilineni Deeksha	20,87,187	0.75	0.00	20,87,187	0.75	0.00	-
6.	Mrs. A Uma Devi	9,50,397	0.35	0.00	9,50,397	0.34	0.00	-
7.	Barclays Wealth Trustees India Private Limited - Trusetee for Aluru Family Private Trust	14,18,17,643	51.16	0.00	14,21,22,643	51.27	0.00	+0.11
8.	Barclays Wealth Trustees India Private Limited - Mikkilineni Family Private Trust	2,53,134	0.09	0.00	2,53,134	0.09	0.00	-
	<b>Total</b>	<b>16,34,64,094</b>	<b>58.97</b>	<b>0.00</b>	<b>16,37,69,094</b>	<b>59.08</b>	<b>0.00</b>	<b>+0.11</b>

**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		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Barclays Wealth Trustees India Private Limited - Trustee for Aluru Family Private Trust	14,18,17,643	51.16	Acquired on various days.	+3,05,000	+0.11	14,21,22,643	51.27

**d. Shareholding Pattern of top ten public group Shareholders (ADR/GRD's not included)**

SI No	Top 10 Shareholders The shares of the Company are traded on a daily basis and hence the date wise date is not possible. PAN based Shareholding is provided.	Shareholding as at 01.04.2022		Cumulative Shareholding as at 31.03.2023	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Anant Jain	-	-	19,59,696	0.71
2	Zaki Abbas Nasser	-	-	15,75,000	0.57
3.	Investor Education And Protection Fund	9,72,210	0.35	9,72,210	0.35
4.	Yachna Bhatia	20,000	0.00	7,37,907	0.27
5.	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc.	3,01,715	0.11	7,24,991	0.26
6.	Ficom Advisory LLP	-	-	7,00,000	0.25
7.	Hitesh Narsinhbhai Patel	5,000	0.00	6,93,000	0.25
8.	Marfatia Stock Broking Pvt Ltd	-	-	6,55,000	0.24
9.	Shreekant Phumbhra	-	-	6,10,000	0.22
10.	Suvarna Kumari Agrawal	9,00,000	0.32	6,00,000	0.22



**e. Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Beneficiary Account no	Name of the Shareholder	Date	Shareholding as at 01.04.2022		Cumulative Shareholding as at 31.03.2023	
				No. of shares	% of total shares	No. of Shares	% of total shares of the company
1	IN303559-10011800	Dr. Aluru Jagadish Prasad	01.04.2022	26,92,827	0.97		
			31.03.2023			26,92,827	0.97
2	IN303559-10001640	Mr. MSS Srinath	01.04.2022	19,56,920	0.70		
			31.03.2023			19,56,920	0.70
3	IN303559-10001666	Mrs. Kavita Prasad Aluru	01.04.2022	97,88,386	3.53		
			31.03.2023			97,88,386	3.53

**f. Indebtedness: Indebtedness of the Company including interest outstanding / accrued but not due for payment as at March 31, 2023.**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness In lakhs
Indebtedness at the beginning of the financial year				
i. Principal Amount	3,062.63	-	-	3,062.63
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3,062.63	-	-	3,062.63
Change in indebtedness during the financial year				
- Addition	2,111.84	-	-	2,111.84
- Reduction	(445.67)	-	-	(445.67)
Net Change	4,728.80	-	-	4,728.80
Indebtedness at the end of the financial year				
i. Principal Amount	4,728.80	-	-	4,728.80
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,728.80	-	-	4,728.80

**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 ₹ lakhs
		Dr. Aluru Jagadish Prasad	Kavita Prasad Aluru	
1	Total Salary (₹)	96.15	33.30	129.45
2.	Commission on profit (₹)	377.58	-	377.58
	Total	473.73	33.30	507.03

(ii). Remuneration to other Directors:

Fee for attending board / committee meetings: Independent Directors	Amount (₹) - Gross
CA Poruri Ganapathi Rao	2,05,000
Mr. Karipineni Venkata Sriram	2,05,000
Total	4,10,000





Mrs. Preeti Khandelwal and Mrs. Richa Datta, Non-Executive Independent Directors, have consented not to take sitting fee for the meetings of the Board and Committees.

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total ₹ Lakhs
		MSS Srinath President	MVSS Kumar Company Secretary	K. Sridharan Chief Financial Officer	
	Total Salary	50.55	12.66	20.24	83.45

\* the remuneration paid to CFO and Company Secretary during the year was for part of the year for reasons mentioned elsewhere in the report.

h. Penalties / Punishment/ Compounding of Offences: There were no penalties, punishment or compounding of offences during the year ended March 31, 2023.



FORM NO. MR - 3  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

[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 of the compliance of applicable statutory provisions and the adherence to good corporate practices by HBL Power Systems Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the HBL Power Systems Limited'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, 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. 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. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended)
- VI. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
- VII. 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 25, 2023, copy of which is annexed to this report as Annexure B, issued for the financial year ended March 31, 2023 pursuant to SEBI circular No. CIR/CFD/CMD1/27/2019 dated Feb 08, 2019 read with Circular No. NSE/CML/ 2023/21 dated March 16, 2023 and Circular No. NSE/CML/ 2023/30 dated April 10, 2023 issued by National Stock Exchange of India Limited 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 except for shareholding by foreign entities / individuals / NRI's under normal permitted portfolio investment and there are no 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 2 (two) Executive Directors, 5 (five) Non-Executive Directors out of which 4 (four) are Independent Directors including 2 (Two) Women Independent Directors.

Dr. Ramanujulu Nandakumar Ramnath resigned from the Board with effect from July 27, 2022. There is no other change in the Board of Directors during the reporting period.

I further report that, the Chief Financial officer of the Company retired from services on September 30, 2022 and vacancy was filled in with the prescribed time. The other 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. I also report that all the meetings were conducted through video conferencing.

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.

**Vinay Babu Gade**

Company Secretary in Practice

Place: Hyderabad

ACS No: 20592 CP No: 20707

Date: August 07, 2023

UDIN: A020592E000750893

*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.*



To,  
The Members,  
**HBL Power Systems Limited,**  
CIN: L40109TG1986PLC006745,  
Registered Office: 8-2-601, Road No.10,  
Banjara Hills, Hyderabad - 500 034.  
Telangana State

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 : August 07, 2023

**Vinay Babu Gade**  
Company Secretary in Practice  
ACS No: 20592 CP No: 20707  
UDIN: A020592E000750893





## ANNUAL SECRETARIAL COMPLIANCE REPORT

HBL Power Systems Limited for the financial year ended March 31, 2023

I, Vinay Babu Gade, Company Secretary in Practice have examined:

- a. all the documents and records made available to us and explanation provided by HBL Power Systems Limited ("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, 2023 ("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:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - i) other regulations as applicable
- and circulars/ guidelines issued thereunder;

(Note: The aforesaid list of Regulations is only illustrative. The list of such SEBI Regulations, as may be relevant and applicable to the listed entity for the review period, shall be added.)

I hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/ No/ NA)	Observations /Remarks by PCS*
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	NIL
2.	Adoption and timely updation of the Policies: All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/circulars/guidelines issued by SEBI	Yes	NIL
3.	Maintenance and disclosures on Website: The Listed entity is maintaining a functional website Timely dissemination of the documents/ information under a separate section on the website Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website.	Yes	NIL
4.	Disqualification of Director: None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	NIL



Sr. No.	Particulars	Compliance Status (Yes/ No/ NA)	Observations /Remarks by PCS*
5.	Details related to Subsidiaries of listed entities have been examined w.r.t.: Identification of material subsidiary companies Disclosure requirement of material as well as other subsidiaries	Yes	NIL
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	NIL
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	NIL
8.	Related Party Transactions: The listed entity has obtained prior approval of Audit Committee for all related party transactions; or The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	Yes	NIL
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	NIL
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	NIL
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein (**).	Yes	NIL
12.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/circular/guidance note etc.	Yes	NIL

(\*\*) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
NIL										

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

Sr. No.	Compliance Requirement (Regulations/ circulars/ guide- lines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
NIL										

Date: 29.05.2023  
Place: Hyderabad

**Vinay Babu Gade**  
M No. A20592; CP No.20707  
UDIN: A020592E000416416  
PR No: 3047/2023





## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (LODR) Regulations, 2015)

To,  
The Members,  
**HBL Power Systems Limited,**  
CIN: L40109TG1986PLC006745,  
Registered Office :8-2-601, Road No.10,  
Banjara Hills, Hyderabad - 500 034, Telangana

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HBL Power Systems Limited having CIN L40109TG1986PLC006745 and having registered office at 8-2-601, Road No.10, Banjara Hills, Hyderabad – 500034, Telangana State (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have 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 other Statutory Authority.

Name of the Director and category	DIN	Date of appointment
Dr. Aluru Jagadish Prasad - Chairman & Managing Director	00057275	29/08/1986
Poruri Ganapathi Rao - Non-Executive - Independent Director	00089685	25/04/2005
Preeti Khandelwal - Non-Executive - Independent Director	00027999	02/03/2009
Karipineni Venkata Sriram - Non-Executive - Independent Director	00073911	07/02/2018
Richa Datta - Non-Executive - Independent Director	08084501	15/03/2018
Kavita Prasad - Executive Director	00319292	10/08/2018
Advay Bhagirath Mikkilineni - Non-Executive-Non-Independent Director	09207003	21/06/2021

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. 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.

Place: Hyderabad  
Date : August 08, 2023

**Vinay Babu Gade**  
Company Secretary in Practice  
ACS No.: 20592 CP No. :20707  
UDIN: A020592E000762465



## REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2022-23

### I. Company's philosophy on Corporate Governance:

#### Company's philosophy:

HBL's philosophy on Corporate Governance is to ensure balance between the vision of the Company and minority rights in all the business decisions. While the objective of the philosophy is to enhance the long term stakeholders' value, adherence to business ethics and corporate social responsibility has been prioritized.

The Code of Conduct for employees including the Executive Directors has been put in place. Apart from the code of conduct for employee, HBL implemented a separate code of conduct which include Independent Directors duties in line with SEBI Regulations and Companies Act, 2013 ("the Act"). The corporate governance practice includes sending updates to the Board of Directors on regulatory and legislative amendments which includes Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code").

#### Corporate Governance:

The Companies Act, 2013 and SEBI Listing Regulations prescribe three-level governance:

- a. Governance by Shareholders
- b. Governance by the Board of Directors; and
- c. Governance by various Committees of the Board

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.

Pursuant to Regulation 27(2) of the SEBI Listing Regulations, the Company also submits a quarterly compliance report on Corporate Governance to the Stock Exchanges where the securities of the Company are listed, including details on all material transactions with related parties, within 21 days from the closure of every quarter. The Chairman and Managing Director and the Chief Financial Officer have certified in accordance with Regulation 17(8) read together with Part B of Schedule II of the SEBI Listing Regulations to the Board on inter-alia, the accuracy of the financial statements and adequacy of internal controls for financial reporting for the Financial Year ended March 31, 2023.

### II. Shareholders:

The Listing Regulations and Companies Act, 2013 prescribe the governance by shareholders participation in the corporate actions by passing ordinary and special resolutions. Your Company follows the applicable procedure to ensure that the information with the shareholders is shared in time, whether financial or non-financial, with adequate explanation, wherever needed to obtain approvals, if any.

Generally, required approvals of the shareholders are taken at the Annual General Meeting. In addition, approval of shareholders can also be pursued through postal ballot in case of urgency of the matter as per the applicable regulations. During the reporting year there were no instances of passing of resolution through postal ballot.

During the year ended March 31, 2023, your Company had complied with the provisions set out on Corporate Governance required under Listing Regulations. In this report, we have provided details on how the corporate governance principles are put into practice.

### III. Board of Directors

For management and administration of the Company's overall functioning, the shareholders have constituted the Board of Directors. During the year under review, the composition of the Board was in conformity with the Companies Act and listing regulations.

- ▶ As on March 31, 2023, the Board of Directors of your Company comprises of:

Category	No of Directors
Executive Chairman and Managing Director	1 (One)
Executive Director	1 (One)
Non-Executive Directors*	5 (Five)
Total <sup>^</sup>	7 (Seven)
* Includes Independent Directors with two women Independent Directors	4 (Four)
<sup>^</sup> Includes women Directors	3 (three)

Out of the total Board composition, more than 70% of Board consists of non-executive directors of which 80% are independent directors with two woman independent directors. Out of the total number of Board members 42% are women Directors. The company is in compliance with the requirements of Section 149 and 152 of the Act read with



Regulation 17 of the SEBI Listing Regulations. The Company has an appropriate composition and size of the Board.

- ▶ None of the directors on the Board
  - holds directorships in more than ten public companies;
  - 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.
  - who are Executive Directors serves as independent directors in any other Company.

Necessary disclosures regarding committee positions in other public companies as on March 31, 2023 have been made by the directors. None of the directors is related to each other except Dr. Aluru Jagadish Prasad, Mrs. Kavita Prasad Aluru and Mr. Advay Bhagirath Mikkilineni.

- ▶ 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.

Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150

of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

- ▶ Dr. Ramanujulu Nandakumar Ramnath, Non-Executive Independent Director resigned from the Board with effect from July 27, 2022. Necessary disclosures in respect thereof as prescribed under listing regulations were made to the stock exchanges and disseminated on the website of the Company.
- ▶ Four meetings of the Board of Directors were held during the reporting period and the gap between two meetings did not exceed one hundred twenty days as per the requirements under the Companies Act, 2013 read with SEBI regulations. The said meetings were held on May 25, 2022; August 06, 2022; November 11, 2022 and February 13, 2023. Necessary quorum was present for all the meetings.
- ▶ The agenda papers for the Board and Committee meetings are circulated electronically well before the date of meeting notified to the Board and Committee member, thereby eliminating circulation of printed agenda papers.
- ▶ 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, 2023 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 and DIN Number	Category #	Attendance in the year	Attendance at last AGM	Directorships in other Public Companies @		Committee positions held in other Public Companies	
				Chairman	Member	Chairman	Member
Dr. Aluru Jagadish Prasad Chairman and Managing Director (DIN: 00057275)	PEC	4	Yes	-	-	-	-
Mrs. Kavita Prasad Aluru Executive director (DIN:00319292)	ED	4	No	-	-	-	-
Mr. Poruri Ganapathi Rao (DIN: 00089685)	NEID	4	Yes	-	-	-	-
Mrs. Preeti Khandelwal (DIN: 00027999)	NEID	4	No	-	-	-	-
Mr. Karipineni Venkata Sriram (DIN: 00073911)	NEID	4	Yes	-	2	-	-
Mrs. Richa Datta (DIN: 08084501)	NEID	4	No	-	-	-	-
Mr. Advay Bhagirath Mikkilineni (DIN: 09207003)	NENID	4	No	-	-	-	-



#### Directors who ceases to be on the Board during the reporting period:

Name of the Director and DIN Number	Category #	Attendance at the Board meetings	Attendance at last AGM held on September 27, 2022	Directorships in other Public Companies @	Positions held in Committees of other Public Companies
Dr. Ramanujulu Nandakumar Ramnath (DIN: 03639492)	NEID	1	Dr. Ramnath attended a Board meeting held on May 25, 2022. He resigned as Director on July 27, 2022 and therefore, reporting on his attendance in any of the meetings of the Company, subsequent to the date of resignation, does not arise.		

#### Note:

# Category: PEC: Promoter and Executive Chairman; ED: Executive Director; NEID: Non-Executive Independent Director; and NENID: Non-Executive-Non-Independent Director.

@ Directorship in other public Companies excluding this company.

- The Company offered the facility of video conferencing, as prescribed under Section 173(2) of the Act read together with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, thereby saving resources and cost to the Company as well as the valued time of the Directors.
- Directorship in other public Companies

Name of the Director and DIN Number	Category in this Company	Directorship in other public Companies and designation
Dr. Aluru Jagadish Prasad (DIN: 00057275)	Promoter and Executive Chairman	NIL
Mrs. Kavita Prasad Aluru (DIN:00319292)	Executive Director	NIL
Mr. Poruri Ganapathi Rao (DIN: 00089685)	Non-Executive Independent Director	NIL
Mrs. Preeti Khandelwal (DIN: 00027999)	Non-Executive Independent Director	NIL
Mr. Karipineni Venkata Sriram (DIN: 00073911)	Non-Executive Independent Director	Andhra Electronics Limited – Managing Director Sri Bhavani Castings Limited – Whole Time Director
Mrs. Richa Datta (DIN: 08084501)	Non-Executive Independent Director	NIL
Mr. Advay Bhagirath Mikkilineni (DIN: 09207003)	Non-Executive-Non-Independent Director	NIL

- During the financial year, information required in Part A of Schedule II of the SEBI Listing Regulations, 2015 as amended, was placed before the Board for its consideration wherever applicable.
- Status on compliance of applicable laws was reviewed periodically by the Board.
- Details of equity shares of the Company held by the directors as on March 31, 2023 are given below. The Company has not issued any convertible security.

Name	Category	No of equity shares	Percentage
Dr. Aluru Jagadish Prasad	Chairman and Managing Director	26,92,827	0.97
Mrs. Kavita Prasad Aluru	Executive Director	97,88,386	3.53
Mr. Advay Bhagirath Mikkilineni	Non-Executive-Non-Independent Director	39,17,600	1.41

The above shareholding of the Directors does not include shares held by the members of the promoter group.

- Board comprises of members who bring in the required skills, ability and proficiency to allow them to effectively contribute in deliberations at Board and Committee meetings. The below matrix summarizes a mix of skills, expertise and competencies expected to be possessed by our individual directors, which are key to corporate governance and Board effectiveness:





Entrepreneurial leadership	Entrepreneurial leadership experience resulting in a practical understanding of organization, processes, strategic planning and risk management. Demonstrated strengths in developing engineering talents and driving the change for long-term growth.
Engineering expertise	Engineering expertise involves application of knowledge to identify and design the systems and processes to fill the technology gaps and reach the goals.
Financial proficiency	Education and experience as an auditor or financial officer / comptroller or holding a position involving performance of similar functions.
Industry experience	Experiences in similar industries, resulting in knowledge of how to anticipate market trends, motivates innovation and extends or create new business models.
Diversity	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders at large.

Name of the Director	Entrepreneurial leadership	Engineering expertise	Financial proficiency	Industry Experience	Diversity
Dr. Aluru Jagadish Prasad	√	√	√	√	√
Mrs. Kavita Prasad Aluru	√	-	√	√	√
Mr. Poruri Ganapathi Rao	√	-	√	-	√
Mrs. Preeti Khandelwal	√		√		√
Mr. Karipineni Venkata Sriram	√	√	√	√	√
Mrs. Richa Datta	√	-	√	-	√
Mr. Advay Bhagirath Mikkilineni	√	-	-	-	√

**Familiarization Programme:** Pursuant to the provisions of Regulation 25(7) and Regulation 46 of the SEBI Listing Regulations, kindly refer to the Company's website <https://hbl.in/reports/Familiarization-Programmefor-IndependentDirectors.pdf> for familiarization programme for IDs on their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters.

**Board Evaluation:** Pursuant to Regulation 17(10) of the SEBI Listing Regulations and the provisions of the Act, Board evaluation was conducted for the financial year 2022-23, involving the following:

- i. Evaluation of IDs, in their absence, by the entire Board was undertaken, based on their performance and fulfillment of the independence criteria prescribed under the Act and SEBI Listing Regulations, including their independence from the Company's Management; and
- ii. Evaluation of the Board of Directors, its Committees including the role of the Board Chairman by Independent Directors.

During the reporting period two meetings of the Independent Directors were held on November 11, 2022 and February 13, 2023 in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations for review of performance of Non-Independent Directors, Chairman and the Board as a whole.

#### IV. Committees of the Board

The composition and the terms of reference of various Committees constituted by the Board, inter-alia including the details of meetings held during the year and attendance thereat are presented below. All Committee decisions are taken at the meetings of the Committee. The Company Secretary acts as the Secretary for all Committees meetings. During the year under review all recommendations made by the various Committees were accepted by the Board.



There are five committees of the Board as on March 31, 2023, details of which are as follows:

Audit Committee																																			
<b>Composition and category</b>	<table border="1"> <thead> <tr> <th>Name</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>CA. Poruri Ganapathi Rao (Chairperson)</td> <td>Non-Executive Independent Director</td> </tr> <tr> <td>Mrs. Preeti Khandelwal</td> <td>Non-Executive Independent Director</td> </tr> <tr> <td>Mr. Karipineni Venkata Sriram</td> <td>Non-Executive Independent Director</td> </tr> <tr> <td>Mrs. Richa Datta</td> <td>Non-Executive Independent Director</td> </tr> <tr> <td>Mrs. Kavita Prasad Aluru</td> <td>Executive Director</td> </tr> </tbody> </table>	Name	Category	CA. Poruri Ganapathi Rao (Chairperson)	Non-Executive Independent Director	Mrs. Preeti Khandelwal	Non-Executive Independent Director	Mr. Karipineni Venkata Sriram	Non-Executive Independent Director	Mrs. Richa Datta	Non-Executive Independent Director	Mrs. Kavita Prasad Aluru	Executive Director																						
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<b>Major terms of reference</b>	<p>Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013.</p> <ul style="list-style-type: none"> <li>Oversight of financial reporting process.</li> <li>Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval.</li> <li>Evaluation of internal financial controls and risk management systems.</li> <li>Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.</li> <li>Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.</li> <li>Approval of related party transactions.</li> </ul>																																		
<b>Meetings and related details</b>	<p>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.</p> <ul style="list-style-type: none"> <li>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.</li> <li>The Company Secretary acts as the Secretary to the Audit Committee.</li> <li>The previous AGM of the Company was held on September 27, 2022 and was attended by Mr. Poruri Ganapathi Rao, Chairman of the Audit Committee.</li> </ul> <p>Attendance of the members at the committee meetings</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of the committee member</th> <th colspan="4">Date of meetings</th> </tr> <tr> <th>26.05.2022</th> <th>06.08.2022</th> <th>11.11.2022</th> <th>13.02.2023</th> </tr> </thead> <tbody> <tr> <td>CA. Poruri Ganapathi Rao</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> <tr> <td>Mrs. Preeti Khandelwal</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> <tr> <td>Mr. Karipineni Venkata Sriram</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> <tr> <td>Mrs. Richa Datta</td> <td>-</td> <td>√</td> <td>-</td> <td>-</td> </tr> <tr> <td>Mrs. Kavita Prasad Aluru</td> <td>√</td> <td>√</td> <td>√</td> <td>√</td> </tr> </tbody> </table>	Name of the committee member	Date of meetings				26.05.2022	06.08.2022	11.11.2022	13.02.2023	CA. Poruri Ganapathi Rao	√	√	√	√	Mrs. Preeti Khandelwal	√	√	√	√	Mr. Karipineni Venkata Sriram	√	√	√	√	Mrs. Richa Datta	-	√	-	-	Mrs. Kavita Prasad Aluru	√	√	√	√
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#### Audit Committee - other details

The Committee trusts the expertise and knowledge of the Management, the Internal Auditor and the Statutory Auditor, in carrying out its oversight responsibilities. The management is responsible for the preparation, presentation and integrity of the Company's financial statements, including consolidated statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal controls.

Nomination and Remuneration Committee											
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Mrs. Richa Datta	Non-Executive Independent Director										





<b>Major terms of reference</b>	<p>Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.</p> <p>a) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;</p> <p>b) Formulation of criteria for evaluation of Directors;</p> <p>c) Devising a policy on Board Diversity</p> <p>d) While formulating the remuneration policy, to ensure that -</p> <ul style="list-style-type: none"> <li>- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;</li> <li>- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and</li> <li>- Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.</li> </ul> <p>e) Identifying the person who is qualified to become a Director or senior managers in accordance with criteria let down and recommend to the Board their appointment and removal. The Company shall disclose remuneration policy and evaluation criteria in its annual reports</p> <p>f) To have relevant experience of contributions to the deliberations of the Board and Corporate Governance</p>																	
<b>Meetings and related details</b>	<p>Two meetings were held during the financial year.</p> <p>a) In discharging its responsibilities, the Committee must have regard to the following policy objectives:</p> <ul style="list-style-type: none"> <li>- to ensure that the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders;</li> <li>- to attract and retain skilled executives;</li> <li>- to structure short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns; and</li> <li>- to ensure any termination benefits are justified and appropriate.</li> <li>- To consider professional indemnity and liability insurance for Directors and senior management.</li> </ul> <p>b) The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain.</p> <p>c) Remuneration to Key Managerial Personnel &amp; other employees</p> <p>Attendance of the members at the committee meetings</p> <table border="1"> <thead> <tr> <th rowspan="2">Name of the committee member</th> <th colspan="2">Date of meetings</th> </tr> <tr> <th>06.08.2022</th> <th>13.02.2023</th> </tr> </thead> <tbody> <tr> <td>CA. Poruri Ganapathi Rao</td> <td>√</td> <td>√</td> </tr> <tr> <td>Mrs. Preeti Khandelwal</td> <td>√</td> <td>√</td> </tr> <tr> <td>Mr. Karipineni Venkata Sriram</td> <td>√</td> <td>√</td> </tr> <tr> <td>Mrs. Richa Datta</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Name of the committee member	Date of meetings		06.08.2022	13.02.2023	CA. Poruri Ganapathi Rao	√	√	Mrs. Preeti Khandelwal	√	√	Mr. Karipineni Venkata Sriram	√	√	Mrs. Richa Datta	-	-
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The Company pays remuneration by way of salary, benefits, perquisites and allowances and commission to Chairman and Managing Director and its Executive Director on the recommendations of the NRC. Increments are recommended by the NRC within the salary scale approved by the Board and Members and ceilings prescribed under the Act.

**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.

**Details of remuneration and fees paid during the year:**

**a. Directors' remuneration for the year 2022-23**

(₹ in lakhs)

Name of the Director	Designation	Remuneration	Commission	Total
Dr. Aluru Jagadish Prasad	Chairman and Managing Director	96.15	377.58	473.73
Mrs. Kavita Prasad Aluru	Executive Director	33.30	-	33.30
<b>Total</b>		<b>129.45</b>	<b>377.58</b>	<b>507.03</b>

Mrs. Kavita Prasad Aluru, Executive Director (who is a relative of the Chairman and Managing Director) has been paid ₹8.50 lakhs as rental charges for a premises owned by her, which was leased to the Company.

**b. Independent Directors were paid sitting fees for the board meetings in 2022-23.**

Name of Directors	Board meetings	Committee meeting (for all)	Sitting fees paid (₹)
CA. Poruri Ganapathi Rao	4	16	2,05,000.00
Mr. Karipineni Venkata Sriram	4	16	2,05,000.00
<b>Total</b>			<b>4,10,000.00</b>

Preeti Khandelwal and Richa Datta, Non-Executive Independent Director, consented not to take sitting fee for the meetings of the Board and Committees. Accordingly, no sitting was paid.

**c. Remuneration paid to Key Managerial personnel**

Key Managerial Personnel	Remuneration for the financial year		% increase
	March 31, 2023	March 31, 2022	
Mr. MSS Srinath, President	50.55	50.55	-
Mr. MVSS Kumar, Company Secretary*	12.66	16.88	-
Mr. K Sridharan, Chief Financial Officer*	20.24	34.00	-

\* the remuneration paid to CFO and Company Secretary during the year was for part of the year for reasons mentioned elsewhere in the report.

Stakeholders Relationship Committee					
	Name	Category			
<b>Composition and category</b>	CA. Poruri Ganapathi Rao (Chairperson)	Non-Executive Independent Director			
	Mrs. Preeti Khandelwal	Non-Executive Independent Director			
	Mr. Karipineni Venkata Sriram	Non-Executive Independent Director			
	Mrs. Richa Datta	Non-Executive Independent Director			
	Mrs. Kavita Prasad Aluru	Executive Director			
<b>Major terms of reference</b>	Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.				
	<ul style="list-style-type: none"> <li>Consider and resolve the grievances of security holders.</li> <li>Consider and approve issue of share certificates, transfer and transmission of securities, etc.</li> </ul>				
<b>Meetings and related details</b>	Four meetings of the Stakeholders' Relationship Committee were held during the year.				
	<ul style="list-style-type: none"> <li>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.</li> <li>Details of investor complaints and the Compliance Officer are provided in this report.</li> </ul>				
	Attendance of the members at the committee meetings				
	Name of the committee member	Date of meetings			
		26.05.2022	06.08.2022	11.11.2022	13.02.2023
	CA. Poruri Ganapathi Rao	√	√	√	√
Mrs. Preeti Khandelwal	√	√	√	√	
Mr. Karipineni Venkata Sriram	√	√	√	√	
Mrs. Richa Datta	-	√	-	-	
Mrs. Kavita Prasad Aluru	√	√	√	√	



Complaints or queries relating to the shares and/or debentures can be forwarded to the Company's Registrar and Share Transfer Agents – Kfin Technologies Limited at [einward.ris@karvy.com](mailto:einward.ris@karvy.com). Kfin is the focal point of contact for investor services in order to address various matters mainly including issue of new or duplicate share certificates, repayment / revalidation of dividend warrants, change in bank details/ address and PAN corrections.

#### Stakeholder Relationship Committee – Other details

**a. Name, designation and address of the compliance officer:**

G B S Naidu, Company Secretary  
HBL Power Systems Limited  
8-2-601, Road 10, Banjara Hills, Hyderabad– 500034  
Ph: 040-23355575 / Email: [investor@hbl.in](mailto:investor@hbl.in)

**b. Details of investor complaints / requests during the financial year :**

Sl. No	Description	Opening balance as on April 01, 2022	Received					Resolved	Closing balance as on March 31, 2023
			Q1	Q2	Q3	Q4	Total		
1	Status of Applications for Public Issue	-	-	-	-	-	-	-	-
2	Non Receipt of Refund Order	-	-	-	-	-	-	-	-
3	Request for Annual Report	-	-	03	02	01	06	06	-
4	Non Receipt of Dividend Warrants	-	31	43	55	55	184	184	-
5	Non Receipt of Electronic Credits	-	-	-	-	-	-	-	-
6	Issue of duplicate shares	-	60	30	25	42	157	157	-
7	Others	-	24	-	-	-	24	24	-
	Total (i)	-	115	76	82	98	371	371	-
8	Complaints received from	-	-	-	-	-	-	-	-
a.	Securities and Exchange Board of India	-	-	-	01	01	02	02	-
b.	Stock Exchanges	-	-	-	-	-	-	-	-
c.	Ministry of Company Affairs	-	-	-	-	-	-	-	-
d.	Others	-	-	-	-	-	-	-	-
	Total(ii)	-	-	-	01	01	02	02	-
	Grand Total (i+ii)	-	115	76	83	99	373	373	-

Corporate Social Responsibility Committee	
Composition and category	Name
	CA. Poruri Ganapathi Rao (Chairperson)
	Mrs. Preeti Khandelwal
	Mr. Karipineni Venkata Sriram
	Mrs. Richa Datta
	Mrs. Kavita Prasad Aluru
Major terms of reference	Category
	Committee is constituted in line with the provisions of Section 135 of the Act.
	<ul style="list-style-type: none"> <li>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.</li> <li>Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.</li> <li>Monitor the implementation of approved CSR activities.</li> </ul>



<b>Meetings and related details</b>	Three meetings of the CSR Committee were held during the year. The Committee recommended to the Board for approval of increase in CSR budget for the financial year. The Board accordingly approved the recommended enhancement in budget.			
	Attendance of the members at the committee meetings			
	<b>Name of the committee member</b>	<b>Date of meetings</b>		
		<b>26.05.2022</b>	<b>06.08.2022</b>	<b>13.02.2023</b>
	CA. Poruri Ganapathi Rao	√	√	√
	Mrs. Preeti Khandelwal	√	√	√
Mr. Karipineni Venkata Sriram	√	√	√	
Mrs. Richa Datta	√	-	-	
Mrs. Kavita Prasad Aluru	√	√	√	

A detailed report on the CSR activities and spending by the Company during the reporting period is sited elsewhere in the annual report.

<b>Risk Management Committee</b>	
<b>Composition and category</b>	<b>Name</b>
	CA. Poruri Ganapathi Rao (Chairperson)
	Mrs. Preeti Khandelwal
	Mr. Karipineni Venkata Sriram
	Mrs. Richa Datta
	Mrs. Kavita Prasad Aluru
	<b>Category</b>
	Non-Executive Independent Director
	Non-Executive Independent Director
	Non-Executive Independent Director
	Non-Executive Independent Director
	Executive Director
<b>Major terms of reference</b>	<p>Committee is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations.</p> <ul style="list-style-type: none"> <li>- Review the Company's risk governance structure, risk assessment and risk management practices and guidelines, policies and procedures for risk assessment and risk management including the risk management plan.</li> <li>- Monitor the Company's risk appetite and strategy relating to key risks.</li> <li>- Oversee Company's process for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels.</li> <li>- Review and analyze risk exposure related to specific issues, concentrations and limit excesses, and provide oversight of risk across organization.</li> <li>- Review compliance with risk policies, monitor breaches / trigger trips of risk tolerance limits and direct action.</li> <li>- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.</li> </ul>




**Meetings and related details**

Three meetings of the Committee held during the year under review.  
The Committee shall act and have powers in accordance with the terms of reference specified in writing, by the Board, which shall include the following:

- Seek any information or explanation from any employee or Director of the Company. Ask for any records or documents of the Company and have full access to Company information.
- Recommend engagement of independent consultants and advisors, including legal counsel or expert, as it deems appropriate. Secure attendance of outsiders with relevant expertise in Committee meetings, as the Committee considers necessary.
- Oversee the major risks of the subsidiaries.
- The committee shall coordinate with other committees to the extent that its work has a bearing on their scope of work.

Attendance of the members at the committee meetings

Name of the committee member	Date of meetings		
	26.05.2022	11.11.2022	13.02.2023
CA. Poruri Ganapathi Rao	√	√	√
Mrs. Preeti Khandelwal	√	√	√
Mr. Karipineni Venkata Sriram	√	√	√
Mrs. Richa Datta	-	-	-
Mrs. Kavita Prasad Aluru	√	√	√

The Committee operates as per its Charter approved by the Board and within the guidelines laid down in it. The Company has a Risk Management Policy in accordance with the provisions of the Act and SEBI Listing Regulations. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk. The results of the risk assessment are thoroughly discussed with the Senior Management before being presented to the RMC. The Board takes responsibility for the overall process of risk management in the organization.

**Particulars of senior management and changes during the year [ref: SEBI circular dated July 14, 2023]**

During the reporting period, Mr. K Sridharan, Chief Financial Officer and Mr. MVSS Kumar, Company Secretary retired from services of the Company on effect from September 30, 2022 and March 31, 2023 respectively and in their place Mr. E Sairam has been appointed as Chief Financial Officer with effect from March 29, 2023 and Mr. G B S Naidu has been appointed as Company Secretary with effect from April 01, 2023. Other particulars of the appointees:

Particulars	Mr. E Sairam Chief Financial Officer	Mr. G B S Naidu Company Secretary
Date of appointment and term of appointment	March 29, 2023  Terms of appointment are to discharge the functions normally required to be executed by a CFO.	April 01, 2023  Mr. G B S Naidu has been designated as General Manager (Finance) in the Company. He has been holding the requisite qualification for occupying the position of Company Secretary
Brief profile	Mr. E Sairam is a qualified CPA (USA) from State Board of Accountancy, Arizona, USA, a Member of Institute of Company Secretaries of India (ICSI), Law graduate from Osmania University, Hyderabad; and a Chartered Accountant. He is having a dynamic and versatile leader with more than 30 years of commendable experience.	Mr. G B S Naidu is a qualified Cost Accountant, Company Secretary and also a Law graduate from Andhra University, Visakhapatnam, having experience of more than 31 years in finance, accounts and secretarial matters in various manufacturing and infrastructure companies.
Disclosure of relationships between directors	Mr. E. Sairam is not related to any of the Directors of the Company	Mr. G B S Naidu is not related to any of the Directors of the Company.



## V. General Meetings

(1) Shareholders meetings

(a) Annual General Meetings:

Financial Year	Date of meeting	Venue	Time
March, 2020	September 24, 2020	Meeting conducted through Video Conferencing ("VC")/ Other	
March, 2021	September 25, 2021	Audio Video Means ("OAVM") pursuant to the MCA and SEBI	4.00 pm
March, 2022	September 27, 2022	Circulars.	

(b) Extraordinary General Meeting: No extraordinary general meeting was held during the financial year 2022-23.

(c) Special Resolutions: The following special resolutions were passed at the previous annual general meeting:

S No.	Agenda item	Ascent / descent
01	Re-appointment of Mr. Karipineni Venkata Sriram (DIN: 00073911) as an Independent Director.	All special resolutions moved at the last years' AGM, were passed by means of electronic voting, by the requisite majority of votes.
02	Re-appointment of Mrs. Richa Datta (DIN: 08084501) as an Independent Director.	
03	Approval to borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.	
04	Authority under Section 180(1)(a) of the Companies Act, 2013 to sell, lease or otherwise dispose off, to mortgage/create charges on the properties of the Company.	
05	Approval for making investments / extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate u/s 186 of the Companies Act, 2013.	
06	Approval for loans, investments, guarantee or security u/s 185 of Companies Act, 2013.	
07	Authorization to enter into related party transaction.	

(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 Vinay Babu Gade, 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:

in lakhs

Particulars	Amount
Statutory audit	35.00
Certification fee	12.00
Total (excluding GST)	47.00

## 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 Andhra Jyothi in Telugu. The results are also displayed on the Company's website [www.hbl.in/investor](http://www.hbl.in/investor). Statutory notices are published in Financial Express in English and Andhra Jyothi 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 and Time)	September 28, 2023 at 4.00 PM The Ministry of Corporate Affairs and SEBI vide its relevant circulars, has permitted the holding of the Annual General Meeting through video-conferencing / other audio visual means ('VC / OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. (For details please refer to the Notice this AGM.) As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.
2.	Financial year and reporting	2022-2023
	First quarter ending 30.06.2022	August 06, 2022
	Half-year ending 30.09.2022	November 11, 2022
	Third quarter ending 31.12.2022	February 13, 2023
	Forth and annual audited results	Standalone and Consolidated : May 25, 2023
	Website where results displayed	<a href="https://hbl.in/Investors-Details.php">https://hbl.in/Investors-Details.php</a>
3.	Dates of book-closure and record date	Book-closure: 16.09.2023 to 28.09.2023 (both days inclusive) Record date: 15.09.2023
4.	Dividend recommended (subject to approval of shareholders at AGM)	Final Dividend: Recommended 45% on paid up equity share capital, subject to approval of members.
5.	Address for correspondence	<b>Registered office:</b> 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: <a href="mailto:contact@hbl.in">contact@hbl.in</a> ; <a href="mailto:investor@hbl.in">investor@hbl.in</a> <b>Secretarial office:</b> Kubera Towers, Block A, Tirumalagiri, Hyderabad – 500 015, Telangana. Phone : +91 – 04 – 2779 1641.
6.	Registrars for electronic transfer and physical transfer of shares	KFin Technologies Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032, Telangana Contact Person: B.Swati Reddy, Manager–Corporate Registry Phone nos. + 91-40-67161530 E-mail : <a href="mailto:mailmanager@karvy.com">mailmanager@karvy.com</a>
7.	Manufacturing facilities	<ol style="list-style-type: none"> <li>1. Aliabad, Shameerpet, RR Dist., Telangana</li> <li>2. Nandigoan, Kothur, Mahabubnagar Dist., Telangana</li> <li>3. Kandivalasa, Posapatirega, Vizainagaram, Andhra Pradesh</li> <li>4. VSEZ, Visakhapatnam, Andhra Pradesh</li> <li>5. Thumkunta, Shameerpet, RR Dist, Telangana</li> <li>6. Narsaraopeta, Guntur Dist., Andhra Pradesh</li> </ol>
8.	Listing on Stock Exchanges	BSE Limited (BSE) National Stock Exchange of India Limited (NSE)
9.	Scrip Code	BSE: 517271 and NSE: HBLPOWER
	ISIN number	INE 292BO1021
	Corporate Identity Number (CIN)	L40109TG1986PLC006745



10.	Investors / Analyst Meets	The Company calls or organizes meetings with investors/analysts on request. Post the quarterly results meeting is organized which provides a platform for the management to answer questions and provide clarifications to investors / analysts. The Company continues to communicate with all types of funds and investors in order to have diversified shareholders. Financial Results, Statutory Notices and Presentations made to the investors / analysts after the declaration of the results are submitted to NSE and BSE as well as uploaded on the Company's website : <a href="https://hbl.in/reports/investor-presentation.pdf">https://hbl.in/reports/investor-presentation.pdf</a>
11.	Dividend payment date	After September 28, 2023 i.e. after approval of members.
12.	Electronic Communication	During FY 2022-23 various communications, including Annual Reports were sent by email to those shareholders whose email addresses were registered with the Company/ Depositories. In support of the 'Green Initiative' the Company encourages members to register their email address with their Depository Participant or the Company, to receive soft copies of the Annual Report, Notices and other information disseminated by the Company.

### VIII. Category of shareholding

S. No.	Category	As on March 31, 2022		As on March 31, 2023	
		No of shares	%	No of shares	%
I	PROMOTERS				
A	Individuals	2,13,93,317	7.72	2,13,93,317	7.72
B	Body Corporate	14,20,70,777	51.25	14,23,75,777	51.36
	Total I	16,34,64,094	58.97	16,37,69,094	59.08
II	PUBLIC				
A	Institutions				
a.	Venture Capital Funds	2,58,42,240	9.32	-	0.00
b.	Foreign venture Capital and portfolio Investors	2,53,66,237	9.15	25,32,946	0.91
c.	Financial Institutions / Banks and others	5,000	0.01	38,500	0.02
	Total II (A)	5,12,13,477	18.48	25,71,446	0.93
B	Non-Institutions				
a.	Individuals	5,67,66,494	20.48	9,51,51,773	34.33
b.	Non-Resident Indians	20,74,244	0.75	32,23,755	1.16
c.	Body corporate, trusts	22,82,384	0.82	67,66,170	2.44
d.	IEPF	9,72,210	0.35	9,72,210	0.35
e.	Others	4,22,043	0.15	47,40,498	1.71
	Total II (B)	6,25,17,375	22.55	11,08,54,406	39.99
	Total II = (A)+(B)	11,37,30,852	41.03	11,34,25,852	40.92
	Grand total (I + II)	27,71,94,946	100.00	27,71,94,946	100.00




**IX. Distribution Schedule (based on folios, not consolidated on the basis of PAN):**

S.No	Category	No of Shareholders		% of Shareholders		No. of shares		% to total equity	
		March, 2022	March, 2023	March, 2022	March, 2023	March, 2022	March, 2023	March, 2022	March, 2023
1	1-5000	1,42,438	1,72,158	98.93	98.46	3,56,16,710	4,71,76,802	12.85	17.02
2	5001- 10000	880	1,427	0.61	0.82	66,66,797	1,07,03,862	2.41	3.86
3	10001- 20000	372	634	0.26	0.36	53,84,971	91,25,850	1.94	3.29
4	20001- 30000	123	255	0.09	0.14	30,29,919	63,40,616	1.09	2.29
5	30001- 40000	50	88	0.03	0.05	17,49,135	30,76,427	0.63	1.11
6	40001- 50000	31	79	0.02	0.04	14,53,599	36,96,564	0.52	1.33
7	50001- 100000	56	114	0.04	0.07	39,86,563	83,68,785	1.44	3.02
8	100001& Above	34	99	0.02	0.06	21,93,07,252	18,87,06,040	79.12	68.08
Total:		1,43,984	1,74,854	100.00	100.00	27,71,94,946	27,71,94,946	100.00	100.00

**X. Top ten shareholders as on March 31, 2023 (other than promoters / promoters group)**

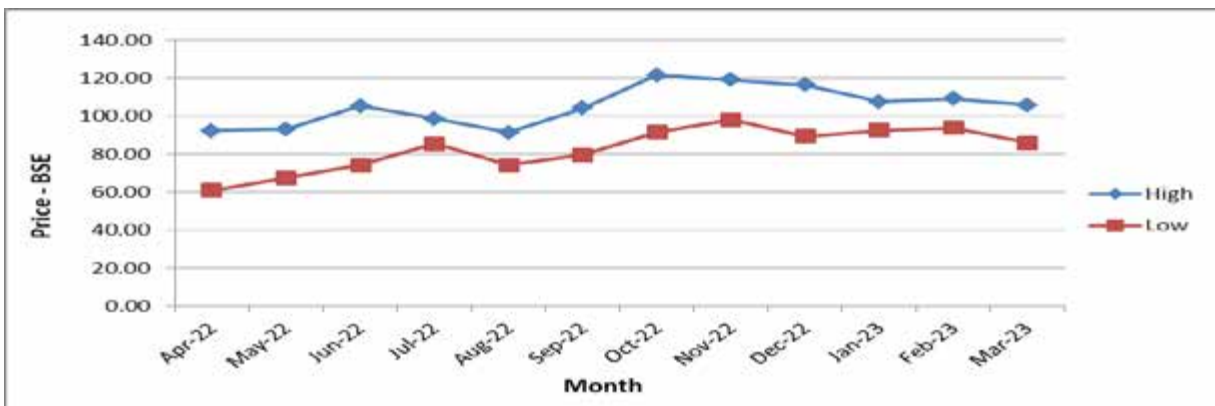
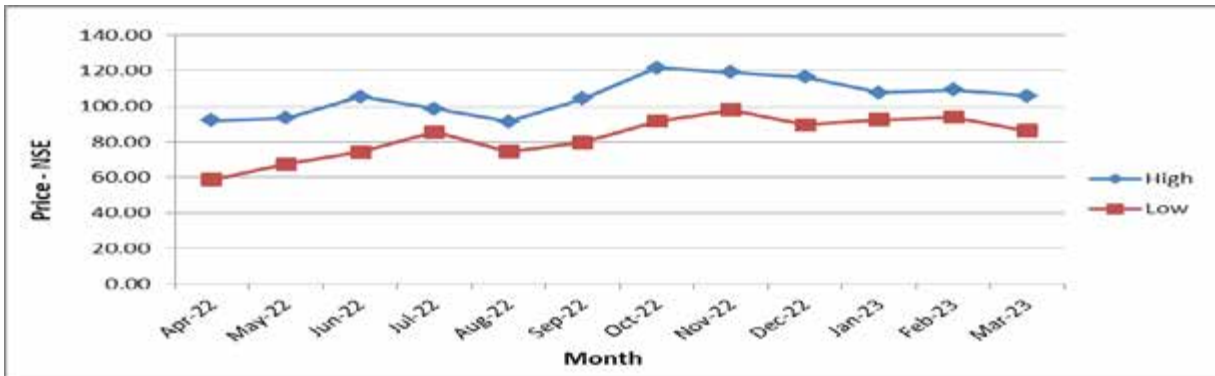
SI No	Name of the shareholder - PAN based Shareholding	No. of Shares	% holding
1	Anant Jain	19,59,696	0.71
2	Zaki Abbas Nasser	15,75,000	0.57
3.	Investor Education And Protection Fund	9,72,210	0.35
4.	Yachna Bhatia	7,37,907	0.27
5.	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc.	7,24,991	0.26
6.	Ficom Advisory LLP	7,00,000	0.25
7.	Hitesh Narsinhbhai Patel	6,93,000	0.25
8.	Marfatia Stock Broking Pvt Ltd	6,55,000	0.24
9.	Shreekant Phumbhra	6,10,000	0.22
10.	Suvarna Kumari Agrawal	6,00,000	0.22

**XI. Stock market data during 2022-23**
**a. Monthly high and low stock price and number of equity shares traded during financial year 2022-23 on NSE and BSE:**

Month	National Stock Exchange			BSE Limited		
	Price		No. of shares traded	Price		No. of shares traded
	High	Low		High	Low	
Apr-2022	92.20	58.65	16,21,31,090	92.25	61.00	1,93,10,707
May-2022	93.35	67.40	11,90,77,670	93.30	67.50	1,89,25,397
Jun-2022	105.40	74.20	17,93,99,008	105.40	74.25	1,96,44,289
Jul-2022	98.75	85.60	6,86,23,273	98.70	85.65	69,83,712
Aug-2022	91.50	74.50	6,76,51,736	91.50	74.15	97,17,034
Sep-2022	104.30	79.65	22,16,22,574	104.35	79.65	2,65,65,888
Oct-2022	121.75	91.60	13,23,72,411	121.80	91.65	1,01,95,433
Nov-2022	119.15	98.00	9,68,12,973	119.15	98.15	92,74,980
Dec-2022	116.60	89.60	5,10,96,678	116.55	89.50	56,48,763
Jan-2023	107.80	92.60	2,69,29,303	107.75	92.65	32,41,647
Feb-2023	109.25	93.80	4,63,61,285	109.25	93.85	60,52,622
Mar-2023	105.90	86.15	3,23,47,679	105.90	86.10	32,06,950



b. Share price movement during the financial year



c. Market capitalization:



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 to the registered email ID of the members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants and sent to the registered address of the member. 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 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 2018, 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](http://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 strongly recommends shareholders to encash / claim their respective dividend within the period given below from the Company's Registrar and Share Transfer Agents:

AGM / Board in which declared	Financial year	Date of declaration	Rate of dividend	Total dividend declared ₹	Unclaimed dividend as on 31.03.2023 ₹	Due for transfer to IEPF
30 <sup>th</sup>	2015-16	29.09.2016	25%	6,32,50,000	6,41,124.00	05.11.2023
31 <sup>st</sup>	2016-17	26.09.2017	25%	6,93,01,502	6,45,352.00	02.11.2024
32 <sup>nd</sup>	2017-18	27.09.2018	25%	6,92,98,737	5,72,455.00	03.11.2025
33 <sup>rd</sup>	2018-19	26.09.2019	30%	8,31,58,484	7,99,311.20	02.11.2026
Interim	2019-20	18.02.2020	20%	5,54,38,989	8,56,453.40	26.03.2027
34 <sup>th</sup> Final	2019-20	24.09.2020	10%	2,77,19,946	2,58,003.40	30.10.2027
35 <sup>th</sup>	2020-21	25.09.2021	35%	9,70,18,231.10	11,92,572.45	31.10.2028
36 <sup>th</sup>	2021-22	27.09.2022	40%	11,08,77,978.40	8,84,936.80	31.10.2029

Whilst the Company's Registrar has already written to the Members informing them about the due dates for transfer to IEPF for unclaimed dividends/interest payments, attention of the stakeholders is again drawn to this matter through the Annual Report. Investors who have not yet encashed their unclaimed/unpaid amounts are requested to correspond with the Company's Registrar and Transfer Agents, at the earliest.

### XIV. Share transfer system

All transfer, transmission or transposition of securities, are conducted in accordance with the provisions of Regulation 40, Regulation 61 and Schedule VII of the SEBI Listing Regulations, read together with relevant SEBI Circulars. In terms of the SEBI Listing Regulations, securities of the Company can only be transferred in dematerialized form. Further, SEBI vide its Circular No. SEBI/HO/MIRSD\_RTAMB/P/CIR/2022/8 dated January 24, 2022, mandated all the listed companies to issue securities in dematerialised form only, while processes the service request for issue of duplicate securities certificates, renewal/ exchange of securities certificate, claim from Unclaimed Suspense Account, endorsement, sub-division/ splitting of securities certificate, consolidation of folios, transmission and transposition.

In view to the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, members are advised to dematerialize the shares held by them in physical form. Members can contact the Company's Registrar and Transfer Agent (RTA), for assistance in this regards. Also, share transactions in electronic form can be effected in a much simpler and faster manner.

### XV. Dematerialization of shares and liquidity:

Depository	No of Share Holders		No of shares		% of Total Issued Capital	
	March, 2022	March, 2023	March, 2022	March, 2023	March, 2022	March, 2023
CDSL	1,06,548	1,27,399	2,93,03,455	5,08,66,719	10.57	18.35
NSDL	35,388	45,461	24,54,36,847	22,39,44,763	88.54	80.79
Physical	2,048	1,994	24,54,644	23,83,464	0.89	0.86
Total	1,43,984	1,74,854	27,71,94,946	27,71,94,946	100.00	100.00



The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 99.14% of the Company's equity share capital are dematerialized as on March 31, 2023. 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.

The Company has not issued GD₹, AD₹, Warrants or Convertible Instruments etc.

## XVI Website

Appropriate information on the Company's website, regarding key policies, codes and charters, adopted by the Company:

Name of Policy, Code or Charter	Brief Description	Web Link
Board Committees	The composition of various committees of the Board	<a href="https://hbl.in/reports/CompositionofCommittees.pdf">https://hbl.in/reports/CompositionofCommittees.pdf</a>
Code of Conduct	Represents the values and core principles that guide the conduct of every HBL business. The Code lays down the ethical standards that HBL colleagues need to observe in their professional lives.	<a href="https://hbl.in/reports/code_of_conduct_directors.pdf">https://hbl.in/reports/code_of_conduct_directors.pdf</a>
Whistleblower Policy (Vigil Mechanism)	The Whistleblower policy has been formulated for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Policy on Related Party Transactions	The Company has in place a Policy on Related Party Transactions setting out: (a) the materiality thresholds for related parties; and (b) the manner of dealing with transactions between the Company and related parties, including omnibus approvals by Audit Committee based on the provisions of the Act and Regulation 23 of the SEBI Listing Regulations.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Policy for determining Material Subsidiaries	This policy is determine material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide governance framework for them.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Familiarization Programme	For IDs through various programmes/ presentations	<a href="https://hbl.in/reports/Familiarization-Programmefor-IndependentDirectors.pdf">https://hbl.in/reports/Familiarization-Programmefor-IndependentDirectors.pdf</a>
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to bring about a positive impact on society through programmes focusing on Health, Education, Employability and Environment interventions for relevant target groups, ensuring diversity and giving preference to needy and deserving communities inhabiting urban India.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Policy on determination of Materiality for Disclosure of Event / Information	This policy pursuant to the Regulation 30 of the SEBI Listing Regulations applies to disclosures of material events affecting the Company and its subsidiaries. This policy is in addition to the Company's corporate policy.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Dividend Distribution Policy	This policy pursuant to the Regulation 43A of the SEBI Listing Regulations outlines the financial parameters and factors that are to be considered whilst declaring dividend	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>





Policy on Prevention of Sexual Harassment at Workplace	This policy applies to all categories of employees of the Company, including permanent management and workmen, temporaries, trainees and employees on contract at their workplace or at client sites. The Company will not tolerate sexual harassment, if engaged in by clients or by suppliers or any other business associates.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Code for Prohibition of Insider Trading	Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended (hereinafter referred to as "PIT Regulations") requires inter alia every listed company and board of directors or heads of every intermediary shall ensure that the Chairman and Managing Director or the Whole Time Director to formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations and enforce a code of internal procedures and conduct based on the Model Code in accordance with the Regulations. Further, Regulation 7 of the PIT Regulations requires every promoter, member of the promoter group, key managerial personnel, directors and connected person of listed companies to disclose their shareholdings and changes to such shareholding to the respective companies.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Policy for procedure of inquiry in case of leak of UPSI	Securities and Exchange Board of India ("SEBI"), vide its notification dated January 15, 2015, had issued SEBI (Prohibition of Insider Trading) Regulations, 2015 and further amended the same vide its notification dated July 17 2020, the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 ("collectively known as PIT Regulations"). As per Regulation 9A of the PIT Regulations, the Board of Directors ("Board") is required to formulate a written policy and procedure for inquiry in case of leak of Unpublished Price Sensitive Information ("UPSI") and initiate appropriate action on becoming aware of leak of UPSI and inform the Board promptly of such leaks, inquiries and results of such inquiries.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>
Archival Policy for any Material Event / Information disclosed to the Stock Exchanges	This Policy is framed pursuant to Regulation 30 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) as amended from time to time and in force for the time being. The purpose of this Policy is to archive any of the material events or information which was disclosed by the Company to the Stock Exchanges during the previous five years in terms of Regulation 30 of the Listing Regulations and placed on Company's website.	<a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a>

#### **XVII. 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.

#### **XVIII. 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.

#### **XIX. 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.

For and on behalf of the Board

Place: Hyderabad

Date: August 11, 2023

**Dr Aluru Jagadish Prasad**  
Chairman & Managing Director



## 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, 2023.

For and on behalf of the Board

Place: Hyderabad  
Date: August 11, 2023

**Dr Aluru Jagadish Prasad**  
Chairman & Managing Director

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## CEO AND CFO CERTIFICATION

We, Dr. Aluru Jagadish Prasad, Chairman and Managing Director and Mr. E Sairam, 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 Aluru Jagadish Prasad  
Chairman and Managing Director

E. Sairam  
Chief Financial Officer

Place: Hyderabad  
Date: August 11, 2023



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

To

The Members of

**M/s HBL Power Systems Limited**

Hyderabad

I have examined all applicable records of HBL Power Systems Limited, Hyderabad 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, 2023. 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, 2023.

In 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.

Vinay Babu Gade

Company Secretary in Practice

MS No. A20592; CP No.20707

UDIN:A020592E000801317

PR No: 3047/2023

Place: Hyderabad



CORPORATE  
OVERVIEW



STATUTORY  
REPORTS



FINANCIAL  
STATEMENTS



# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1. Corporate Identity Number (CIN) of the Listed Entity	L40109TG1986PLC006745
2. Name of the Listed Entity	HBL Power Systems Limited
3. Year of Incorporation	1986
4. Registered office address	No. 8-2-601, Road No.10, Banjara Hills, Hyderabad- 500 034, Telangana, India.
5. Corporate address	No. 8-2-601, Road No.10, Banjara Hills, Hyderabad- 500 034, Telangana, India.
6. E-mail	contact@hbl.in; investor@hbl.in
7. Telephone	+040-23355575
8. Website	https://hbl.in/
9. Financial year for which reporting is being done	FY 2022-23
10. Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited(NSE), BSE Limited (BSE)
11. Paid-up Capital	₹ 27,71,94,946
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report	E Sairam (CFO), Email – <a href="mailto:sairam.e@hbl.in">sairam.e@hbl.in</a> Telephone - 04066167777
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosures under this report are made on Standalone basis.

### II. Products/services

#### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the Entity
1.	Manufacturing	Batteries	86.68%
2.	Manufacturing	Electronics	10.88%

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/Service	NIC Code	% Of total Turnover contributed
1	<ul style="list-style-type: none"> <li>Lead Acid Batteries</li> <li>Nickel Cadmium Batteries</li> <li>Defense Batteries</li> </ul>	27201	86.68%
2	<ul style="list-style-type: none"> <li>Chargers</li> <li>Railway Electronics</li> <li>TMS / TCAS (KAVACH)</li> </ul>	28299	10.88%



### III. Operations

#### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	7	22	29
International	0	0	0

#### 17. Markets served by the entity:

##### a. Number of locations

Location	Number
National (No. of States and Union Territories)	36
International (No. of Countries)	46

**b. What is the contribution of exports as a percentage of total turnover of the entity?** 15.44 %

##### c. A brief on types of customers

HBL provides battery and engineering solutions and services to many of the world's leading system integrators, EPC's, railway, aviation and defense sector. We also enjoy long-term relationships with Government customers in India including the Indian Airforce, Indian Navy and MOD labs. HBL has enjoyed a long-term strategic relationship with Indian Railways where we have gained certification to deploy safety critical systems.

We are committed to evolve and serve our customers by providing innovative solutions to satisfy the changing and demanding needs. We have regional support offices in the EU and USA to ensure we can support our customers on a timely basis and that we can fully understand their technical and business environment.

### IV. Employees

#### 18. Details as at the end of Financial Year i.e.

##### a. Employees (including differently abled):

S. No.	Particulars	Total		Male (%)		Female (%)		Other (%)	
		Nos		Nos	%	Nos	%	Nos	%
1	Permanent	1720		1623	94	97	6	0	0
2	Other than Permanent	0		0		0		0	
3	Total	1720		1623	94	97	6	0	0
<b>Differently abled Employees:</b>									
1	Permanent	12		12	100	0		0	
2	Other than Permanent	0		0		0			0
3	Total	12		12	100	0			0




**b. Categories of workmen (including differently abled):**

S. No.	Particulars	Total No. of Workmen		Male (%)		Female (%)		Other (%)	
		No.	%	No.	%	No.	%		
1	Permanent	The company does not have any workmen on its rolls.							
a.	Unskilled								
b.	Semi-skilled								
c.	Skilled								
d.	Highly Skilled								
2	Other than Permanent#								
a.	Unskilled	2145	NA		NA		NA		NA
b.	Semi-skilled	803	NA		NA		NA		NA
c.	Skilled	416	NA		NA		NA		NA
d.	Highly Skilled	118	NA		NA		NA		NA
	<b>Total</b>	<b>3482</b>	<b>NA</b>		<b>NA</b>		<b>NA</b>		<b>NA</b>

# The company does not have any workmen on its rolls, the above data is in respect of workmen hired through sub-contract.

**19. Participation/inclusion/representation of women**

	Total	No. of Females (including differently abled)		No. of Females who are differently abled persons	
		No.	%	No.	%
Board of Directors	7	3	42.86%	0	-
Key Management Personnel	3	0	0.00%	0	-

\* Key Management Personnel includes Chief Financial Officer and above

**20. Turnover rate for permanent employees and Workers**

	FY '23 (Turnover rate)			FY '22 (Turnover rate)			FY '21 (Turnover rate)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13.8 %	1.8 %	15.6 %	12.00%	1.98%	13.98%	14.30%	1.98%	16.28%
Permanent Workers#	NA	NA	NA	NA	NA	NA	NA	NA	NA

# The company does not have any workers on its rolls.

**V. Holding, subsidiary and associate companies (including joint venture)**
**21. a. Name of the holding / subsidiary / associate companies / joint ventures (A) –**

Please refer to Form AOC-1 annexed to the Financial Statements for the above information.

The Company's subsidiaries and associate company do not participate in its Business Responsibility initiatives.

**VI. CSR details**
**22. Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes**

- i. Turnover: ₹13,4974.91 Lakhs
- ii. Net worth: ₹95571.98 Lakhs



## VII. Transparency and Disclosures Compliances

### 23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy)	FY ' 23			FY ' 22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes <a href="http://www.hbl.in/contactus.html">http://www.hbl.in/contactus.html</a>	0	0		0	0	
Investors (other than shareholders)	NA	NA	NA	NIL	NA	NA	NIL
Shareholders#	Yes <a href="https://hbl.in/reports/Contact-information.pdf">https://hbl.in/reports/Contact-information.pdf</a>	0	0		0	0	
Employees and workers	Yes	0	1		0	1	
Customers	Yes <a href="http://www.hblbatteries.com/">http://www.hblbatteries.com/</a>	0	4		0	4	
Value Chain Partners	Yes <a href="http://www.hbl.in/contactus.html">http://www.hbl.in/contactus.html</a>	0	2		0	2	

# The above table only includes complaints/grievances lodged officially with the company or on the SEBI website. The company has a mechanism in place to address the general concerns of information and queries of its shareholders.

### 24. Overview of the entity's material responsible business conduct issues: Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate positive/negative implications)
1.	Disaster recovery	Risk	<ul style="list-style-type: none"> <li>Business interruption due to natural calamities like earthquakes, cyclones, floods, etc.</li> <li>Inadequate disaster recovery planning</li> <li>Business Interruption due to pandemics.</li> </ul>	<ol style="list-style-type: none"> <li>Adequate protection against calamities including appropriate insurance.</li> <li>Introduced additional mitigation to overcome interruptions due to pandemic situations.</li> <li>Speed to market</li> </ol>	Disruption to business operations lead to negative financial implication





S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate positive/negative implications)
2.	Health, safety and environment	Risk	<ul style="list-style-type: none"> <li>Non-compliance with safety measures by employees</li> <li>Non-awareness of hazardous nature of chemicals</li> </ul>	<ol style="list-style-type: none"> <li>Strict adherence to prescribed health and safety norms.</li> <li>Focus on reducing the generation of effluent and arresting at the source</li> <li>Detailed SOP, employee training &amp; adherence followed strictly</li> <li>Medical check-up as per Govt. Regulations</li> </ol>	Incidents impact employee morale and business reputation leading to negative financial implication
3.	Climate change	Opportunity	The potential carbon routes for reducing GHG emissions offer distinct operational and energy supply opportunities	<ol style="list-style-type: none"> <li>Clean energy integration in existing electric networks</li> <li>Investment of capital in assets that will increase fuel efficiency and reduce emissions.</li> </ol>	Initiatives taken around climate change has a positive implication towards business
4.	Intellectual property	Risk	<ul style="list-style-type: none"> <li>Leakage of confidential information</li> <li>IP rights clashes can happen in collaborative research projects</li> <li>IP infringement actions from outside firms</li> </ul>	<ol style="list-style-type: none"> <li>IPR filing</li> <li>Regular awareness sessions</li> <li>Consultation with experienced attorneys</li> <li>Data exchange with vendors/customer only through secured mode</li> <li>Focus on system security and data integrity.</li> </ol>	Impacts the brand reputation in the industry thereby leading to financial loss
5.	Innovation	Risk	Risk of better solutions that meet new requirements, technological advancements, upgradation or existing market needs	<ol style="list-style-type: none"> <li>Structured technology development projects</li> <li>New focus areas are identified to develop future capability needs</li> </ol>	Innovation in the industry may impact the business negatively if not considered immediately
6.	Training and education	Opportunity	Skilled employees and workers form an asset to the Company. The highly trained employees and worker perform their tasks more efficiently, in less time and with less chances of injury	<ol style="list-style-type: none"> <li>Providing a needs-based and innovative range of training courses, notably in forward-thinking fields of expertise like digitalization</li> <li>Attracting and developing the right talent, ensuring professional development and personal well-being throughout their tenure with the Company</li> </ol>	Consistent efforts would lead to positive impact due to improvement in productivity, reduction in defects, etc.



S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate positive/negative implications)
7.	Maintenance	Risk	Risk of sub-optimal maintenance plan due to inadequate reporting systems resulting in un-economical maintenance costs	A detailed analysis of the reporting systems and their impact on maintenance planning is conducted. This also involves enhancing data collection processes, and ensuring that maintenance decisions are based on accurate and up-to-date information.	Financial losses due to operational disruptions, increased maintenance expenses, and potential penalties for not meeting contractual obligations.
8.	Data protection	Risk	<ul style="list-style-type: none"> <li>Risk of confidential data leakage via USB drives/flash drives</li> <li>Exposure of Company data because of work from home and access to respective data</li> </ul>	<ol style="list-style-type: none"> <li>All privileged system access are reviewed periodically &amp; data leakage prevention (DLP) system are implemented at these equipment</li> <li>Restricted data access control &amp; VPN access for work from home activities</li> </ol>	Impacts the brand reputation in the industry thereby leading to financial loss
9.	Pollution free environment	Risk	Failure to provide a safe working environment exposes HBL to compensation liabilities, sub-optimal productivity, loss of business reputation and other costs	<ol style="list-style-type: none"> <li>All the necessary pollution control norms for air, noise etc. are followed</li> <li>Disposal of hazardous waste is monitored within permissible limits</li> </ol>	Incidents impact business reputation leading to negative financial implication
10.	Sustained performance & quality	Risk	<ul style="list-style-type: none"> <li>Risk of customer being lost, in course of business</li> <li>Dissatisfaction amongst the customer due to lack of attention, focus, etc.</li> </ul>	<ol style="list-style-type: none"> <li>Enhancing customer satisfaction through timely deliveries with minimal complaints.</li> <li>Coefficient - alignment in strategies, partner of choice</li> <li>Providing end to end solutions, business model</li> </ol>	Impacts the brand reputation in the industry thereby leading to financial loss
11.	Brand risk/reputation	Risk	<ul style="list-style-type: none"> <li>Risk of threat or danger to the name or standing of business or entity</li> <li>Actions involving the Company directly or indirectly may damage the brand name</li> </ul>	<ol style="list-style-type: none"> <li>Worldwide brand-building activities are an ongoing process</li> <li>Participation in exhibition and trade fairs</li> <li>Good reputation and relations with major trade companies</li> </ol>	Impacts the brand reputation in the industry thereby leading to financial loss





## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains
P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>POLICY AND MANAGEMENT PROCESSES</b>									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web link of the policies, if available	Policies on HR, ISO, CSR, Insider Trading, Related Party etc. are available on links such as: <a href="https://hbl.in/Vision-Mission.html">https://hbl.in/Vision-Mission.html</a> <a href="https://hbl.in/External-Provider-Code-of-Conduct-HBLR2.pdf">https://hbl.in/External-Provider-Code-of-Conduct-HBLR2.pdf</a> <a href="https://hbl.in/reports/HBL-Policies.pdf">https://hbl.in/reports/HBL-Policies.pdf</a> <a href="http://cs.hbl.in/docs/batteries/lead/dosdents.pdf">http://cs.hbl.in/docs/batteries/lead/dosdents.pdf</a> <a href="https://hbl.in/general-terms-and-conditions-03052021.pdf">https://hbl.in/general-terms-and-conditions-03052021.pdf</a> <a href="https://hbl.in/Investors.html">https://hbl.in/Investors.html</a> <a href="https://hbl.in/Environment.html">https://hbl.in/Environment.html</a> <a href="https://hbl.in/Corporate-Social-Responsibility.html">https://hbl.in/Corporate-Social-Responsibility.html</a> <a href="http://cs.hbl.in/nologinmsourcontacts.asp">http://cs.hbl.in/nologinmsourcontacts.asp</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/ No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name the national and international codes/ certifications/ labels/ standards	Ya	Yb	Yc	Yd	Ye	Yf	Yg	Yh	Yi

Company has obtained 9 certifications under national and international codes/ certifications/ labels/standards

- a. HBL Code of conduct
- b. Quality systems -
  - Shamirpet campus is the only NABL accredited laboratory in India (as per ISO 17025) with the facility and capability of testing all the applicable tests of IEC 60623: 2017, IEC 62259: 2003, IEC 60896:2004 and IEC 61427:2013IATF 16949:2016.
  - ISO 9001-2015, ISO14001-2015, ISO 45001-2018, and ISO 22163-2017 – IRIS- Rev 3 (Railway business) and AS 9100D (Aviation, Space and Defence Organisations)
  - HBL's TCAS system is certified for SIL4 by ItalCertifer, a European safety assessment agency, empaneled by RDSO in India.
  - HBLs TMS System is certified for SIL2 by Bureau Veritas Spain.



c. ISO 45001:2018 (Environment Management System Certification), CPCB certificate No. 452686543742529144

5. Specific commitments, goals, targets set by the entity with defined timelines, if any.	Roadmap with specific goals and targets are under development. Once they are in place, respective milestones and timelines would be setup and monitored for their progress.
6. Performance of the entity against specific commitments, goals and targets along with reasons in case the same are not met.	HBL Power Systems Limited ESG Roadmap with specific commitments, goals and targets is under development. This would be published after approval from Board's ESG Committee and measured in the coming year.

### GOVERNANCE, LEADERSHIP AND OVERSIGHT

7. Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

"ESG Committee at the board level oversees the ESG / Sustainability initiatives of the company. Roadmap with specific goals and targets are under development. Once they are in place, implementation of actions would be monitored for their progress and updates shared with all the stakeholders on a periodical basis."

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	The ESG Committee aims to continuously evaluate the Company's social, environmental, governance, and economic obligations.
9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability related issues? (Yes / No). If yes, provide details.	Yes. The ESG Committee is set up on August 11, 2023, with the aim of continuously evaluating the Company's social, environmental, governance, and economic obligations. Further details regarding the ESG Committee are provided in the Director's Report section in the Annual Report.

### 10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee	Frequency (Annually / Half Yearly / Quarterly / Any other – please specify)
	P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9	P 1 P 2 P 3 P 4 P 5 P 6 P 7 P 8 P 9
Performance against above policies and follow-up action	The ESG Committee reviews the Company's policies every year. During this evaluation, the policy's effective implementation is assessed, and required policy and procedure adjustments are adopted.	Annually
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all legal responsibilities that are relevant to the principles, and in case of any non-compliances, the ESG committee looks into and rectifies the issues.	Annually

11. Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.

Yes. The Policies on Quality, Safety, Health and Environment are subject to internal and external audits as part of the ISO Systems certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism. Bureau Veritas Industrial Services is the agency that carries out these assessments.

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Not applicable as all principles are covered by respective policies





## SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as “Essential” and “Leadership”. While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

#The disclosures made in the following principles have been compiled based on the data for 3 manufacturing locations that contribute to 79.19% of the turnover of the Company.

### PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

#### ESSENTIAL INDICATORS

- Percentage coverage by training and awareness programmes on any of the principles during the financial year.

Segment	Total number of training and awareness programmes held	Topics/principles covered Under the training and its impact	% Of persons in respective category covered by the awareness programmes
Board of Directors & Key Managerial Personnel (KMP)	3	ESG / Sustainability initiatives of the company	90
Employees other than Board of Directors or KMPs	40	Health, Safety and Skill Upgradation programs, Awareness on OHSAS 45001:2015,QMS (ISO 9001:2015),EMS (ISO 14001:2015),Total Quality Management ( TQM)	41
Workers		The company does not have any workers on its rolls.	

Note: KMPs include Chief Financial Officer and above.

- Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):

No fines/penalties/punishment/award/compounding fees/settlement amount were paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year.

- Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Not Applicable

- Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, HBL has zero tolerance for any form of corruption or bribery, and has an Anti-Corruption and Anti Bribery Policy which commands strict actions against anyone caught engaging in such unethical behaviour. The policy applies to all employees of the Company, its subsidiaries, joint ventures, and affiliates at all levels and in all locations around the world. In every sector of action, all employees are required to act with the utmost honesty. All of the Company's facilities must adhere to a variety of anti-bribery and anti-corruption laws and regulations. All agents, suppliers, contractors, and business partners are informed of the Company's zero- tolerance policy to bribery and corruption during the commencement of the Company's business engagement with them.

Wherever it operates, the Company maintains the highest standards and does not tolerate bribery or corruption. The policy can be accessed at <https://hbl.in/general-terms-and-conditions-03052021.pdf> and <https://hbl.in/External-Provider-Code-of-Conduct-HBLR2.pdf>

- Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:



No disciplinary action was taken by any law enforcement agency against any of the Company's Directors, KMPs, employees, or workers for the charges of bribery or corruption.

6. Details of complaints with regard to conflict of interest:

No complaints with regard to conflict of interest in the reporting period.

7. Provide details of any corrective action taken or under way on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable.

**LEADERSHIP INDICATORS**

i. Awareness programs conducted for value chain partners on any of the principles during the financial year.

NIL

ii. Does the entity have processes in place to avoid/manage conflict of interests involving members of the board? (Yes/No)

If yes, provide details of the same.

Yes, HBL has processes in place to avoid/manage conflict of interests involving members of the board and it is as per the Terms of Appointment of Directors to Board. The Company's Code of Conduct states that the Board members and Senior Management of the Company are needed to abstain themselves from discussion, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest.

**PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe**

**ESSENTIAL INDICATORS**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	0	0	NA
Capex	1.12	0.92	Procurement of new equipment for pollution control like scrubber, installation of the chimney for fume extraction at Vizianagaram and Shameerpet. Projects for safety of employee and community, climate change, circularity harnessing solar energy into electricity

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes, the company has developed a supplier sustainability process for vendor selection. This includes various principles and guidelines viz., safety, health and environmental policy, legal compliance, adherence to ISO certification etc., The company has started carrying out a sustainability assessment of its key suppliers and communicates areas of further improvements to reinforce sustainability principles.

b. If yes, what percentage of inputs were sourced sustainably?

Around 30%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging), (b) E-waste, (c) Hazardous waste, and (d) other waste.

At our manufacturing units, we prioritize the safe and responsible disposal of waste, including both hazardous and nonhazardous materials.

Plastic waste – it has been categorised into two types – 1. Scrap generated during the process; 2. Material received from the customers as part of buyback policy (used/life expired batteries). The plastic waste has been reprocessed as per the SOP and the same is used as raw material for manufacturing of plastic containers.

E Waste – all e waste generated is hand over to certified vendors for safe disposal.





Hazardous waste – Hazardous waste is categorised as per the Rules and is sent to authorised recyclers approved by PCB.

HBL is also having internal recycling facility approved by PCB for recycling of Nickel cadmium/Lead Acid/Silver zinc batteries.

Non hazardous waste – The non-hazardous waste like paper, food waste, packaging waste, wooden waste etc., are disposed through recyclers/for cattle feeding.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes.

However, EPR is applicable from FY 23-24 and our waste collection plan is in line with the Extended Producer Responsibility. HBL is certified by CPCB as register registered producer vide certificate No. 452686543742529144 dated 10/06/2023.

### LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format:

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/ No) If yes, provide the web-link.
27201	Nickel Cadmium Pocket Plate Battery	12.04%	Cradle to Gate	Yes	No
27201	Lead Acid Battery	39.68%	Cradle to Gate	Yes	No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Nickel Cadmium Pocket Plate Battery	We have conducted the cradle-to-gate life cycle GHG impact assessment of both products. We have estimated the emission of GHGs during the extraction of raw materials, transportation and usage phase, but no significant risk/concern has been identified.	In house recycling facility available
Lead Acid Battery		In house recycling facility available.

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Lead (SMB)	8.90%	5.70%
Nickel	11.69%	10.50%
Cadmium	4.14%	0.25%

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:



	FY 22-23 Current Financial Year			FY 21-22 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	138.50 Tons	0	0	114.30 MT	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0.60 MT	0	0	0
Other waste	0	0	1.80 MT (Waste Oil)	0	0	2.66 MT (Waste Oil)

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NOT APPLICABLE	

### PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

#### ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees % Of employees covered by

Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>PERMANENT EMPLOYEES</b>											
Male	921	921	100	921	100	0	0	-	-	0	0
Female	49	49	100	49	100	49	100	-	-	49	100
<b>Total</b>	<b>970</b>	<b>970</b>	<b>100</b>	<b>970</b>	<b>100</b>	<b>49</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>100</b>

#### OTHER THAN PERMANENT EMPLOYEES – N.A.

- b. Details of measures for the well-being of workers % Of workers covered by#

Category	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)

#### PERMANENT WORKERS – N.A

#### OTHER THAN PERMANENT WORKERS – N.A.

#The company does not have any workers on its rolls.

2. Details of retirement benefits for the current and previous financial year

All benefits as per various employment acts are given to employees

Benefits	FY '23			FY '22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers#	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	95	0	Y	95	0	Y
ESI	100	100	Y	100	100	Y

#The company does not have any workers on its rolls. The data in the table above is reported based on the companies policy of ensuring that the sub-contractors for provision labour / workmen must comply with the requirements of PF and ESI.





3. Accessibility of workplaces:

Are the premises/offices of the entity accessible to differently abled employees and workers as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. The Company's various locations, including the offices/premises have been equipped with ramps, lifts, and handrails for stairwells to facilitate the movement of differently abled individuals. Thus, Company's premises has been made access friendly.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

HBL provides equal employment opportunities, without any discrimination on the grounds of age, colour, disability, marital status, nationality, race, religion, sex, sexual orientation. The Company strives to maintain a work environment that is free from any harassment based on above considerations. This Equal Opportunities Policy is subject to applicable regulations, qualifications and merit of the individual.

The policy is available on <https://hbl.in/reports/HBL-Policies.pdf>.

5. Return to work and retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent Workers#	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	NA	NA	-	-
Female	98%	100%	-	-
Total	98%	100%	-	-

#The company does not have any workers on its rolls.

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Yes/No (If yes, then give details of the mechanism in brief)	
Permanent Workers	
Other than Permanent Workers	
Permanent Employees	Yes
Other than Permanent Employees	

The Company has a Grievance Policy to give its employees a way to voice their concerns arising from employment. The Policy ensures that such grievances are handled quickly, in a fair and impartial manner by a Grievance Committee and in compliance with the Organization's other policies. This comprises employee concerns about a supervisor's, another employee's, or Management's behavior, inaction, or proposed action in relation to them.

According to the policy's grievance redress system, the first step in resolving any problem is to communicate openly. An employee should seek informal resolution of any concern with his or her immediate supervisor first. If such informal dialogue fails to resolve the issue, and the employee believes his or her complaint has progressed to the level of a grievance, the employee may file a formal grievance as stated in this policy in order to seek a fair resolution.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

EMPLOYEES - NIL

WORKERS - NIL

8. Details of training given to employees and workers

Category	Total (A)	Financial Year 2023				Total (D)	Financial Year 2022			
		On health and safety/wellness measures		On skill upgradation			On health and safety/wellness measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>EMPLOYEES</b>										
Male	921	381	41	295	32	828	374	45	284	34
Female	49	18	36	16	32	51	17	33	14	27
<b>Total</b>	<b>970</b>	<b>399</b>	<b>41</b>	<b>311</b>	<b>32</b>	<b>879</b>	<b>391</b>	<b>44</b>	<b>298</b>	<b>33</b>

**WORKERS - N.A. #**

#The company does not have any workers on its rolls but is setting up a process for capturing the relevant details for workers deployed by labour contractors.



9. Details of performance and career development reviews of employees and worker:

Category	FY'23			FY'22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
EMPLOYEES						
Male	921	921	100	828	828	100
Female	49	49	100	51	51	100
<b>Total</b>	<b>970</b>	<b>970</b>	<b>100</b>	<b>879</b>	<b>879</b>	<b>100</b>

WORKERS – N.A.

#The company does not have any workers on its rolls.

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such a system?

Yes. HBL places great emphasis on maintaining and improving its employees' health and safety. Workplace safety of employees forms the foundation of the Company's strategy to attain sustainability. To ensure the safety of all, the Company has implemented comprehensive compliant protocols across all touch points.

HBL is committed to create and maintain a safe and healthy workplace in the organization and the Company achieves this by developing and implementing its occupational health, safety, and environmental management system conforming to International Standards and driving excellence in operations and support functions.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

While continuously employing measures to promote employee well-being and healthcare, a proper hazard identification risk management system has been put in place to ensure continuous improvement of occupational health and safety of the organization.

Hazard Identification Risk Assessment (HIRA) is carried out regularly at all levels in following six steps by a highly-skilled Process owner or a Qualified Safety coordinator well versed with details of all activities and Safety standards:

1. Pre- Assessment preparations
2. Pre-Assessment meeting with HSE Leaders
3. Conducting interviews
4. Walk-Round Tour/Quantification of Hazards
5. Evaluation of Hazard/Person/Severity Factors
6. Post Evaluation activity

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes. The Company has put in place Safety Observation and Near Miss Reporting System.

- d. Do the employees/workers of the entity have access to non-occupational medical and healthcare services? (Y/N)

Yes. HBL believes in creating an environment for employees in which their financial needs are met beyond their salary. All of the Company's employees are offered a variety of health and wellness benefits, including medical insurance and accident insurance for the employee and his immediate family, which provides financial assistance in the event of an accident or serious illness. Apart from that, HBL offers coverage for dependent parents, periodic health checks, wellness programs, as well as nutritious and subsidized food.

11. Details of safety-related incidents in the following format:

Safety Incident/Number	Category	FY'23	FY'22
Lost Time Injury Frequency Rate (LTIFR)(per one million-person hours worked)#	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities (safety incident)	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

Note: # data under compilation.





12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

HBL considers employees as its most valued asset, and the Company prioritizes their health and safety. The majority of its personnel are employed in the manufacturing facilities. The Company has created extensive compliant measures at all touchpoints to safeguard everyone's safety in the workplace and to ensure a safe working environment. The Company has taken the following measures to assure a safe and healthy workspace:

1. Safety Policy, Competence, Communications system/policy, Insurance Systems, First Aid, Training, Occupational Health, Inspection Systems, Audits, Procurement, Contractors Control & Risk Assessments.
2. The Company has taken measures which are compliant with all statutory preventive healthcare and occupational health and safety requirements. In doing so, the Company strives to create, implement, and maintain a process for proactive hazard identification and determination of controls to eliminate or reduce risks to an acceptable level, as well as to identify the Risks and Opportunities that are relevant to the OH&S management system's intended outcomes.
3. The Company emphasizes on providing training on safety measures during induction to all employees, including specific training such as handling hazardous materials, confined space entry, refresher training, on-site emergency training to tackle contingent or urgent situations, and on the job training inclusive of safety topics.
4. A Safety Committee has been formulated to assist and collaborate with management and achieving objectives as outlined in the 'HSE Policy'. The Committee deals with matters concerning health, safety, and the environment and delivers practical solutions to problems encountered, promotes safety awareness amongst all workers, and undertakes educational, training, and promotional activities.

13. Number of complaints on the following were made by employees and workers:

No complaints were made by any employee or worker on the working conditions and/or health and safety practices of the Company.

14. Assessments for the year:

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Internal Safety Audit – 100%
Working Conditions	Internal Safety Audit – 100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.

HBL tracks accidents rates in all of its locations. The overall reduction in health and safety incidences is attributed to the strong commitment of both management and workers to ensure a safe working environment by adhering to the Company's prescribed approach and adopting a health and safety-first mind-set in the execution of duties.

**LEADERSHIP INDICATORS**

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

Yes, HBL has a Group Personal Accident Policy which offers assistance in the event of a tragic occurrence, such as death, and has a death relief policy in place for its employees.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company takes great care to ensure that the statutory dues applicable are deducted and deposited by the value chain partners. The details are outlined in the HBL Supplier Code of Conduct. All supply chain partners must adhere to it in every way in order to support business responsibility principles and ideals of transparency and accountability.

3. Provide the number of employees/workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:



Category	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY'23	FY'22	FY'23	FY'22
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes, HBL, as a desirable employer, provides future-oriented opportunities and the right environment for people to grow personally and contribute to the moulding of the future. Employees who are terminated by the Company before their customary retirement date are eligible for termination benefits.

5. Details on assessment of value chain partners

	% Of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	HBL currently does not have any formal assessment mechanism to monitor the health, safety and environment policies & practices of value chain partners'. However, HBL's Code of Ethics & Conduct is applicable to all business partners, which binds the concerned parties to abide by the socio-environment regulations of the geography of operation.
Working conditions	

6. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners

Not Applicable.

## PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

### ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

Key Stakeholders are identified on the basis of the material influence they have on the Company or on how they are materially influenced by the Company's corporate decisions and the consequences of those decisions.

1. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half Yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	<ul style="list-style-type: none"> <li>Meetings, workshops, e-mails &amp; reports, online portals, employeesurveys, Idea management.</li> <li>One-on-one interactions</li> <li>Employee involvement in CSR activities.</li> </ul>	Periodically  Half Yearly Quarterly	<ul style="list-style-type: none"> <li>Inform about important advances in theCompany.</li> <li>Help the employees expand their knowledge.</li> <li>Getting employee feedback and resolvingtheir issues.</li> </ul>
Investors	No	<ul style="list-style-type: none"> <li>Annual report, sustainability report, press releases</li> <li>Corporate website</li> <li>Quarterly &amp; Annual results</li> </ul>	Annually  Annually Periodically Quarterly	Investors prefer to invest in the organizations that are socially and environmentally responsible.





Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half Yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	<ul style="list-style-type: none"> <li>Interviews, personal visits, publications, mass media &amp; digital communications, plant visits.</li> <li>Support programmes, social media,</li> <li>Conferences and events</li> </ul>	Periodically	<ul style="list-style-type: none"> <li>Adherence to companies' policy on ethical business conduct.</li> <li>Safe Handling of Products.</li> <li>Safe Disposal of used products.</li> <li>Update on improved and efficient products</li> </ul> Compliances with laws and regulations
Suppliers & service providers	No	<ul style="list-style-type: none"> <li>Supplier &amp; vendor meets</li> <li>Workshops &amp; trainings</li> <li>Policies</li> <li>Supplier risk assessments</li> </ul>	Periodically	<ul style="list-style-type: none"> <li>Supply of material &amp; services.</li> <li>Adherence to companies' policy on ethical business conduct.</li> <li>Compliance on Conflict free mineral procurements.</li> <li>Safety requirements.</li> <li>Compliances with laws and regulations</li> </ul>
Business Partners	No	<ul style="list-style-type: none"> <li>Dialogue with Dealers (channel sales) and coordinating units of importers</li> </ul>	Periodically	<ul style="list-style-type: none"> <li>Provide service to present customers while increasing the potential for future growth.</li> </ul>
Government and Regulatory Bodies	No	<ul style="list-style-type: none"> <li>Official communication channels</li> <li>Regulatory audits/ inspections</li> <li>Environmental compliance</li> <li>Policy intervention</li> <li>Good governance</li> </ul>	Monthly Annually Annually Periodically Annually	<ul style="list-style-type: none"> <li>They help and guide in terms of connecting with Govt. Schemes in the same area for increased effectiveness.</li> </ul>
Communities	Please refer to the following link for information about the Company's community work: <ul style="list-style-type: none"> <li><a href="https://hbl.in/Corporate-Social-Responsibility.html">https://hbl.in/Corporate-Social-Responsibility.html</a></li> </ul>			

### LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

HBL is in the process of establishing an ESG Committee at Board level. The ESG committee is responsible for keeping the board informed about various developments and seeking inputs from the Directors. Continuous stakeholder engagement, combined with an in- depth assessment by the ESG committee, aids the organisation in aligning its business with ESG, allowing it to better serve its stakeholders.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, HBL has always maintained a regular and proactive engagement with the Company's key stakeholders, allowing it to effectively work on its ESG strategies and be transparent about the outcomes. In response to current regulations and interactions with stakeholders, the Company performs periodic evaluations to update and reissue policies as needed.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.

Please refer to the following link for information about the Company's community work:

<https://hbl.in/Corporate-Social-Responsibility.html>



## PRINCIPLE 5 Businesses should respect and promote human rights

### ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY'23			FY'22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
<b>EMPLOYEES</b>						
Permanent	970	30	3	879	15	2
Other than Permanent	0	0	0	0	0	0
<b>Total Employees</b>	<b>970</b>	<b>30</b>	<b>3</b>	<b>879</b>	<b>15</b>	<b>2</b>

WORKERS – N.A#

#The company does not have any workers on its rolls.

2. Details of minimum wages paid to employees and workers in the following format:

	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>EMPLOYEES</b>										
Permanent										
Male	919	0		919	100	828	0		828	100
Female	49	0		49	100	51	0		51	100

Other than permanent - NIL

WORKERS – N.A#

#The company does not have any workers on its rolls.

3. Details of remuneration/salary/wages in the following format:

	Male		Female	
	Number	Median Remuneration/ salary/wages of respective category in ₹^	Number	Median Remuneration/ salary/wages of respective category in ₹^
Board of Directors (BOD) (Whole-time directors)	1	473.73	1	33.30
Key Managerial Personnel (other than BOD)	3	31.60	0	0
Employees other than BOD and KMP*	919	45.81	49	8.81
Workers (No workers on Company Rolls)	NA	NA	NA	NA

^Remuneration mentioned above is in lakhs per annum

\* Key Managerial Personnel includes CFO and above.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

The employees can address their complaints or grievances to the Human Resource department or to the Senior Management. There shall be no retaliation or reprisal taken against any employee or associate who raises concerns in accordance with the policy. A committee may be formed or delegated to investigate the reported issues. The Committee is responsible for evaluating the reported issues and ensuring that they are addressed and rectified. In collaboration with Senior Management, the Committee may also recommend a suitable resolution.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HBL recognises the important role that business can play in ensuring the long-term protection of human rights, and the Company is dedicated to upholding the human rights of its employees, communities, contractors, and suppliers in accordance with the





Protection of Human Rights Act, 1993 and guidelines of the National Human Rights Commission, State Human Rights Commissions in States and Human Rights Courts for better protection of human rights and for matters connected therewith or incidental thereto.

The Company has formulated a Human Rights Policy which works in conjunction with the Grievance Policy to ensure that grievances are addressed promptly and effectively.

The mechanism works by following the instructions outlined below:

1. The employees/ affiliates address their complaints or grievances or report instances to the Senior Management. No reprisal or retaliatory action is taken against any employee/ affiliate for raising concerns under this policy.
2. A committee is formed/ designated to investigate the violations reported. The Committee evaluates the violations reported and ensures that the same is addressed and resolved. The Committee also, in consultation with the Senior Management, provides a suitable remedy.
6. Number of Complaints on the following made by employees and workers:

	FY'23			FY'22		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment						
Discrimination at workplace						
Child labour						
Forced labour / Involuntary labour		NIL			NIL	
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

While dealing with the complaints as a part of grievance redressal mechanism every care is taken to conduct the enquiry in a peaceful manner for avoiding any stressful conditions. The entire process is carried out in a highly confidential manner. The Company has a Grievance mechanism where the related personnel, are bound by a duty of confidentiality at all times and must keep all paperwork and information exchanged in the process confidential. Harsh or insulting behaviour of anyone participating in or conducting grievance proceedings is not at all tolerated. Any such behaviour will be viewed as misconduct under the Organization's disciplinary policies and strict actions will be taken against such unethical behaviour.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human rights requirements form part of HBL Supplier Code of Conduct. Suppliers are urged to respect internationally recognized human rights standards and to work towards them in all business activities within their own sphere of influence. Any forced or compulsory labour is prohibited.

To be a part of the Company's value chain, the supplier must meet the following human rights requirements:

1. Child Labour: External provider shall not employ children in violation of conventions 138 and 182 of the International Labor Organization and Indian Labor law.
2. Wages and Hours: - External provider will pursue a fair and competitive remuneration policy.
3. Equal Opportunities / Anti-Discrimination: External provider shall not discriminate in any manner on the basis of race, ethnic background, age, religion, gender, sexual orientation or disability.

The Company's Supplier Code of Conduct can be viewed on the following link:

<https://hbl.in/External-Provider-Code-of-Conduct-HBLR2.pdf>

9. Assessments for the year:

HBL has assessed 100% of its plants and offices by external auditors who audit the statutory compliances in relation to the indicators mentioned below. The assessments are done on a quarterly basis.



	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Childlabour	
Forced/involuntary labour	
Sexualharassment	100%
Discrimination at workplace	
Wages	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

All the plants and offices of the Company were found to be having no negative impacts and as a result no corrective actions were required on the criteria stated above.

#### LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

Nil

2. Details of the scope and coverage of any human rights due diligence conducted.

Human rights due diligence is being covered as part of the other audits presently. Exclusive Human rights due diligence is yet to be conducted. We are planning to take it up in the coming years.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

4. Details on assessment of value chain partners:

	% Of value chain partners (by value of business done with such partners) that were assessed
Sexualharassment	HBL currently does not have any formal assessment mechanism to monitor the Human Rights compliances, policies & practices of value chain partners.
Discrimination at workplace	However, HBL's Code of Ethics & Conduct is applicable to all business partners, which binds the concerned parties to abide by the socio-environment regulations of the geography of operation.
Childlabour	
Forced labour/Involuntarylabour	
Wages	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Nil

### PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

#### ESSENTIAL INDICATORS

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Total electricity consumption (A)	121.65 TJ (Including Shameerpet, Vijaynagar, Corporate office)	122.10 TJ (Including Shameerpet, Vijaynagar, Corporate office 3,38,58238 units)
Total fuel consumption (B)	31.50 (Including Shameerpet, Vijaynagar, and Corporate office) Furnace oil consumption minimized	66.48 TJ ( Diesel 108528 liters +FO 457106 Kgs SHPT and VZM ) Furnace oil consumption more
Energy consumption through other sources (C)	NA	NA
Total energy consumption (A+B+C)	153.15 TJ (Including Shameerpet, Vijaynagar, and Corporate office)	188.58 TJ (Including Shameerpet, Vijaynagar, and Corporate office)







Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	92989.59 Lakhs(VZM&SHPT) 153.15 TJ/92989= TJ/Lakh rupees	SHPT-39274 Lakhs VZM 40800 Lakhs Total 80074 Lakhs 188.58 TJ/80074=Lakh Rupees 0.00235TJ/Lakh rupees
Energy intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. The data referred in the above table also been evaluated by external agency – Bureau Veritas Industrial Services.

The electricity consumption, fuel consumption has been verified as a part of ISO 14001:2015 periodical audits.

In pursuit of enhanced energy management and environmental responsibility, the organization has set its sights on obtaining ISO 50001:2018 certification in the foreseeable future. This strategic move aims to bolster our control over energy-related aspects and spearhead initiatives to effectively reduce carbon emissions.

Furthermore, as part of our commitment to continuous improvement, the management has directed all manufacturing units to undergo thorough energy audits conducted by reputable third-party agencies. These audits will play a pivotal role in identifying areas of excellence and opportunities for optimizing energy performance of equipment and facilities throughout the organization.

2. Does the entity have any sites / facilities identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	20,000 KL (rain Session) (FY 23)	15800 KL (FY 22)
(ii) Groundwater	148843 KL	140105 KL
(iii) Third party water	0	0
(iv) Seawater / desalinated water	NA	NA
(v) Others a)Effluent	a)29077 KL	A )31130
b)Sewage	b)16365 KL	b) 15865
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	148843 KL(Ground water)	140105 KL (Ground water)
Total volume of water consumption (in kilolitres)	148843 KL +Rain water 20000 KL=168843 KL	140105 KL +Rain water 15800 KL=155905 KL
Water intensity per rupee of turnover (Water consumed / turnover)	92989.59 Lakhs(VZM&SHPT) 168843/92989= 1.8KL/Lakh rupees	SHPT-39274 Lakhs VZM 40800 Lakhs Total 80074 Lakhs 155905/80074=1.94 KL/Lakh Rupees
Water intensity (optional) – the relevant metric may be selected by the entity	1.8KL/Lakh rupees	1.94 KL/Lakh Rupees

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If Yes. name of the external agency.

Yes, The data referred in the above table also been evaluated by external agency – Bureau Veritas Industrial Services.



4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

HBL has taken significant steps to ensure sustainable water management practices across its manufacturing plants. All plants are zero liquid discharge (ZLD) compliant and equipped with effluent treatment plant (ETP) and STP facilities. Wastewater generated during the manufacturing processes is treated and reused, promoting water conservation within the business.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
NOx	Micro gram/meter cube	26	21
SOx		11	08
Particulate matter (PM)	Micro gram/meter cube	29	24
Persistent organic pollutants (POP)		NA	NA
Volatile organic compounds (VOC)		NA	NA
Hazardous air pollutants (HAP)		NA	NA
Others – please Specify PM 10	Micro gram/meter cube	67	65

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. The data referred to in the above table also been evaluated during ISO 14001:2015 periodical audit. by external agency – Bureau Veritas Certification India Pvt Ltd.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	28724.67	24081.94
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	2947.78	3071.96
Total Scope 1 and Scope 2 emissions per rupee of turnover		VZM=54296.59 LAKHS SHPT=38693 LAKHS =92989.59 LAKHS 31672.45/92989.59 =0.34 TCo2e/Lakh rupees	VZM=40830 lakhs SHPT=39274 LAKHS Total=80104 Lakhs =27153.90/80104 =0.3389 TCo2e/Lakh rupees
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. The data referred to in the above table also been evaluated by external agency – Bureau Veritas Industrial Services.

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes. The company has a strong focus on utilizing renewable energy sources including Solar and transitioning to biomass-based boilers.

The company has also focused on improving energy efficiency in manufacturing processes by adopting advanced technologies, optimizing equipment efficiencies. The company also supports research and development initiatives aimed at developing new technologies and processes that reduce greenhouse gas emissions.

All manufacturing units have coverage of greenery more than the defined norms and it helps to sequester GHG emissions. Thereby reducing the overall GHG load in the atmosphere.





8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Total Waste generated (in metric tons)		
Plastic waste (A)	138.45MT	114.3
E-waste (B)	0.6	NA
Bio-medical waste (C)	NA	NA
Construction and demolition waste (D)	NA	NA
Battery waste (E)	282.38	282.82
Radioactive waste (F)	NA	NA
Other Hazardous waste. Please specify, if any. (G) Gypsum	1529 (Gypsum Recycler) 178.91Tons(Recycler)	1888(Gypsum Recycler) 338.71 (Land fill )
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	NA	NA
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>2128.74</b>	<b>2623.83</b>
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tons)		
Category of waste		
(i) Recycled	Lead 1826.07 Ni-42 Tons, Cd-24 Tons	Lead 1128 Ni-42.6 Tons, Cd-23.7 Tons
(ii) Re-used	Plastic 86.45 Lead 1223.571 Ni-67 Tons, Cd -12.5 Tons	Plastic 81.3 Lead 698.626 Ni-64 Tons, Cd-0.84 Tons
(iii) Other recovery operations	0	0
<b>Total</b>	<b>3281.59</b>	<b>2039.07</b>
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	NA	NA
(ii) Landfilling	353.04 Tons	590.71Tons
(iii) Other disposal operations	1707.91 Tons	2226.71 Tons
<b>Total</b>	<b>2060.95</b>	<b>2817.42</b>

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. The data referred to in the above table also been evaluated by external agency – Bureau Veritas Industrial Services.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

HBL has a systematic approach to waste management, categorising wastes into hazardous and non-hazardous types and further classifying them by specific categories. The Company ensures proper disposal methods for each type of waste, adhering to guidelines from Pollution Control Boards and regulatory bodies.

- Focused Improvement Projects (FIPs) are implemented to reduce waste generation at the source, while a centralised scrapyards at the manufacturing locations facilitates proper segregation and disposal of waste. A dedicated team oversees scrap management and conducts awareness training for employees.

- Comprehensive waste management standard operating procedures (SOP) have been developed to guide the process HBL emphasises employee awareness through virtual and classroom training sessions, educating them on waste generation, disposal, and the impact on health, safety, and the environment. The Company also accounts for wastes sold to third parties. These initiatives demonstrate HBL's commitment to responsible waste management and environmental sustainability.

All the manufacturing locations of the company are ISO certified.



10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:

Sl.No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
	NA	NA	NA

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
NA	NA	NA	NA	NA	NA

12. Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

HBL's existing operations/offices comply with applicable environmental regulations and operate as per Consent For to Operate (CFOCTO) conditions from the Central and State Pollution Control Boards.

Sl. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	None	None	None	None

## LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	NA	NA
Total fuel consumption (B)	743 Tons (Biomass)=12.74TJ	306 Tons (Biomass)=5.24TJ
Energy consumption through other sources (C)	NA	NA
Total energy consumed from renewable sources (A+B+C)	12.74 TJ	5.24TJ
From non-renewable sources		
Total electricity consumption (D)	121.65 TJ-12.74= 108.91(Including Shameerpet, Vijaynagaram, Corporate office)	121.85 -5.24 =116.61 TJ(Including Shameerpet, Vijaynagaram, Corporate office)
Total fuel consumption (E)	31.50 (Including Shameerpet, Vijaynagaram, and Corporate office)	66.48 TJ( Diesel 108528 liters +FO 457106 Kgs SHPT and VZM )
Energy consumption through other sources (F)	NA	NA
Total energy consumed from non-renewable sources (D+E+F)	153.15 TJ-12.74=140.41 (Including Shameerpet, Vijaynagaram, and Corporate office)	188.33 TJ-5.24 TJ=183.06 TJ (Including Shameerpet, Vijaynagaram, and Corporate office)



**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. The data referred to in the above table also been evaluated by external agency – Bureau Veritas Industrial Services.

2. Provide the following details related to water discharged:

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	NA	NA
- No treatment		
- With treatment – please specify level of Treatment	NA	NA
(ii) To Groundwater		
- No treatment	NA	NA
- With treatment – please specify level of Treatment	NA	NA
(iii) To Seawater	NA	NA
- No treatment	NA	NA
- With treatment – please specify level of Treatment	NA	NA
(iv) Sent to third-parties	NA	NA
- No treatment		
- With treatment – please specify level of Treatment	NA	NA
(v) Others		
- No treatment	NA	NA
- With treatment – please specify level of Treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA
	NA	NA
	NA	NA

**Note:** Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	20,000 KL (rain Session) (FY 23)	15800 KL (FY 22)
(ii) Groundwater	148843 KL	140105 KL
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others		
a) Effluent	a) 29077 KL Process	a) 31130 KL
b) Sewage	b) 16365 KL Garden	b) 15865 KL
Total volume of water withdrawal (in kilolitres)	148843 KL	140105 KL
Total volume of water consumption (in kilolitres)	148843 KL	140105 KL
Water intensity per rupee of turnover (Water consumed / turnover)	VZM=54296.59 LAKHS SHPT=38693 LAKHS =92989.59 LAKHS Water intensity /Lakh rupees turn over 148843/92989.59= 1.60 KL/Lakh rupees	VZM=40830 lakhs SHPT=39274 LAKHS Total=80104 Lakhs Water intensity /Lakh rupees turn over 140105/80104= 1.70 KL/Lakh rupees
Water intensity (optional) – the relevant metric may be selected by the Entity		
Water discharge by destination and level of treatment (in kilolitres)		



Parameter	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
(i) Into Surface water		
- No treatment	NA	NA
- With treatment –please specify level of treatment		
(ii) Into Groundwater	NA	NA
- No treatment		
- With treatment –please specify level of treatment	NA	NA
(iii) Into Seawater	NA	NA
- No treatment	NA	NA
- With treatment –please specify level of treatment	NA	NA
(iv) Sent to third-parties	NA	NA
- No treatment	NA	NA
- With treatment –please specify level of treatment	NA	NA
(v) Others	NA	NA
- No treatment	NA	NA
- With treatment –please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 23 (Current Financial Year)	FY22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Not Evaluated	
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

The data collection with respect to scope 3 has been initiated and also all the interested parties communicated to share the relevant data for projection of referred details in the coming year assessment.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not applicable.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:



Sl.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1.	Biomass Briquettes firing introduced in Boilers in place of Furnace oil firing	Bioenergy, or energy derived from biomass, is a sustainable alternative to fossil fuels because it can be produced from renewable sources, such as plants and waste, that can be continuously replenished. When fossil fuels are extracted and burned for energy, their sequestered carbon is released into the atmosphere. Fossil fuels do not reabsorb carbon. In contrast to fossil fuels, biomass comes from recently living organisms. The carbon in biomass can continue to be exchanged in the carbon cycle	Furnace oil consumption minimized for Evaporation plants operation by consuming Biomass Briquettes in FY 22 consumption 306 Tons FY 23 consumption 743 Tons (approx. 250 MT Furnace oil consumption is avoided)  It's often claimed that biomass is a "low carbon" or "carbon neutral" fuel, meaning that carbon emitted by biomass burning won't contribute to climate change. The use of biomass energy has the potential to greatly reduce greenhouse gas emissions.
2.	Odor extraction	Odor extraction by capping aeration pond with 60 feet height FRP chimney is implemented in Shameerpet plant location.	Odor minimized
3.	Fume extraction	100 Feet chimney with crucible capping for smoke extraction in Shameerpet plant location.	Surrounding area smoke minimized as well as air quality improved
4.	Scrubbers	Old small scrubbers replaced with heavy duty with 60 feet FRP chimney in Shameerpet plant location.	Alkaline/ acidic fumes scrubbed effectively improving the air quality
5.	RO plant	High pressure pump introduce for effective recycling of the neutralized effluent water	More recycling at RO plants load reduced on Evaporation plants
6.	Rain water harvesting	Low level areas selected for effective Rain water collection and rain water harvesting pits developed	Ground water level improved and dependency on third party sources reduced
7.	Does the entity have a business continuity and disaster management plan? Give details in 100 words/web-link Yes, the Company recognizes the importance of Business Continuity Plan (BCP) for the smooth running of business particularly during unfavorable times, including pandemic. Every operating unit within the entity has established an emergency plan which defines the actions to be taken in case of any major accident / disaster occurring inside the factory. The plan covers perceived potential risks including major accidents that could affect the facility for the particular geography. Mock drills and training related to emergency preparedness are carried out at regular intervals to be prepared to tackle any situation that can potentially affect the business operations. In the event of any occurrence of an emergency, the same shall be investigated and appropriate measures would be initiated to contain the incident and avoid recurrence in future, if possible.		
8.	Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard? The company has not conducted an evaluation of the environmental impacts in the value chain. However, we have also not had instances which make us to conclude that adverse impacts on the environment have occurred due to our value chain activities.		
9.	Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. As of now, HBL does not have any formal assessment mechanism to monitor the environmental impact of value chain partners' activities. However, HBL's Code of Ethics & Conduct is applicable to all business partners, which binds the concerned parties to abide by the socio-environment regulations of the geography of operation.		



**PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and Transparent.**

**ESSENTIAL INDICATORS**

1. a. Number of affiliations with trade and industry chambers/associations.  
3 Nos
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.

S.No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1.	The Federation of Telangana Chamber of Commerce Industry [FTCCI]	State
2.	Engineering Export Promotion Council [EEPC INDIA]	National
3.	Indian Battery Manufacturers Association [IBMA]	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

There were no incidents of anti-competitive behaviour involving the Company during the reporting period (2022-23).

**LEADERSHIP INDICATORS**

1. Details of public policy positions advocated by the entity:  
NIL

**PRINCIPLE 8 Businesses should promote inclusive growth and equitable development ESSENTIAL INDICATORS**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and Brief details of the Project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
Eradication of Malnutrition and Hunger	HBL has not conducted a Social Impact Assessment of its project currently as it is not mandatory under the CSR regulations. However, HBL intends to have the same done as and when it becomes applicable.		No	Yes	<a href="https://hbl.in/Corporate-Social-Responsibility.html">https://hbl.in/Corporate-Social-Responsibility.html</a>
Promotion of Children Education			No	Yes	
Contribution to eligible Orphanages / Old age homes			No	Yes	
Contribution to permitted projects [para (ix)(a) of Schedule VII]"			No	Yes	

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format:

Nil

3. Describe the mechanisms to receive and redress grievances of the community.

Every location of HBL has a CSR Team to monitor the CSR Projects regularly in accordance with the recommendation of the CSR committee of the Board where the annual plan for CSR activities are chalked out in detail. The CSR team continuously interacts with the concerned communities in the areas of operation. The grievances as and when they arise are timely addressed & resolved by the CSR Team.







4. Percentage of input material (inputs to total inputs by value) sourced from suppliers.

	FY'23	FY'22
Directly sourced from MSMEs/ small producers	41.60%	41.51%
Sourced directly from within the district and neighboring districts	9.72%	9.69%

**LEADERSHIP INDICATORS**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

HBL has not conducted a Social Impact Assessment of its project currently as it is not mandatory under the CSR regulations. However, HBL intends to have the same done as and when it becomes applicable.

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Nil

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised / vulnerable groups? (Yes/No)

No

b. From which marginalised / vulnerable groups do you procure?

None.

c. What percentage of total procurement (by value) does it constitute?

Nil.

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.

Not Applicable.

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Not Applicable

6. Details of beneficiaries of CSR Projects:

S.No.	CSR Project	No. of persons benefitted from CSR projects	% Of beneficiaries from vulnerable and marginalized groups
1.	Eradication of Malnutrition and Hunger	1283	99
2.	Promotion of Children Education	1283	99
3.	Contribution to eligible Orphanages / Old age homes	Contributions are being made to Orphanages, Old Age Homes and permitted entities through approved agencies, which also accept contributions from others. Hence, assessing the number and group of beneficiaries is currently not possible.	
4.	Contribution to permitted projects [para (ix)(a) of Schedule VII]		



## PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

### ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Customer response and customer satisfaction are one of the most important factors of HBL. The Company engages with its customers at various platforms to understand their expectations. The Company obtains customer feedback directly or referring to customer portal on monthly basis and compiles the "Voice of Customer report" to identify the areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

S. No.	Nature of Information contained in the products	% of Products that carry information
1.	Environmental and social parameters	#
2.	Safe and responsible usage	100%
3.	Recycling and/or safe disposal	74%

#Environmental and social parameters relevant to the products are not being calculated as percentage of total turnover.

3. Number of consumer complaints in respect of the following:

	FY '23			FY '22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0	NIL	0	0	NIL
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	

4. Details of instances of product recalls on account of safety issues:

No such instances were reported in the reporting period FY23.

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

HBL has in place appropriate data security and cyber risk prevention measures. The same is currently undergoing review for its adequacy and reliability.

An Information Security Policy is being designed that will provide support, management direction and document how Information Security is managed throughout HBL; it will outline the appropriate measures through which the Company will facilitate the secure and reliable flow of information, both within the Company and externally.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not Applicable.

### LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available). HBL's website has information about all of the products it offers. The web-link for the site is <http://cs.hbl.in/nologinsmsoursservices.asp>
2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.





HBL utilizes the depth of our engineering capabilities to provide the most resilient, compliant products expected by customers to run their business efficiently – and we do this while meeting the confidentiality and security needs of our partners and end users. The precautions for safe usage of HBL products are circulated along with the products as per the required regulations further details on safe handling of products are shared through the weblink <http://cs.hbl.in/nologinsmsourservices.asp>.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

HBL maintains its communication with customers through various channels including emails, weblinks, customer care numbers and through channel sales dealers. In the event of any risk of disruption / discontinuation of essential services relating to the company's products these various channels are actively used to share the relevant information.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)  
If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

No

5. Provide the following information relating to data breaches:

- a. Number of instances of data breaches along with impact -NIL
- b. Percentage of data breaches involving personally identifiable information of customers -NIL



**FINANCIAL  
STATEMENTS**



# INDEPENDENT Auditor's 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, 2023, 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, 2023 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 (ICAI) 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 that there are no key audit matters to communicate in our report.

### 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.

The Board of Directors is 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, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in 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, 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, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2023 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".
    - (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 39.2 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.
      - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- (iv)
    - (a) The respective managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
    - (b) The respective managements of the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
    - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as



- provided under (a) and (b) above, contain any material misstatement.
- (v) (a) The dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) As stated in Note 39.3 to the standalone financial statements, the Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- (vi) As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable to the Company with effect from April 1, 2023, reporting on audit trail in pursuance of Rule 11(g) of the Companies (Audit and Auditors) Rule, 2014 is considered inapplicable for the current year.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For L N R Associates

Chartered Accountants

FRN 05381S

**Raghuram Vedula**

Partner

M.No. 242883

UDIN: 23242883BGZGPZ4894

Place: Hyderabad

Date: 25/05/2023



CORPORATE  
OVERVIEW



STATUTORY  
REPORTS



FINANCIAL  
STATEMENTS





# 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 Property, Plant and Equipment;
- (b) The Company has maintained proper records showing full particulars of intangible assets;
- (c) 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.
- (d) 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 (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) 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, 2023	Net block as at March 31, 2023
Freehold land	8	434.74	434.74
Non-factory buildings	3	393.82	354.87
<b>Total</b>	<b>11</b>	<b>828.56</b>	<b>789.61</b>

- (e) The Company had not revalued any of its property, plant and equipment (including right of use of assets) or intangible assets.
- (f) To the best of our knowledge and information, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.
- (ii) (a) The inventories within the factory premises/stores and at branches have been physically verified by the management during the year and also at the year end. For materials lying with ancillary parties confirmations have been obtained in some cases. In our opinion, the coverage and procedure of verification by the management is appropriate. The discrepancies noticed, upon verification, between physical stocks and book records were less than 10% in the

aggregate of each class of inventory and such differences have been properly dealt with in the books of account.

- (b) The company was sanctioned working capital limits in excess of ₹ 5 Crores in aggregate by the Banks / Financial Institutions on the basis of security of current assets. The quarterly returns or statements filed by the company with such banks / financial institutions are in agreement with books of account of the company.
- (iii) The Company has made investments in, companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, in respect of which:
  - (a) During the year the company had made investments in one subsidiary to the tune of ₹ 295.00 lakhs, the balance as at the year ending being ₹ 464.10 lakhs; provided loan to one step-down subsidiary to the tune of ₹ 200.00 lakhs, the outstanding balance as at the year ending being ₹ 201.53 lakhs and provided corporate guarantee to a Bank, to the tune of ₹ 1,271.00 lakhs in respect of one step-down Subsidiary.
  - (b) In our opinion, the investments made guarantees provided and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
  - (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are generally been regular as per stipulation.
  - (d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
  - (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
  - (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- (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 or amounts which are deemed to be deposits to which provisions of Sections 73 to 76 and other relevant provisions of the Act and rules made thereunder 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 Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, and other statutory dues with the appropriate authorities
- (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	Amount involved in lakhs	Forum where the dispute is pending as at March 31, 2023
Finance Act (Service Tax)	194.90	CESTAT
GST Act	1.57	Addl. Commissioner Appeals
GST Act	15.41	Commissioner
Central Excise Act	2472.78	CESTAT
Customs Act	488.70	Tribunal, Chennai
Sales Tax	43.18	ADC, Hyderabad
	65.03	Appellate Tribunal, Hyderabad
	46.05	Appellate Tribunal, Chennai
	93.75	Commissioner
	8.61	Deputy Commissioner
	16.22	Jt. Commissioner
	396.92	High Court

- (viii) There were no transactions that were not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender;

- (b) From the information furnished to us, the company is not declared willful defaulter by any bank or financial institution or other lender;
- (c) 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;
- (d) From a review of the cash flows furnished by the company, we are of the opinion that the company had not utilized any funds raised on short term basis for long term purposes;
- (e) The company had not taken any fund from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) During the year the company had not raised any loans on the pledge of securities held in its subsidiaries, joint ventures or associate Companies.
- (x) (a) The Company had not raised any money by way of initial public offer or further public offer (including debt instruments).
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible debentures during the year.
- (xi) (a) 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 any fraud on the Company has been noticed or reported during the year.
- (b) The auditors have not filed any report with the Central Government under sub-section (12) of section 143 of the Companies Act, in form ADT – 4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014.
- (c) From a review of the secretarial records, we observe that the company had not received any whistle-blower complaints during the year.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, 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) (a) The company has appointed an external agency to carry out internal audit and their reports were made available to



- us. In as much, in our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the internal auditors for the period under audit.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with them.
- (xvi)(a) According to the information and explanations given to us, the company is not required to be registered under section 45-IA.
- (b) Upon a review of the records of the company, we are of the opinion that the company had not conducted any Non-Banking Financial or Housing Finance activity.
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) The does not have more than one CIC as part of the group.
- (xvii) The company has not incurred any cash loss either in the financial year or in the immediately preceding financial year.
- (xviii) During the year there is no resignation of statutory auditors.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)(a) The company does not have any unspent amount in respect of other than ongoing projects.
- (b) During the financial year 2020-21 the amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to an ongoing project has been transferred to a special account in compliance with the provision of sub-section (6) of section 135.
- (xxi) Upon a review of the reports of the respective auditors of companies under the group, we observe that there are no qualifications or adverse remarks in their Companies (Auditor's Report) Order reports.

For **L N R Associates**

Chartered Accountants

FRN 053815

**Raghuram Vedula**

Partner

M.No. 242883

UDIN: 23242883BGZGPZ4894

Place: Hyderabad

Date: 25/05/2023



# 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, 2023 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 (the "Guidance Note") issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 and the standards on auditing, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## 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, 2023, 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 issued by the ICAI.

For L N R Associates  
Chartered Accountants  
FRN 05381S

Raghuram Vedula  
Partner

M.No. 242883  
UDIN: 23242883BGZGPZ4894

Place: Hyderabad  
Date: 25/05/2023



# Standalone Balance Sheet as at March 31, 2023

(₹ in Lakhs)

Particulars	Note	As at March 31, 2023		As at March 31, 2022	
<b>ASSETS</b>					
<b>1 Non current assets</b>					
(a) Property, Plant and Equipment	4	29,944.20		24,287.06	
(b) Capital works in progress	6	2,432.90		4,196.55	
(c) Right of use assets		549.23		884.68	
(d) Intangible assets	7	1,168.72		1,094.40	
(e) Intangible assets under development	8	2,488.94	36,583.99	3,866.23	34,328.92
(f) Financial assets					
(i) Investments	9	806.23		511.23	
(ii) Loans	9a	201.53		-	
(iii) Other financial assets	10	4,224.11		3,038.89	
(g) Other non current assets	11	4.44	5,236.31	23.26	3,573.38
<b>2 Current assets</b>					
(a) Inventories	12	33,122.82		30,153.55	
(b) Financial assets					
(i) Investments	9	2.58		2.58	
(ii) Trade receivables	13	32,353.60		30,765.85	
(iii) Cash and cash equivalents	14	12,995.77		4,779.73	
(iv) Other bank balances	14	1,394.64		5,498.69	
(v) Others	14	1,046.56		1,099.04	
(c) Current tax assets (Net)	15	300.86		-	
(d) Other current assets	16	6,260.62		3,116.13	
(e) Assets held for sale	5	-	87,477.45	115.20	75,530.77
<b>Total</b>			<b>1,29,297.75</b>	<b>1,13,433.07</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
(a) Equity share capital	17	2,771.95		2,771.95	
(b) Other equity	18	92,800.03	95,571.98	84,428.50	87,200.45
<b>Liabilities</b>					
<b>1 Non current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	19	3,778.20		2,765.90	
(ii) Lease liability	19	363.38		929.03	
(b) Provisions	20	224.91		199.41	
(c) Deferred tax liabilities (Net)	21	1,026.66		1,070.56	
(d) Other non current liabilities		-	5,393.15	-	4,964.90
<b>2 Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	22	3,775.86		2,206.54	
(ii) Lease liability	23	229.95		161.75	
(iii) Trade payables:					
Total outstanding dues of MESE	24	1,713.12		908.18	
Total outstanding dues to creditors other than MESE	24	7,944.79		7,677.58	
(b) Other financial liabilities	25	6,167.20		4,899.88	
(c) Other current liabilities	26	4,598.02		2,582.82	
(d) Provisions	20	3,903.68		2,591.94	
(e) Current tax liabilities (Net)	27	-	28,332.62	239.04	21,267.72
<b>Total</b>			<b>1,29,297.75</b>	<b>1,13,433.07</b>	

The accompanying notes 1 to 45 form an integral part of this standalone financial statements

As per our report of even date annexed

For LNR Associates

Chartered Accountants

FRN No. 053815

**Raghuram Vedula**

Partner

M.No : 242883

UDIN : 23242883BGZGPZ4894

Place : Hyderabad

Date : May 25, 2023

On behalf of the board

**Dr A J Prasad**

Chairman & Managing Director

DIN : 00057275

**E Sairam**

Chief Financial Officer

**Kavita Prasad Aluru**

Director

DIN : 00319292

**GBS Naidu**

Company Secretary

Place : Hyderabad

Date : May 25, 2023



(₹ in Lakhs)

## Standalone Statement of Profit & Loss for the year ended March 31, 2023

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>Revenue</b>			
I Revenue from operations	28	1,34,974.91	1,22,149.53
II Other income	29	1,784.11	1,427.63
<b>III Total income ( I + II )</b>		<b>1,36,759.02</b>	<b>1,23,577.16</b>
<b>IV Expenses</b>			
Cost of material consumed	30	82,539.19	75,534.79
Purchases of stock in trade		107.71	209.93
Changes in inventories of finished goods, stock -in - trade and work - in - progress	31	15.82	(829.37)
Employee benefits expense	32	10,433.35	9,496.85
Finance costs	33	622.96	727.27
Depreciation and amortization expense	34	3,430.63	3,467.20
Manufacturing expenses	35	14,884.86	14,054.77
Administrative expenses	36	5,266.58	4,209.85
Selling expenses	36	6,957.90	5,963.12
<b>Total expenses ( IV )</b>		<b>1,24,259.00</b>	<b>1,12,834.40</b>
<b>V Profit before exceptional items and tax ( III - IV )</b>		<b>12,500.02</b>	<b>10,742.76</b>
VI Exceptional items - income/(expense)	37	133.26	1,073.01
<b>VII Profit before tax ( V - VI )</b>		<b>12,633.28</b>	<b>11,815.77</b>
<b>VIII Tax expense</b>			
(1) Current tax		3,100.00	3,000.00
(2) Deferred tax (asset)/liability		(19.17)	(77.68)
(3) Income tax relating to previous years		(1.41)	(46.31)
<b>IX Profit for the period ( VII - VIII )</b>		<b>9,553.86</b>	<b>8,939.76</b>
<b>X Other comprehensive income (Net)</b>			
Items that will not be reclassified to profit or loss -			
Remeasurement of defined benefit plans		(98.28)	(112.68)
Income tax		24.73	28.36
		(73.55)	(84.32)
<b>XI Total comprehensive income ( IX - X )</b>		<b>9,480.31</b>	<b>8,855.44</b>
<b>XII Earnings per equity share</b>			
(1) Basic (of ₹1/-each)	38	3.42	3.19
(2) Diluted (of ₹1/-each)		3.42	3.19

The accompanying notes 1 to 45 form an integral part of this standalone financial statements

As per our report of even date annexed

For LNR Associates  
Chartered Accountants  
FRN No. 053815

On behalf of the board

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGPZ4894  
Place : Hyderabad  
Date : May 25, 2023

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**E Sairam**  
Chief Financial Officer

**GBS Naidu**  
Company Secretary

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

Place : Hyderabad  
Date : May 25, 2023

CORPORATE  
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## Standalone Cash Flow Statement for the year ended March 31, 2023

(₹ in Lakhs)

	March 31, 2023	March 31, 2022
<b>A Cash flow from operating activities</b>		
Net profit before tax and exceptional items	12,500.02	10,742.76
Exceptional items - income / (expenditure) *	133.26	1,073.01
Other comprehensive income (net)	(98.28)	(112.68)
<b>Total comprehensive income before tax</b>	<b>12,535.00</b>	<b>11,703.10</b>
Adjustments for:		
Depreciation	2,685.28	2,675.52
Amortisation	569.01	645.48
Right of use assts	176.34	146.20
Diminution in value of investments	0.51	-
Profit/loss on sale of assets	(457.20)	(1,961.99)
Advances & deposits written off	4.53	69.51
Interest income	(564.77)	(523.45)
Interest expense	403.26	226.82
Bad debts written off (credit impairment)	52.32	291.25
Provision for doubtful debts (Lifetime expected credit loss)	127.63	453.11
Other provisions	1,337.22	725.89
	4,334.13	2,748.33
<b>Operating profit before working capital changes</b>	<b>16,869.13</b>	<b>14,451.43</b>
(Increase)/decrease in trade receivables	(1,767.71)	(4,130.24)
(Increase)/decrease in inventories	(2,969.27)	(1,798.68)
(Increase) / decrease in loans & advances **	(379.23)	(1,121.42)
Increase/(decrease) in trade payables	1,072.16	1,912.59
Increase/(decrease) in current liabilities	3,013.59	(554.25)
	(1,030.46)	(5,692.00)
<b>Cash generated from operations</b>	<b>15,838.67</b>	<b>8,759.43</b>
Income tax paid net of refunds	(3,639.90)	(2,708.22)
Income tax adjustment relating to previous years	1.41	46.31
<b>Net cash flow from operating activities (A)</b>	<b>12,200.18</b>	<b>6,097.51</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(6,060.83)	(6,716.10)
Sale proceeds of fixed assets	966.35	4,677.44
Purchase of investments	(295.51)	(169.10)
Interest received	564.77	523.45
<b>Net Cash flow from investing activities (B)</b>	<b>(4,825.22)</b>	<b>(1,684.31)</b>



(₹ in Lakhs)

## Standalone Cash Flow Statement (contd.) for the year ended March 31, 2023

	March 31, 2023	March 31, 2022
<b>C Cash flow from financing activities</b>		
Long-term borrowings	(1,666.17)	(2,037.69)
Payment of lease liability	228.51	207.50
(Increase)/decrease in working capital borrowings	(915.46)	2,403.28
(Increase)/decrease in unsecured loans	-	411.00
Dividend payment	1,108.78	970.18
Interest paid	403.26	226.82
<b>Net cash flow used in financing activities ( C )</b>	<b>(841.08)</b>	<b>2,181.10</b>
<b>D Net increase in cash and cash equivalents (A+B-C)</b>	<b>8,216.04</b>	<b>2,232.11</b>
Cash and cash equivalents at beginning of the period	4,779.73	2,547.62
Cash and cash equivalents at end of the period	<b>12,995.77</b>	<b>4,779.73</b>
<b>Cash and cash equivalents</b>		
Cash on hand	4.46	5.06
Balances with banks in current account	12,991.31	4,774.67
<b>Total</b>	<b>12,995.77</b>	<b>4,779.73</b>

## Notes to the cash flow statement for the year ended 31-03-2023

- 1 This statement is prepared as per Ind AS - 7 (indirect method).
- 2 \* Details of the exceptional items are given in Note 37.
- 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 **LNR Associates**  
Chartered Accountants  
FRN No. 05381S

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGPZ4894  
Place : Hyderabad  
Date : May 25, 2023

On behalf of the board

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**E Sairam**  
Chief Financial Officer

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

**GBS Naidu**  
Company Secretary

Place : Hyderabad  
Date : May 25, 2023

CORPORATE  
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## Standalone of Changes in Equity for the year ended March 31, 2023

(₹ in Lakhs)

### a) Share capital

	Current reporting period March 31, 2023	Previous reporting period March 31, 2022
Balance at the beginning of the year	2,771.95	2,771.95
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	2,771.95	2,771.95
Changes in equity share capital during the current year	-	-
<b>Balance at the end of the year</b>	<b>2,771.95</b>	<b>2,771.95</b>

### b) Other equity

(₹ in Lakhs)

Particulars	Capital reserve	Securities premium	Other reserves		General reserve	Retained earnings	TOTAL
			Capital redemption reserve	Investment subsidy			
Balance at the beginning of the current reporting period April 1, 2022	1.02	23,010.66	2.70	55.77	32,272.35	29,086.00	84,428.50
Total comprehensive income						9,480.31	9,480.31
Dividend						(1,108.78)	(1,108.78)
<b>Balance at the end of the current reporting period March 31, 2023</b>	<b>1.02</b>	<b>23,010.66</b>	<b>2.70</b>	<b>55.77</b>	<b>32,272.35</b>	<b>37,457.53</b>	<b>92,800.03</b>
Balance at the beginning of the previous reporting period April 1, 2021	1.02	23,010.66	2.70	55.77	32,272.35	21,200.73	76,543.24
Total comprehensive income						8,855.44	8,855.44
Dividend						(970.18)	(970.18)
<b>Balance at the end of the previous reporting period March 31, 2022</b>	<b>1.02</b>	<b>23,010.66</b>	<b>2.70</b>	<b>55.77</b>	<b>32,272.35</b>	<b>29,086.00</b>	<b>84,428.50</b>

As per our report of even date annexed

For **LNR Associates**  
Chartered Accountants  
FRN No. 053815

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGPZ4894  
Place : Hyderabad  
Date : May 25, 2023

On behalf of the board

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**E Sairam**  
Chief Financial Officer

**GBS Naidu**  
Company Secretary

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

Place : Hyderabad  
Date : May 25, 2023



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 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 BSE Limited and National Stock Exchange of India Limited in India. The financial statements were reviewed by the Audit Committee in its meeting held on 25<sup>th</sup> May 2023 and approved by the Company’s Board of Directors at the meeting held on 25<sup>th</sup> May 2023.

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 and other products. The Company is also engaged in service activities related to the above products.

## 2. Basis of preparation and measurement

### 2.1 Statement of compliance

The financial statements as at and for the year ended March 31, 2023 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
- iv) Lease liability on right of use assets

### 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 occurrence of provisions and contingencies.
- iv) Recognition of deferred tax assets/liabilities.
- v) Impairment of intangibles
- vi) Expenditure relating to research and development activities.
- vii) Assessing the lease term (including anticipated renewals), non-cancellable period of a lease and the applicable discount rate in respect of assets taken on lease.

### 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.

## 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.



# Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2023

- 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 which are depreciated over their technically estimated useful lives of 5 years 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 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### i) Assets taken under lease

- a) The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset is measured in accordance with the measurement criteria as per Ind AS 116. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.
- b) The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability in accordance with the requirements under Ind AS 116.
- c) The Company has elected not to apply the requirements of Ind AS 116 leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

payments associated with these leases are recognized as an expense.

## ii) Assets given on lease

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

### 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 1/3 <sup>rd</sup> 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.

### 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



# Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2023

at a point in time which in case of goods are upon their despatch/delivery to domestic customers as per terms of sale and on the basis of proof of export/delivery for export customers as per terms of sale 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 recognized on an accrual basis using the effective interest rate (EIR) 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 (PUC) 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 PUC 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



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

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.

### 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 Effective Interest Rate (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





# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

profit and loss upon the occurrence of the related forecasted transaction.

## (iv) 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, and 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 ECL's 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.

## 3.14 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.

## 3.15 Earnings Per Share ( EPS )

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

ii) Diluted EPS is computed by dividing the profit after tax attributable to equity shareholders, 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.

## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

**Note : 4 Property, Plant and Equipment as on March 31, 2023**

₹ in Lakhs

Description	Gross carrying amount			Accumulated depreciation			Net carrying amount		
	As on April 1, 2022	Additions	Adjustments/ deletions	As on March 31, 2023	As on April 1, 2022	For the period	Adjustments/ deletions	As on March 31, 2023	As on March 31, 2022
Land - freehold	3,403.15	138.29	121.17	3,420.26	-	-	-	3,420.26	3,403.15
Buildings - factory	14,323.56	1,617.79	-	15,941.35	6,435.77	462.54	-	6,898.32	7,889.14
Buildings - others	472.30	377.14	-	849.44	104.54	9.91	-	114.45	367.75
Plant and equipment	37,904.43	5,830.89	2,888.03	40,847.29	26,560.17	1,823.34	2,539.25	25,844.25	11,342.74
Furniture & fixtures	568.63	182.88	31.74	719.78	350.02	37.78	30.27	357.54	218.64
Vehicles	1,093.40	219.69	119.22	1,193.87	635.88	82.22	89.73	628.38	457.52
Office equipment	2,222.11	369.68	226.69	2,365.10	1,503.27	269.48	218.47	1,554.28	718.99
Office equipment under finance lease	86.48	-	-	86.48	82.16	-	-	82.16	4.32
Technical library	1.89	-	-	1.89	1.89	-	-	1.89	-
<b>Total</b>	<b>60,075.96</b>	<b>8,736.36</b>	<b>3,386.86</b>	<b>65,425.46</b>	<b>35,673.70</b>	<b>2,685.28</b>	<b>2,877.71</b>	<b>35,481.26</b>	<b>24,402.26</b>
Less: Transferred to assets held for sale	115.20	-	115.20	-	-	-	-	-	115.20
<b>Net total</b>	<b>59,960.76</b>	<b>8,736.36</b>	<b>3,271.66</b>	<b>65,425.46</b>	<b>35,673.70</b>	<b>2,685.28</b>	<b>2,877.71</b>	<b>35,481.26</b>	<b>24,287.06</b>
Carrying value as at March 31, 2022	64,007.37	2,807.06	6,853.68	59,960.76	37,136.40	2,675.52	4,138.22	35,673.70	24,287.06

**4.1** In respect of dies & moulds included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and the company had continued to charge such higher depreciation ( as compared to Schedule II ) on the same basis.







## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

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

#### 1 Freehold land:

- The Gross block of freehold land comprises of actual acquisition cost of ₹ 3,262.06 lakhs and land development charges capitalized of ₹158.20 lakhs.
- Out of the value of ₹ 3,262.06 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 :

Title deeds held in the name of	Gross carrying value	Relation with the holder	Property held since	Remarks / reasons
1 HBL Power Systems Limited (A)	2,827.32	-	-	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	All these companies are part and parcel of HBL Power Systems Limited due to name change/ merger.	From the date of change of name and merger.	Name Changed to Hyderabad Batteries Limited on 11-11-1987
2 Hyderabad Batteries Limited	24.39			Name Changed to HBL Limited on 09-08-1995
3 Nicad Systems Private Limited	1.07			Name changed to Pilazetta Batteries Limited on 13.02.1990
4 Pilazetta Batteries Limited	2.59			Merged with HBL Limited on 27.11.1995
5 Nagadhara Engineering Private Limited	1.62			Merged with HBL Limited on 27.11.1995
6 HBL Limited	45.69			Later merged with Sab Nife Power Systems Limited vide order dated 08.03.2000
7 Sab Nife Power Systems Limited	61.34			Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited 26.04.2000
8 HBL NIFE Power Systems Limited	287.73			Name changed to HBL Power Systems Limited with effect from 12-10-2006
<b>Total (B)</b>	<b>434.74 -</b>	-	-	Value of land, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Power Systems Limited by virtue of approved schemes of merger and name changes.
<b>Grand total ( A + B )</b>	<b>3,262.06</b>			

#### 2 Non - factory buildings:

- The gross block of non-factory buildings of ₹ 849.44 lakhs, comprise of actual cost of building constructed on factory lands of value of ₹ 676.88 lakhs, and cost of acquisition of buildings, (situated on other than factory lands) purchased from the third parties, is ₹ 172.56 lakhs.



## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

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

Name of the Company	Cost of buildings	Relation with the holder	Property held since	Remarks / reasons
<b>A Buildings constructed on factory lands:</b>				
1 HBL Power Systems Limited	366.07	All these companies are part and parcel of HBL Power Systems Limited due to name change/ merger.	From the date of change of name and merger.	Value of buildings constructed on factory land by the Company itself viz., HBL Power Systems Limited
2 HBL NIFE Power Systems Limited	310.81			Name changed to HBL Power Systems Limited with effect from 12-10-2006
<b>Sub - total ( A )</b>	<b>676.88</b>			
<b>B Buildings acquired from others:</b>				
1 HBL Power Systems Limited	89.55	All these companies are part and parcel of HBL Power Systems Limited due to name change/ merger.	From the date of change of name and merger.	
2 HBL NIFE Power Systems Limited	15.86			Name changed to HBL Power Systems Limited with effect from 12-10-2006
3 Sab Nife Power Systems Limited	67.15			Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited 26.04.2000
<b>Sub - total ( B )</b>	<b>172.56</b>			Value of buildings, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Power Systems Limited by virtue of approved schemes of merger and name changes.
<b>Grand total ( A + B )</b>	<b>849.44</b>			

### Note : 5 Assets held for sale

Refer note 3.7 for accounting policy on assets held for sale

Particulars of assets held for sale	March 31, 2023	March 31, 2022
Land freehold	-	115.20
<b>Total</b>	<b>-</b>	<b>115.20</b>

### Note : 6 Capital work in progress

	March 31, 2023	March 31, 2022
Machinery under erection	1,525.93	4,021.24
Civil works in progress	906.98	175.32
<b>Total</b>	<b>2,432.90</b>	<b>4,196.55</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Amount in capital work in progress for a period

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
<b>As on 31.03.2023</b>					
Project in progress	1,868.97	548.96	14.97	-	2,432.90
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1,868.97</b>	<b>548.96</b>	<b>14.97</b>	<b>-</b>	<b>2,432.90</b>
<b>As on 31.03.2022</b>					
Project in progress	3,057.88	1,064.24	74.43	-	4,196.55
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>3,057.88</b>	<b>1,064.24</b>	<b>74.43</b>	<b>-</b>	<b>4,196.55</b>

## Note : 7 Intangible assets as on March 31, 2023

Description	Gross carrying amount			Accumulated amortization		Net carrying amount		
	As on April 1, 2022	Additions	As on March 31, 2023	As on April 1, 2022	For the period	As on March 31, 2023	As on March 31, 2023	As on March 31, 2022
New product development expenditure (internally generated)	5,577.68	-	5,577.68	4,506.53	417.09	4,923.62	654.06	1,071.15
Power facility	96.16	-	96.16	96.16	-	96.16	-	-
Technical knowhow fee	1,019.73	643.33	1,663.06	996.48	151.92	1,148.40	514.66	23.25
Software development	991.49	-	991.49	991.49	-	991.49	-	-
<b>Total</b>	<b>7,685.06</b>	<b>643.33</b>	<b>8,328.39</b>	<b>6,590.66</b>	<b>569.02</b>	<b>7,159.67</b>	<b>1,168.72</b>	<b>1,094.40</b>
Carrying value as at March 31, 2022	7,685.06	-	7,685.06	5,945.18	645.48	6,590.66	1,094.40	-

## Note : 8 Intangible assets under development

Description	March 31, 2023	March 31, 2022
1) New product development expenditure (Internally generated)		
a) Battery products	186.54	920.51
b) Electronic products	2,302.39	2,302.39
2) Technical knowhow fee paid	-	643.33
<b>Total</b>	<b>2,488.94</b>	<b>3,866.23</b>

## Amount in Intangible assets under development for a period of

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
<b>As on 31.03.2023</b>					
Project in progress	-	876.75	483.83	1,128.36	2,488.94
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>876.75</b>	<b>483.83</b>	<b>1,128.36</b>	<b>2,488.94</b>
<b>As on 31.03.2022</b>					
Project in progress	1,259.97	699.99	391.97	1,514.30	3,866.23
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1,259.97</b>	<b>699.99</b>	<b>391.97</b>	<b>1,514.30</b>	<b>3,866.23</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Note : 9 Investments

				March 31, 2023	March 31, 2022
<b>Non - current - un-quoted</b>					
<b>i) In equity instruments: (fully paid-up)</b>					
<b>Number</b>		<b>Face value</b>	<b>Name of the entity</b>		
Current year	Previous year				
<b>a) Subsidiary companies</b>					
250	250	Euro 100	HBL Germany GMBH	14.92	14.92
99,99,500	99,99,500	₹ 10	SCIL Infracon Private Limited	1,248.37	1,248.37
600	600	USD 1000	HBL America Inc.	323.02	323.02
16,91,000	-	₹ 10	Torquedrive Technologies Private Limited	464.10	169.10
5,100	-	₹ 10	HBL Tonbo Private Limited *	0.51	-
<b>b) Associate company</b>					
41,000	41,000	₹ 10	Naval Systems & Technologies Private Limited	4.10	4.10
<b>c) Joint venture entity</b>					
-	11,00,000	SR 10	Gulf Batteries Company Limited ** (Kingdom of Saudi Arabia)	-	1,424.51
<b>Non - current - quoted</b>					
<b>d) Other companies (Listed but not quoted)</b>					
200	200	₹ 10	Indian Lead Limited	0.10	0.10
<b>TOTAL</b>				<b>2,055.11</b>	<b>3,184.12</b>
<b>Less : Aggregate provision for diminution in value of investments</b>				<b>1,248.88</b>	<b>2,672.88</b>
<b>Carrying value of non-current investments</b>				<b>806.23</b>	<b>511.23</b>

## Current investments- quoted :

<b>In equity instruments of other companies: (Fully paid-up)</b>				March 31, 2023	March 31, 2022
<b>Number</b>		<b>Face value</b>	<b>Name of the entity</b>		
Current year	Previous year				
690	690	₹ 1	JSW Steel Limited	2.58	2.58
<b>TOTAL</b>				<b>2.58</b>	<b>2.58</b>
<b>Less : Aggregate provision for diminution in value of investments</b>				<b>-</b>	<b>-</b>
<b>Carrying value of current investments</b>				<b>2.58</b>	<b>2.58</b>





## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

	Non - current	Current	Non - current	Current
9.1 Aggregate amount of quoted investments	0.10	2.58	0.10	2.58
Aggregate market value of quoted investments	Not Available	4.75	Not Available	5.05
Aggregate amount of unquoted investments	2,055.01	-	3,184.02	-
Aggregate amount of impairment / diminution in value of investments	1,248.88	-	2,672.88	-

9.2 Investee Company	Principal place of business	Country of incorporation	Proportion of ownership interest & voting Right
HBL Germany GMBH	Zwickau	Germany	100%
SCIL Infracon Private Limited	Hyderabad	India	100%
HBL America Inc.	Connecticut	U.S.A.	100%
Torquedrive Technologies Private Limited	Hyderabad	India	100%
Naval Systems & Technologies Private Limited	Hyderabad	India	41%
HBL Tonbo Private Limited	Hyderabad	India	51%

9.3 \*HBL Tonbo Private Limited (HTPL) was incorporated by HBL Power Systems Limited and Tonbo Imaging India Private Limited on September 12, 2022 with a sharing ratio of 51:49. There were no commercial operations since inception of HTPL. Subsequently, it was decided to explore other opportunities to carry on the intended business. The Board of Directors of HTPL in their meeting held on March 08, 2023, resolved to apply for voluntary striking off the name of the Company from the register of the Registrar of Companies under Section 248(2) of the Companies Act, 2013 read with rules made thereunder. In view of the decision of the Board of Directors HTPL, a provision for diminution of 100% value of investment in equity shares of HTPL of ₹51,000 (being 51%) has been made during the reporting period.

9.4 \*\* In the previous years, the investment in Gulf Batteries Company Limited was fully provided. An amount of ₹5.05 lakhs was realized towards full and final settlement against sale/transfer of stake in JV in the financial year 2021-22. During reporting financial year, necessary regulatory approvals were received and therefore, the unrealized value of investment has been written off against the provisions made earlier.

### Note : 9a Loans

	March 31, 2023	March 31, 2022
Loans to related parties (Unsecured, considered good)		
Loan to stepdown subsidiary	201.53	-
	201.53	-

### Note : 10 Other financial assets

	March 31, 2023	March 31, 2022
<b>Non-Current</b>		
Bank deposits (maturity beyond 12 months)		
Fixed deposits	1,188.54	404.19
Margin money deposits	1,889.65	1,790.80
Security deposits with Government and others	1,144.37	841.64
Advances to employees	1.55	2.27
<b>TOTAL</b>	<b>4,224.11</b>	<b>3,038.89</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Note : 11 Other non- current assets

	March 31, 2023	March 31, 2022
Capital advances	4.44	23.26
<b>TOTAL</b>	<b>4.44</b>	<b>23.26</b>

## Note : 12 Inventories \*

	March 31, 2023	March 31, 2022
Raw materials	18,914.60	15,331.09
Stores, spares, process chemicals, fuels & packing material	870.23	812.13
Stock -in-trade (in respect of goods acquired for trading)	18.32	26.25
Material in transit	206.83	894.33
Consumable tools	125.50	94.51
Work in progress	7,553.36	7,791.33
Finished goods	5,433.98	5,203.90
<b>TOTAL</b>	<b>33,122.82</b>	<b>30,153.55</b>

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

## Note : 13 Trade receivables

	March 31, 2023	March 31, 2022
Unsecured, considered good	32,353.60	30,765.85
Unsecured and having significant credit risk	263.99	589.47
	32,617.59	31,355.32
Allowance for credit risk	(263.99)	(589.47)
<b>TOTAL</b>	<b>32,353.60</b>	<b>30,765.85</b>

### Trade receivable ageing schedule

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
<b>As on 31.03.2023</b>						
Undisputed - considered good	28,560.44	1,325.77	909.24	315.08	119.90	31,230.43
Undisputed-significant increase in credit risk	33.42	12.52	8.01	0.79	72.89	127.63
Undisputed - credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed-significant increase in credit risk	-	-	43.87	-	92.49	136.36
Disputed - credit impaired	-	-	-	-	-	-
Unbilled revenue	1,123.17	-	-	-	-	1,123.17
	<b>29,717.03</b>	<b>1,338.29</b>	<b>961.12</b>	<b>315.87</b>	<b>285.28</b>	<b>32,617.59</b>
<b>As on 31.03.2022</b>						
Undisputed - considered good	27,742.99	1,259.23	493.07	208.77	341.59	30,045.65
Undisputed-significant increase in credit risk	319.70	7.12	13.81	65.59	46.90	453.11
Undisputed - credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed-significant increase in credit risk	-	-	-	-	136.36	136.36
Disputed - credit impaired	-	-	-	-	-	-
Unbilled revenue	720.19	-	-	-	-	720.19
	<b>28,782.89</b>	<b>1,266.35</b>	<b>506.88</b>	<b>274.36</b>	<b>524.85</b>	<b>31,355.32</b>



## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

### Note : 14.1 Cash and cash equivalents

	March 31, 2023	March 31, 2022
Balances with banks in current accounts	616.26	165.99
Balances with banks in cash credit accounts	5,741.27	2,265.35
Cash on hand	4.46	5.06
Fixed deposits (maturity of less than three months)	6,633.78	2,343.33
<b>TOTAL</b>	<b>12,995.77</b>	<b>4,779.73</b>

### Note : 14.2 Other bank balances

	March 31, 2023	March 31, 2022
Balances with banks in other current accounts	15.26	33.42
Fixed deposits	103.97	3,950.84
Margin money deposits	1,220.57	1,458.84
Dividend account	54.85	55.59
<b>TOTAL</b>	<b>1,394.64</b>	<b>5,498.69</b>

### Note : 14.3 Financial assets - others (current)

	March 31, 2023	March 31, 2022
Security deposits with government and others	156.14	195.47
Advances to employees	59.04	76.61
Claims & other receivables	442.80	470.27
Interest accrued but not due on deposits	388.59	356.70
<b>TOTAL</b>	<b>1,046.56</b>	<b>1,099.04</b>

### Note : 14.4 Claims and other receivables include

	March 31, 2023	March 31, 2022
a) Insurance claim on account of heavy rainfall (Refer Note : 14.5)	95.16	95.16
b) Payments under protest for pending indirect tax litigations	276.79	300.48
c) Other receivables	70.85	74.63
<b>TOTAL</b>	<b>442.80</b>	<b>470.27</b>

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 against which the company filed a suit. The matter is still sub-judice.

### Note : 15 Current tax assets (net)

	March 31, 2023	March 31, 2022
Advance payment of income tax (including TDS)	6,400.86	-
Less : Provision for income tax	6,100.00	-
<b>TOTAL</b>	<b>300.86</b>	<b>-</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Note : 16 Other current assets

	March 31, 2023	March 31, 2022
<b>A) Advances other than capital advances:</b>		
Advances to employees	53.57	62.95
Advances to vendors for supply of goods / services	5,246.44	2,005.52
<b>B) Others:</b>		
Prepaid expenses	360.72	252.50
Export incentives receivable	29.63	263.26
GST/service tax input/VAT receivables	328.55	151.90
Other advances	241.71	380.00
<b>TOTAL</b>	<b>6,260.62</b>	<b>3,116.13</b>

## Note : 17 Equity share capital

	March 31, 2023	March 31, 2022
<b>Authorised</b>		
31,25,00,000 Equity shares of ₹1 each (Previous year 31,25,00,000 Equity shares of ₹1 each)	3,125.00	3,125.00
<b>Issued , subscribed and fully paid-up</b>		
27,71,94,946 Equity shares of ₹1 each (Previous year 27,71,94,946 Equity shares of ₹1 each)	2,771.95	2,771.95
<b>TOTAL</b>	<b>2,771.95</b>	<b>2,771.95</b>

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

Equity shares	March 31, 2023		March 31, 2022	
	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 on account of business combination	-	-	-	-
Deductions during the period on account of business combination	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>27,71,94,946</b>	<b>2,771.95</b>	<b>27,71,94,946</b>	<b>2,771.95</b>

### 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.





## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

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

Name of the shareholder	March 31, 2023		March 31, 2022	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of ₹1 each fully paid</b>				
<b>Promoter and promoter group</b>				
Barclays Wealth Trustees (India) Pvt Ltd -Trustees for Aluru Family Pvt Trust	14,21,22,643	51.27	14,18,17,643	51.16
<b>Public</b>				
BanyanTree Growth Capital LLC	-	-	2,34,69,551	8.47
Oman India Joint Investment Fund	-	-	2,58,42,240	9.32

### 17.4 Shares held by promoters at the end of the year

Sl. No	Name of the promoter	March 31, 2023		March 31, 2022		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	Dr. A J Prasad	26,92,827	0.97	26,92,827	0.97	-
2	A Uma Devi	9,50,397	0.34	9,50,397	0.34	-
3	M S S Srinath	19,56,920	0.71	19,56,920	0.71	-
4	Kavita Prasad	97,88,386	3.53	97,88,386	3.53	-
5	M Advay Bhagirath	39,17,600	1.41	39,17,600	1.41	-
6	M Deeksha	20,87,187	0.75	20,87,187	0.75	-
7	Barclays Wealth Trustees (India) Pvt Ltd - Trustee for Aluru Family Pvt Trust	14,21,22,643	51.27	14,18,17,643	51.16	0.11
8	Barclays Wealth Trustees (India) Pvt Ltd - Trustee for Mikkilineni Family Private Trust	2,53,134	0.09	2,53,134	0.09	-
	<b>Total</b>	<b>16,37,69,094</b>	<b>59.08</b>	<b>16,34,64,094</b>	<b>58.97</b>	<b>0.11</b>

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

	March 31, 2023	March 31, 2022
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)	37,457.53	29,086.00
<b>TOTAL</b>	<b>92,800.03</b>	<b>84,428.50</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Note : 19 Non- current - financial liabilities

### 19.1 Borrowings

	March 31, 2023	March 31, 2022
Term loans from banks (secured)		
ICICI Bank Ltd	3,272.73	2,727.27
Axis Bank Ltd	439.88	-
HDFC Bank Ltd. - against vehicles	65.59	38.63
<b>TOTAL</b>	<b>3,778.20</b>	<b>2,765.90</b>

### 19.2 Lease liability

	March 31, 2023	March 31, 2022
Lease liability	363.38	929.03
<b>TOTAL</b>	<b>363.38</b>	<b>929.03</b>

### 19.3 Current - financial liabilities

	March 31, 2023	March 31, 2022
Borrowings (current maturities)		
Long term debt from banks (secured)		
ICICI Bank Ltd	818.18	272.73
Axis Bank Ltd	77.63	-
HDFC Bank Ltd. - against vehicles	54.79	24.00
<b>TOTAL</b>	<b>950.60</b>	<b>296.73</b>

### 19.4 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 in borrowings.

### 19.5 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.

#### a) Term loan from ICICI and Axis :

ICICI Bank sanctioned term loan of ₹4,500.00 lakhs for Li-ion & Electronic drive train project. 1) The loan is secured by a first Pari-passu charge on present and future assets (movable or immovable) of the company alongwith other term lenders ; 2) All the loans are guaranteed by some of the promoters in their personal capacity.

AXIS Bank sanctioned term loan of ₹7,500.00 lakhs for refinancing the capital expenditure of the Company. The loan is secured by a first Pari-passu charge on present and future assets (movable or immovable) of the company alongwith other term lenders.

Name of the bank	Loan amount drawn	No of instalments	% of interest	Outstanding as on March 31, 2023
ICICI Bank	₹ 4,500.00	22 (QTLY) commencing from Oct 22	9.45	₹ 4,090.91
Axis Bank	517.50	20 (QTLY) commencing from Sep 23	8.75	517.50

#### b) 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 as per the loan schedule sanctioned by the bank.

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



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Note : 20

### 20.1 Provisions ( non - current )

	March 31, 2023	March 31, 2022
Provision for employee benefits		
Provision for earned leave encashment	224.91	199.41
	<b>224.91</b>	<b>199.41</b>

### 20.2 Provisions ( current )

	March 31, 2023	March 31, 2022
<b>Provision for employee benefits</b>		
Provision for earned leave encashment	42.59	41.43
Provision for gratuity *	270.87	233.27
<b>Other provisions</b>		
Provision for warranties	3,202.62	1,960.30
Provision for commission on profits to director	377.60	356.94
Contingency provision	10.00	-
	<b>TOTAL</b>	<b>2,591.94</b>

*Present value of obligation	2,174.38	2,021.43
Fair value of plan asset	1,903.51	1,788.16
Short fall provided for	270.87	233.27

## Note : 21 Deferred tax liability (net)

	March 31, 2023	March 31, 2022
Deferred tax liability (as per last balance sheet)	1,070.56	1,176.60
Add: Deferred tax (asset)/liability for the year	(43.90)	(106.04)
	<b>TOTAL</b>	<b>1,026.66</b>

## Note : 22 Borrowings

	March 31, 2023	March 31, 2022
<b>(A) Loans repayable on demand from banks ( secured )</b>		
State Bank of India	-	-
ICICI Bank Ltd	-	-
Axis Bank Ltd	-	-
	<b>TOTAL (A)</b>	<b>-</b>
<b>(B) Other loans from banks (unsecured)</b>		
Purchase bill discounting from Kotak Mahindra Bank Ltd	1,883.48	445.98
Purchase bill discounting from Axis Bank Ltd	941.79	1,463.83
	<b>TOTAL (B)</b>	<b>1,909.81</b>
<b>(C) Current maturities of long-term debt(refer note - 19.3)</b>		
	950.60	296.73
	<b>TOTAL (C)</b>	<b>296.73</b>
	<b>TOTAL ( A + B + C )</b>	<b>2,206.54</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 22.1 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 guaranteed by some of the promoters in their personal capacity.

22.2 Purchase bill discounting from Kotak Mahindra Bank Ltd. is guaranteed by some of the promoters of the Company in their personal capacity and undated cheque of the Company for the limit value. Purchase bill discounting from Axis Bank Ltd. is guaranteed by some of the promoters in their personal capacity and undated cheque of the Company equivalent to limit/standing instructions for making payment on due date.

### Note : 23 Lease liability

	March 31, 2023	March 31, 2022
Lease liability	229.95	161.75
<b>TOTAL</b>	<b>229.95</b>	<b>161.75</b>

### Note : 24 Trade payables

	March 31, 2023	March 31, 2022
Total outstanding dues of :		
(a) Micro enterprises and small enterprises (MESE)	1,713.12	908.18
(b) Creditors other than micro enterprises and small enterprises	7,944.79	7,677.58
<b>TOTAL</b>	<b>9,657.91</b>	<b>8,585.75</b>

### 24.1 Trade payable aging schedule

Particulars	Outstanding for following periods from the date of transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As on 31.03.2023</b>					
(i) MSME	1,713.12	-	-	-	1,713.12
(ii) Others	7,610.84	41.26	36.70	49.16	7,737.96
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
(v) Liability for materials	206.83	-	-	-	206.83
<b>Total</b>	<b>9,530.79</b>	<b>41.26</b>	<b>36.70</b>	<b>49.16</b>	<b>9,657.91</b>
<b>As on 31.03.2022</b>					
(i) MSME	908.18	-	-	-	908.18
(ii) Others	6,675.45	50.99	29.70	26.99	6,783.13
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	0.11	-	-	0.11
(v) Liability for materials	894.33	-	-	-	894.33
<b>Total</b>	<b>8,477.96</b>	<b>51.10</b>	<b>29.70</b>	<b>26.99</b>	<b>8,585.75</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 24.2 Details relating to micro, small & medium enterprises :

	March 31, 2023	March 31, 2022
<b>The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :</b>		
Principal amount	1,713.12	908.18
Within due date	1,713.12	908.18
Beyond due date	-	-
Interest	-	-
<b>The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day</b>		
Principal amount	-	-
Interest	-	-
The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	-	-
The amount of interest accrued and remaining unpaid	-	-

**Note:** The above information has been given only in respect of those suppliers who have informed the Company that they are registered under MSMED Act 2006. Some of these vendors were associated with the Company for long periods of time and do maintain a harmonious continuous business relationship. The Company is normally prompt in servicing these vendors' claims as per mutually agreed terms of payment. The company had not received any claim towards interest from any of the vendors and in view of the said long standing business relationship, does not expect or foresee any claims in future as well. The company does not have any claims for interest remaining due and payable.

## Note : 25 Other financial liabilities - current

	March 31, 2023	March 31, 2022
Unpaid/unclaimed dividends (refer note - 25.1 )	54.85	55.59
Trade deposits	161.49	155.89
Creditors for capital expenditure	352.53	21.75
Invoice mart payable	2,549.75	2,345.33
Statutory dues	1,479.30	1,011.50
Directors' current account	176.34	113.99
Accrued compensations to employees	1,392.95	1,195.85
<b>TOTAL</b>	<b>6,167.20</b>	<b>4,899.88</b>

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

	March 31, 2023	March 31, 2022
Advances against sales	2,389.70	1,854.68
Advance against sale of investments/assets	-	5.05
Accrued expenses	2,208.32	723.09
<b>TOTAL</b>	<b>4,598.02</b>	<b>2,582.82</b>

## Note : 27 Current tax liabilities (net)

	March 31, 2023	March 31, 2022
Provision for income tax	-	4,767.27
Advance payment of income tax (including TDS)	-	4,528.23
<b>TOTAL</b>	<b>-</b>	<b>239.04</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Note : 28 Revenue from operations

(in Lakhs)

	March 31, 2023	March 31, 2022
a) Sale of products	1,24,580.64	1,12,084.69
b) Sale of traded goods	514.25	275.70
c) Sale of services	8,776.57	7,425.21
d) Other operating revenue - sale of scrap	1,103.45	2,363.93
<b>TOTAL</b>	<b>1,34,974.91</b>	<b>1,22,149.53</b>

## Note : 29 Other income

	March 31, 2023	March 31, 2022
<b>a) Interest income</b>		
Interest received on deposits with banks/others	564.77	523.46
Interest on IT refunds	10.48	147.90
<b>b) Other non-operating income (net of directly attributable expenses)</b>		
Exchange gains	885.83	571.27
Miscellaneous income (including gain / loss on termination / modification of leases)	323.03	185.01
<b>TOTAL</b>	<b>1,784.11</b>	<b>1,427.63</b>

## Note : 30 Cost of material consumed

	March 31, 2023	March 31, 2022
Opening stocks	15,331.09	14,701.88
Purchases, material, components & consumables	86,124.70	76,167.16
	1,01,455.79	90,869.04
Less : Closing stocks	18,914.60	15,331.09
	82,541.19	75,537.95
Less : Internal capitalisation	2.00	3.16
<b>Cost of material consumed</b>	<b>82,539.19</b>	<b>75,534.79</b>

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

	March 31, 2023	March 31, 2022
<b>a) Manufactured goods</b>		
i) Opening stocks		
a) Semi finished goods	7,791.33	6,494.31
b) Finished goods	5,203.90	4,740.73
<b>TOTAL (A)</b>	<b>12,995.23</b>	<b>11,235.04</b>
ii) Closing stocks		
a) Semi finished goods	7,553.36	7,791.33
b) Finished goods	5,433.98	5,203.90
<b>TOTAL (B)</b>	<b>12,987.34</b>	<b>12,995.23</b>
( Increase ) / Decrease ( C = A - B )	7.89	(1,760.19)
<b>b) Traded Goods</b>		
Opening stock of traded goods	26.25	957.07
Closing stock of traded goods	18.32	26.25
(Increase) / Decrease ( D )	7.93	930.82
(Increase) / Decrease in inventory (C+D)	15.82	(829.37)



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

	March 31, 2023	March 31, 2022
<b>Note : 32 Employee benefits expense:</b>		
Salaries & bonus	8,208.32	7,532.28
Contribution to provident & other funds	649.25	592.27
Gratuity	180.85	129.50
Staff welfare expenses	859.92	729.90
Recruitment & training	13.96	13.11
<b>Remuneration to directors:</b>		
Salaries & allowances	129.46	129.46
Contribution to provident fund	9.89	9.89
Commission on profits	377.60	356.94
Directors sitting fees	4.10	3.50
<b>TOTAL</b>	<b>10,433.35</b>	<b>9,496.85</b>
<b>Note : 33 Finance cost</b>		
Interest on term loans	324.55	157.48
Interest on bank borrowings	70.72	47.60
Interest on vehicle loans	7.99	3.41
Interest on unsecured loans	-	18.34
Interest on lease liability	77.68	102.15
Interest - others	58.93	86.73
Bank charges & commission	321.17	469.04
	<b>861.03</b>	<b>884.75</b>
Less: Transfers to pre-operative expenses	238.08	157.48
<b>TOTAL</b>	<b>622.96</b>	<b>727.27</b>
<b>Note : 34 Depreciation and amortization expense</b>		
Depreciation on tangible assets	2,685.28	2,675.52
Amortisation on intangible assets	569.01	645.48
Amortisation on right of use assets	176.34	146.20
<b>TOTAL</b>	<b>3,430.63</b>	<b>3,467.20</b>
<b>Note : 35 Manufacturing expenses</b>		
Stores & spares consumed	1,602.13	1,774.85
Equipment lease rentals	44.03	35.88
Consumption of Consumable tools	111.68	105.85
Contract wages	7,914.53	7,787.26
Testing charges	310.57	106.46
Power and fuel	4,901.93	4,244.46
	<b>14,884.86</b>	<b>14,054.77</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

	March 31, 2023	March 31, 2022
<b>Note : 36</b>		
<b>A) Administrative expenses</b>		
Rent	128.78	125.16
Rates, duties & taxes	299.87	120.51
Insurance	327.33	336.04
Professional & consultancy charges	721.54	559.09
Expenditure incurred on corporate social responsibility activities	167.37	102.03
Repairs and maintenance	1,399.20	981.63
Travelling and conveyance	1,258.99	953.52
Sundry expenses	920.84	926.66
Payments to auditors	35.00	35.00
Audit expenses	3.13	0.72
Advances & deposits written off	4.53	69.51
	<b>5,266.58</b>	<b>4,209.85</b>
<b>B) Selling expenses</b>		
Freight & insurance on sales	3,494.65	3,344.83
Commission on sales	352.46	254.75
Liquidated damages	539.07	374.51
Credit impairment	52.32	291.25
Lifetime expected credit loss	127.63	453.11
Provision for warranties	1,242.31	473.36
Installation charges paid	589.41	311.15
Televan hire charges	-	0.36
Other selling expenses	560.05	459.81
<b>TOTAL (B)</b>	<b>6,957.90</b>	<b>5,963.12</b>
<b>Note : 37 Exceptional items of (income)/expenditure</b>		
	March 31, 2023	March 31, 2022
Loss on fire accident	-	43.00
Impairment / diminution In value of investments	0.51	-
(Profit)/loss on sale of assets	(457.20)	(1,961.99)
Assets written off	323.43	839.03
Shifting/relocation expenses	-	6.94
	<b>(133.26)</b>	<b>(1,073.01)</b>





# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

**Note : 38 Disclosure as per Ind AS - 33 Earnings per share (EPS) - Face value of share : ₹ 1/- each**

## Computation of EPS (Basic & Diluted)

	March 31, 2023	March 31, 2022
Profit before OCI	9,553.86	8,939.76
Profit after OCI	9,480.31	8,855.44
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 Before OCI		
Basic ₹	3.45	3.23
Diluted ₹	3.45	3.23
EPS after OCI		
Basic ₹	3.42	3.19
Diluted ₹	3.42	3.19

**Note : 39**

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

### 39.1 Movement of provisions during the year 2022-23

Particulars	Provision for warranties
a) the carrying amount at the beginning of the period	1,960.30
b) additional provisions made in the period, including increases to existing provisions	2,736.34
c) amounts reversed on completion of warranty period	(1,292.51)
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.	(201.52)
f) the carrying amount at the end of the period	3,202.61

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 60 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

### 39.2 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:

Nature of contingent liability	March 31, 2023	March 31, 2022
<b>i) Contingent liabilities not provided for:</b>		
<b>a) Claims against the Company not acknowledged as debts towards :</b>		
Excise duty	2,472.78	2,585.23
Sales tax	669.76	673.98
Custom duty	488.70	488.70
Service Tax	194.90	194.90
Goods and service tax	16.98	16.98
Property tax	242.03	242.03
Fuel surcharge adjustment	224.61	231.95
Erstwhile promoters of SCIL Infracon Private Limited *	542.04	188.31
Others	394.80	361.84



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	14,646.68	13,156.49
Corporate guarantee given to bank on behalf of stepdown subsidiary in respect of loan taken by them	1,271.00	-
<b>ii) Commitments:</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	983.75	1,269.91
<b>b) Other Commitments:</b>		
Legal undertakings (LUTs) given to custom's authorities for clearing the imports at Nil / concessional rate of duty	-	84.68

The erstwhile promoters of M/s. SCIL Infracon Private Limited filed a petition with the sole arbitrator making several new claims against the Company and others. The arbitration award allowed, only one claim of theirs, relating to unsecured loans of ₹2.08 cr to be paid along with interest of 12% p.a., effective from 31.01.2011 till the date of the payment. On an appeal preferred by the Company against the arbitral award, the Hon'ble Civil Court granted stay on the operation of the award on condition of depositing 50% of the amount awarded with interest till date of the order. The Company deposited the 50% amount along with interest amounting to ₹2.71 cr on 17<sup>th</sup> April 2023 in compliance of the Hon'ble Civil Court's order as modified by the Hon'ble High Court. However, the appeal against the arbitral award is yet to be decided by the Hon'ble Civil Court and the matter is still sub-judice. The company's legal counsel, based on the facts of the case, opined that the claim is not admissible and is likely to be dismissed by the Hon'ble City Civil Court. Based on the above facts, the claim is not acknowledged as debt against the company and is appropriately reported as a contingent liability.

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 commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.

### 39.3 Commitment towards dividend

The Board in its meeting held on May 25, 2023 has recommended a dividend of ₹ 0.45 ps per Equity Share of ₹ 1/- each for the financial year ended March 31, 2023. 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 ₹ 1,247.38 lakhs towards dividend.

### 39.4 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 suffered 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 : 40

### Income tax and Sales tax assessments:

#### 40.1 Income tax:

Taxes were paid in accordance with income tax returns filed and were charged off to revenue. In respect of pending assessments, the liability, if any, that may arise upon completion of assessments is not ascertainable at this stage. During the year, in the income tax assessments, there were no transactions that were not recorded in the books of accounts but have been surrendered or disclosed as income.



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 40.2 Sales tax:

The Company has paid/provided for VAT/CST as per the records and returns filed upto September 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 : 41

#### 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.

### Note : 42

**42.1** 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.

**42.2** The company has utilized the borrowings from banks and financial institutions for the specific purpose for which it was taken.

**42.3** In respect of borrowings from banks and financial institutions, the quarterly returns or statements of current assets filed by the company are in agreement with the books of accounts.

**42.4** Relationship with struck-off Companies:

The Company has attempted machine matching of the names of its active customers/vendors with the list of "Struck Off companies" hosted in the MCA website. Since no matches were found during this exercise, there are no transactions / relationships to report.

## 42.5 Disclosure on ratios

Sl. No	Ratio	Numerator	Denominator	Current reporting period	Previous reporting period	Variation	Reasons
				Ratio	Ratio		
1	Current ratio	Current assets	Current liabilities	3.09	3.55	-12.93%	
2	Debt equity ratio	Total debt	Shareholder's equity	0.09	0.07	22.60%	
3	DSCR	Earnings available for debt service \$	Debt Service #	4.10	2.96	38.31%	Improved profitability combined with lower debt servicing cost.
4	Return on equity	Net profit after tax	Average shareholder's equity	0.10	0.11	-2.47%	
5	Inventory turnover	Net sales	Average inventory	4.27	4.18	2.17%	
6	Trade receivable turnover	Net sales	Average trade receivables	4.28	4.20	1.79%	
7	Trade payable turnover	Purchases	Average trade payables	9.45	10.01	-5.57%	
8	Net capital turnover	Net sales	Working capital	2.28	2.26	1.16%	
9	Net profit ratio	Net profit after tax	Net Sales	7.02	7.25	-3.12%	



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Sl. No	Ratio	Numerator	Denominator	Current reporting period	Previous reporting period	Variation	Reasons
				Ratio	Ratio		
10	Return on capital employed	Earning before interest and taxes	Capital employed *	12.56	13.18	-4.67%	
11	Return on investment	Time weighted rate of return		-	-	-	
	Subsidiaries	-	-	Nil	Nil		ROI for investments in unquoted/unlisted subsidiaries is not computed since there are no cash flows from such investments and the market value of the investment could not be ascertained in the absence of comparative data
	Quoted investment	-	-	Nil	Nil		Investment of ₹2.58 lacs in quoted equity shares is very nominal and its ROI has not been computed as it is considered insignificant
	Unquoted investment	-	-	Nil	Nil		Investment of ₹0.10 lacs in unquoted equity shares is very nominal and its ROI has not been computed as it is considered insignificant
\$	Earnings available for debt service	Net profit after taxes + depreciation + amortisation + Interest + Other adjustments like loss/(profit) on sale of fixed assets etc.,					
#	Debt service	Interest and lease payments + Principal repayments					
*	Capital employed	Tangible Net worth + Total Debt + Deferred Tax Liability					

## Note : 43

### Disclosures as prescribed by Indian Accounting Standard ( Ind AS )

#### 43.1 Disclosure as per Ind AS - 2 - inventories

During the year ended March 31, 2023, ₹ 52.76 lakhs ( March 31, 2022, ₹ 1.01 lakhs) was recognised as an expense in respect of inventories carried at net realisable value in the statement of profit and loss.

#### 43.2 Disclosure as per Ind AS - 7

#### Statement of reconciliation for changes in liabilities arising from financing activities.

	Long-term borrowings	Working capital borrowings
Opening balance	3,062.63	1,909.81
Borrowed during the year	2,111.84	-
Repaid during the year	(445.68)	-
Net movement	1,666.17	915.46
Closing balance	4,728.79	2,825.27



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 43.3 Disclosure as per Ind AS -115 - contracts with customers

### A) De-segregation 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:

Particulars	Battery		Electronics & Others		Total
	Within India	Outside India	Within India	Outside India	
<b>March 31, 2023</b>					
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time	82,360.27	11,922.15	28,071.81	8,918.15	1,31,272.38
(b) Over time	-	-	3,702.53	-	3,702.53
<b>Total</b>	<b>82,360.27</b>	<b>11,922.15</b>	<b>31,774.34</b>	<b>8,918.15</b>	<b>1,34,974.91</b>
<b>March 31, 2022</b>					
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time	65,630.27	12,436.34	27,902.45	12,775.33	1,18,744.39
(b) Over time	565.00	-	2,840.14	-	3,405.14
<b>Total</b>	<b>66,195.27</b>	<b>12,436.34</b>	<b>30,742.59</b>	<b>12,775.33</b>	<b>1,22,149.53</b>

### Customer category wise disaggregation

Particulars	March 31, 2023		March 31, 2022	
	Battery	Electronics & Others	Battery	Electronics & Others
Revenue from customers				
Railways	13,497.51	7,633.34	14,082.01	6,935.88
Telecom/Industry	67,560.20	12,453.58	51,969.54	5,351.71
Defence	1,302.56	11,687.42	143.72	18,455.00
Exports	11,922.15	8,918.15	12,436.34	12,775.33
<b>Total</b>	<b>94,282.42</b>	<b>40,692.49</b>	<b>78,631.61</b>	<b>43,517.92</b>

### B) Contract balances

The following table provides information about trade receivables, contracts assets, and contract liabilities from contracts with customers.

Particulars	March 31, 2023	March 31, 2022
Receivables	32,353.60	30,765.85
Contract assets	1,123.17	720.20
Contract liabilities	2,389.70	1,854.68

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



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Movement of contractual liabilities

Particulars	March 31, 2023	March 31, 2022
Opening Balance	1,854.68	1,082.62
Received during the year	21,209.28	19,346.09
Revenue recognised / Adjusted	(20,674.26)	(18,574.03)
Closing Balance	2,389.70	1,854.68

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 company'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.

## C) Movement in provisions on account of impairment and credit loss

Provision movement	March 31, 2023		March 31, 2022	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Opening balance	589.47	-	356.56	-
Add: Additions / expected lifetime credit loss	127.63	-	453.11	-
Less: Write off / impairment	453.11	-	220.20	-
Less: Reversal	-	-	-	-
Closing balance	263.99	-	589.47	-



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 43.4 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:

Particulars	March 31, 2023	March 31, 2022
Profit before tax excluding profit on sale of land and after other comprehensive income	12,070.68	10,362.49
Profit on sale of land	464.32	1,340.61
Profit before tax after other comprehensive income	12,535.00	11,703.10
Enacted tax rates ( % )		
On Business income	25.17	25.17
On Capital gains	25.17	25.17
Computed expected tax expense	3,154.81	2,945.44
Tax effect due to non-taxable income	(116.86)	(493.79)
Tax reversals	(194.74)	(71.20)
Tax effect due to non-deductible expenses	236.41	552.33
Tax effect on others	20.38	67.23
Income tax expense	3,100.00	3,000.00
Effective tax rate %	24.73	25.63

b) Details of income tax assets and income tax liabilities are as follows:

	March 31, 2023	March 31, 2022
Advance tax / TDS	6,400.86	4,528.23
Provision for income tax	6,100.00	4,767.27
Asset / (liability)	300.86	(239.04)

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

	March 31, 2023	March 31, 2022
Net current income tax asset / (liability) at the beginning	(239.04)	52.74
Add : income tax paid / adjusted (net of refund received)	3,639.90	2,708.22
Less : provision for current tax	3,100.00	3,000.00
Net current income tax asset / (liability) at the end	300.86	(239.04)

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

Particulars	March 31, 2023	March 31, 2022
Deferred tax liability		
Property, plant and equipment	1,160.43	1,279.53
<b>Total</b>	<b>1,160.43</b>	<b>1,279.53</b>
Deferred tax asset		
Leave encashment	67.32	60.61
Provision for doubtful debts	66.44	148.36
<b>Total</b>	<b>133.77</b>	<b>208.97</b>
Deferred tax liability after set off of deferred tax asset	1,026.66	1,070.56



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

e) The gross movement in the deferred income tax account is as follows:

	March 31, 2023	March 31, 2022
Net deferred tax liability at the beginning	1,070.56	1,176.60
Credit / (charge) relating to temporary differences	(43.88)	(106.04)
Net deferred income tax liability at the end	1,026.66	1,070.56

## 43.5 Disclosure as per Ind AS-116 - Leases

(i) Transition from Ind AS 17

- The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019).
- The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application. The Company has used a single discount rate to a portfolio of leases with similar characteristics.
- On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application using the practical expedient provided by the standard.

(ii) The details of the right-of-use asset held by the Company is as follows:

Description	Leasehold land	Buildings	Total
<b>Gross carrying amount</b>			
As on April 01, 2022	643.82	781.74	1,425.56
Additions/adjustments	2.08	(161.18)	(159.10)
As on March 31, 2023	645.90	620.56	1,266.46
Accumulated amortization			
As on April 01, 2022	102.37	438.51	540.88
For the period	31.75	144.60	176.35
As on March 31, 2023	134.12	583.11	717.23
Net carrying amount			
As on March 31, 2023	511.78	37.45	549.23
As on March 31, 2022	541.45	343.23	884.68

(iii) Lease liabilities:

	March 31, 2023	March 31, 2022
Opening balance	1,090.78	994.90
Additions/adjustments	(346.62)	201.23
Interest for the year	77.68	102.15
Cash outflow for leases	228.51	207.50
Closing balance	593.33	1,090.78
Current lease liability	229.95	161.75
Non-current lease liability	363.38	929.03







# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

- (iv) The company incurred ₹ 172.81 lakhs for the year ended March 31, 2023 (Previous year ₹ 161.04 lakhs) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 401.32 lakhs for the year ended March 31, 2023 (Previous year ₹ 368.54 lakhs), including cash outflow for short term and low value leases.
- (v) Lease contracts for land & building entered by the company are primarily to conduct its business in the ordinary course.

## 43.6 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:

	March 31, 2023	March 31, 2022
Employer's contribution to PF/ESI/ pension plan	659.14	602.17

### 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 (PUC) 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)

Particulars	March 31, 2023	March 31, 2022
Present value of obligation	2,174.39	2,021.43
Fair value of plan assets	1,903.51	1,788.16
Surplus / (deficit)	(270.87)	(233.27)
Net asset/(liability)	(270.87)	(233.27)

#### Expense recognized during the period (including premium paid)

Particulars	March 31, 2023	March 31, 2022
In income statement (P&L a/c--expense provision)	180.85	129.50
In other comprehensive income (B/sheet item)	98.28	112.68

#### Actuarial valuation method

The valuation has been carried out using the PUC 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	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



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

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	$(15/26) \times \text{last drawn salary} \times \text{number of completed years}$

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

Particulars	For the period ending	
	March 31, 2023	March 31, 2022
<b>Present value of obligation as at the beginning</b>	2,021.43	1,860.34
Current service cost	151.81	70.46
Interest expense or cost	138.14	125.85
Actuarial (gains) / loss on obligations	99.04	124.20
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(236.03)	(159.42)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
<b>Present value of obligation as at the end</b>	<b>2,174.39</b>	<b>1,860.34</b>
<b>Bifurcation of net liability</b>		
Current liability (short term)	339.63	286.73
Non-current liability (long term)	1,834.76	1,734.70
<b>Net liability</b>	<b>2,174.39</b>	<b>2,021.43</b>

Changes in the fair value of plan assets

	March 31, 2023	March 31, 2022
Fair value of plan assets as at the beginning	1,788.16	1,595.28
Acquisition adjustment	(18.88)	(42.30)
Expected return on plan assets	127.21	107.92
Contributions	242.29	275.00
Benefits paid	(236.03)	(159.42)
Actuarial gain/(loss) on plan assets	0.76	11.68
Fair value of plan assets as at the end	1,903.51	1,788.16

Other comprehensive income	March 31, 2023	March 31, 2022
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	(36.33)	(56.06)
Actuarial (gains) / losses - experience variance	135.37	180.27
Actuarial (gains) / loss on obligations	99.04	124.20
Actuarial (gains) / loss on plan assets	0.76	14.88
<b>Total other comprehensive income(OCI)</b>	<b>98.28</b>	<b>109.32</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## (ii) Long term compensated absences - leave encashment:

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

### Assets and liability (balance sheet position)

Particulars	March 31, 2023	March 31, 2022
Present value of obligation	264.66	240.84
Fair value of plan assets	-	-
Surplus / (deficit)	(264.66)	(240.84)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(264.66)	(240.84)

### Expense recognized during the period

Particulars	March 31, 2023	March 31, 2022
In Income statement (P&L--expense provision)	26.61	37.98

### Actuarial Valuation Method

The valuation has been carried out using the PUC 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

### Changes in the present value of obligation

Particulars	March 31, 2023	March 31, 2022
Present value of obligation as at the beginning	240.84	230.78
Current service cost	33.31	27.25
Interest expense or cost	16.14	15.61
Actuarial (gain)/ loss on obligations	(22.84)	(4.88)
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(2.79)	(27.93)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	264.66	240.84



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Bifurcation of net liability

Particulars	March 31, 2023	March 31, 2022
Current liability (short term)	42.59	41.43
Non-current liability (long term)	222.07	199.40
<b>Net liability</b>	<b>264.66</b>	<b>240.83</b>

## Changes in the fair value of plan assets

Particulars	March 31, 2023	March 31, 2022
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	2.79	27.93
e) Benefits paid	(2.79)	(27.93)
f) Actuarial gain / (loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

## 43.7 Disclosure as per Ind AS -21 - The effects of changes in foreign exchange rates

	March 31, 2023	March 31, 2022
Exchange differences arising out of settlement / translation on account of :		
a) Exports	622.24	347.21
b) Imports	284.62	223.46
c) Others	(21.03)	0.60
Net gain (loss) recognised during the year	885.83	571.27

## 43.8 Disclosure as per Ind AS- 24 - Related party disclosures

1	Subsidiaries	HBL America,INC HBL Germany, GMBH Torquedrive Technologies Private Limited (TTL) HBL TONBO Private Limited SCIL Infracon Private Limited	
2	Stepdown Subsidiary	TTL Electric Fuel Private Limited (Subsidiary of TTL)	
3	Associate	Naval Systems & Technologies Private Limited	
4	Key Management Personnel	Dr A J Prasad Kavita Prasad M Advay Bhagirath M S S Srinath E Sairam K Sridharan M V S S Kumar	Chairman & Managing Director Whole Time Director Non-Executive Director President Chief Financial Officer- w.e.f 29.03.2023 Chief Financial Officer up to 30.09.2022 Company Secretary up to 31.03.2023
		<b>Non-Executive Directors</b>	
		P. Ganapathi Rao Preeti Khandelwal K Venkat Sriram Richa Datta Dr Ramanujulu Nandakumar Ramnath	Independent Director Independent Director Independent Director Independent Director Independent Director up to 22.07.2022



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Disclosure of transactions with related parties and the status of outstanding balances.

Sl. No	Name	Nature of transaction	Transactions during the year	As on March 31, 2023	
				Gross receivables ( un-secured )	Gross payables
1	Subsidiaries	Acquisition of equity shares	295.51	-	-
			(169.10)	-	-
		Sale of goods	4,176.14	2,341.57	-
			(5,114.34)	(2,803.80)	-
		Purchase of assets	107.82	-	257.14
			-	-	-
		Purchase of goods	2.15	-	47.94
	-	-	(47.94)		
	Reimbursement of expenses	-	-	-	
		(1.90)	-	-	
2	Stepdown Subsidiary	Funds given (loan)	200.00	200.00	-
			-	-	-
		Interest/Commission received	16.48	1.53	-
		-	-	-	
3	Key management personnel	Funds repaid	-	-	-
			(411.00)	-	-
		Remuneration paid	226.72	-	-
			(247.01)	-	-
		Commission on profits	377.60	-	179.46
			(356.94)	-	(474.08)
		Rent paid	8.50	-	-
	(8.50)	-	-		
	Interest paid	-	-	-	
		(18.33)	-	-	
	Sitting fee paid to non-executive directors	4.10	-	-	
		(3.50)	-	-	

Figures in brackets represent previous year balances



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## Directors / key management personnel interested companies as on March 31, 2023

SI No	Name	Designation	Directorship in other Companies	Percentage of Shareholding in other Companies
<b>I Directors</b>				
1	Dr. A J Prasad	Promoter – Chairman & Managing Director	Beaver Technologies Private Limited	Beaver Technologies Private Limited (56.57%)
2	Mr. MSS Srinath	Promoter and President	Naval Systems & Technologies Private Limited	Naval Systems & Technologies Private Limited (10%)
			Beaver Technologies Private Limited	Beaver Technologies Private Limited (21.71%)
			Torquedrive Technologies Private Limited	-
			TTL Electric Fuel Private Limited	-
			Moebius Power Electronics Private Limited (w.e.f.15.07.2022)	-
			Uma Soil Sciences Private Limited -struck off w.e.f. April 27, 2023	Uma Soil Sciences Private Limited (50%) struck off w.e.f. April 27, 2023
3	Mrs. Kavita Prasad	Promoter - whole time director	Naval Systems & Technologies Private Limited	-
			Beaver Technologies Private Limited	Beaver Technologies Private Limited (21.71%)
			Torquedrive Technologies Private Limited	-
			TTL Electric Fuel Private Limited	-
			Moebius Power Electronics Private Limited (w.e.f.15.07.2022)	-
			HBL Tonbo Private Limited (w.e.f.12.09.2022)	-
			Uma Soil Sciences Private Limited -struck off w.e.f. April 27, 2023	Uma Soil Sciences Private Limited (50%) struck off w.e.f. April 27, 2023
<b>II Key managerial personnel</b>				
1	Mr. E Sairam (w.e.f. March 29, 2023)	Chief financial officer	Not Applicable	Not Applicable
2	Mr. K Sridharan (Retired on September 30, 2022)	Chief financial officer	Not Applicable	Not Applicable
3	Mr. MVSS Kumar (Retired on March 31, 2023)	Company secretary	SCIL Infracon Private Limited	Not Applicable



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 43.9 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:

	March 31, 2023	March 31, 2022
Employee costs	365.73	54.13
Other expenses	227.28	45.62
Finance cost	5.06	51.83
Depreciation and amortization	45.70	37.71
<b>Total</b>	<b>643.77</b>	<b>189.29</b>

## 43.10 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.

## 43.11 FINANCIAL INSTRUMENTS

### A) Capital management

The Company manages its capital structure and make adjustments to it, in light of changes in economic condition. To maintain 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, securities premium and all other equity reserves attributable to the equity holders.

### B) Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2023 were as follows:

Particulars	March 31, 2023			March 31, 2022		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
<b>Assets :</b>						
Cash cash equivalents	12,995.77	12,995.77	12,995.77	4,779.73	4,779.73	4,779.73
Other bank balances	1,394.64	1,394.64	1,394.64	5,498.69	5,498.69	5,498.69
Investments in subsidiaries, associates & joint arrangements	808.80	808.80	810.98	513.81	513.81	513.81
Trade receivables	32,353.60	32,353.60	32,353.60	30,765.85	30,765.85	30,765.85
Other financial assets	5,472.20	5,472.20	5,472.20	4,137.93	4,137.93	4,137.93
<b>Total</b>	<b>53,025.01</b>	<b>53,025.01</b>	<b>53,027.19</b>	<b>45,696.01</b>	<b>45,696.01</b>	<b>45,696.01</b>
<b>Liabilities :</b>						
Trade payables	9,657.91	9,657.91	9,657.91	8,585.75	8,585.75	8,585.75
Borrowings	7,554.06	7,554.06	7,554.06	4,972.44	4,972.44	4,972.44
Lease liability	593.33	593.33	593.33	1,090.78	1,090.78	1,090.78
Other financial liabilities	6,167.20	6,167.20	6,167.20	4,899.88	4,899.88	4,899.88
<b>Total</b>	<b>23,972.50</b>	<b>23,972.50</b>	<b>23,972.50</b>	<b>19,548.85</b>	<b>19,548.85</b>	<b>19,548.85</b>



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

## 43.11 FINANCIAL INSTRUMENTS

### 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

The 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 countries. 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.

#### Analysis of foreign currency risk from financial instruments as of March 31, 2023 :

Currency in Lakhs

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	44.16	16.89	2.30	63.35
Other financial assets	-	-	-	-
Trade payables	(14.42)	(0.03)	(0.19)	(14.64)
Other financial liabilities	(2.75)	(0.36)	-	(3.11)
Net assets/(liabilities)	26.99	16.50	2.11	45.60

#### Analysis of foreign currency risk from financial instruments as of March 31, 2022 :

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	74.96	23.43	0.74	99.13
Other financial assets	-	-	-	-
Trade payables	(20.01)	(2.19)	(0.15)	(22.35)
Other financial liabilities	(1.14)	(0.33)	-	(1.47)
Net assets/(liabilities)	53.81	20.91	0.59	75.31

For the year ended March 31, 2023 and March 31, 2022, 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 ₹ 885.83 lakhs and ₹ 571.27 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 ₹ 32,353.60 lakhs and ₹ 30,765.85 lakhs as of March 31, 2023 and March 31, 2022, 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





## Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

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 company'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, 2023	March 31, 2022
Revenue from top customer	6.38%	5.62%
Revenue from top five customers	21.75%	18.95%

### Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2023 was ₹ 263.99 lakhs. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2022 was ₹ 589.47 Lakhs.

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning	589.47	356.56
Lifetime expected credit loss	127.63	453.11
Credit impairment	(453.11)	(220.20)
<b>Balance at the end</b>	<b>263.99</b>	<b>589.47</b>

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, 2023, the Company had a working capital of ₹ 59,144.82 lakhs including cash and cash equivalents of ₹ 12,995.77 lakhs. As of March 31, 2022, the Company had a working capital of ₹ 54,147.85 lakhs including cash and cash equivalents of ₹ 4,779.73 lakhs

As of March 31, 2023 and March 31, 2022, the outstanding gratuity and compensated absences were ₹ 538.37 lakhs and ₹ 474.11 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 interest 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 and Working capital 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 minimum exposure to interest rate fluctuations.

The table below provides details regarding the contractual maturities of significant financial liabilities.

Particulars	< 1 year	1-2 years	> 2 years	Total
<b>As on March 31, 2023</b>				
Trade payables	9,657.91	-	-	9,657.91
Long term borrowings	950.60	967.94	2,810.26	4,728.79
Short term borrowings	2,825.27	-	-	2,825.27
Lease liability	229.95	200.57	162.81	593.33
Other financial liabilities (excluding borrowings from banks and financial institutions)	6,167.20	-	-	6,167.20



# Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2023

Particulars	< 1 year	1-2 years	> 2 years	Total
<b>As on March 31, 2022</b>				
Trade payables	8,585.75	-	-	8,585.75
Long term borrowings	296.72	570.39	2,195.51	3,062.62
Short term borrowings	1,909.81	-	-	1,909.81
Lease liability	161.75	157.76	771.27	1,090.78
Other financial liabilities (excluding borrowings from banks and financial institutions)	4,899.88	-	-	4,899.88

## Note : 44

### 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 financial 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 ₹ 119.75 Lakhs (Previous year ₹ 63.01 Lakhs).

b) The details of amounts spent during the year on CSR activities are as follows:

Nature of CSR activities	March 31, 2023	March 31, 2022
i) Eradication of malnutrition and hunger	81.10	63.28
ii) COVID-19 contributions	-	2.00
iii) Promotion of children education	29.31	27.05
iv) Contribution to eligible entities	56.96	9.70
Total	167.37	102.03
vi) Unspent balance provided in the books	-	-
<b>Total</b>	<b>167.37</b>	<b>102.03</b>
CSR Budget approved by the Board	167.44	103.00
Cumulative unspent balance (ongoing projects)	6.42	27.56

## Note : 45

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

As per our report of even date annexed

For **LNR Associates**

Chartered Accountants

FRN No. 05381S

On behalf of the board

**Raghuram Vedula**

Partner

M.No : 242883

UDIN : 23242883BGZGPZ4894

**Dr A J Prasad**

Chairman & Managing Director

DIN : 00057275

**Kavita Prasad Aluru**

Director

DIN : 00319292

Place : Hyderabad

Date : May 25, 2023

**E Sairam**

Chief Financial Officer

**GBS Naidu**

Company Secretary

Place : Hyderabad

Date : May 25, 2023



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# INDEPENDENT Auditor's Report

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

## REPORT ON THE AUDIT OF THE CONSOLIDATED 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"), and its associate, as stated in Note 45, which comprise the Consolidated Balance Sheet as at March 31, 2023, 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 and its associate entity as at March 31, 2023, 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 and its associate 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 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 that there are no key audit matters to communicate in our report.

### 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 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 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 company 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 company are responsible for assessing the ability of the group and of its associate company 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 company is responsible for overseeing the financial reporting process of the group and of its associate company.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED 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 SA's 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 SA's, 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 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) foreign subsidiaries, whose financial statements / financial information reflect total assets of ₹ 2,106.02 lakhs as at March 31, 2023, total revenues of ₹ 5,916.95 lakhs and net cash flows amounting to ₹ 12.45 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 before tax of ₹ 135.37 lakhs for the year ended March 31, 2023, 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 have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

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 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 & 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, 2023 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, 2023 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 Auditors) 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 and its associate – Refer Note 40.2 to the consolidated financial statements.
  - (ii) The group and its associate 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 and one associate company incorporated in India.

- (iv) (a) The respective managements of the parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (b) The respective managements of the parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party ("ultimate beneficiaries") or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the

circumstances performed by us on the parent Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- (v) (a) The dividend declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) As stated in note 40.3 to the consolidated financial statements, the Board of Directors of the parent Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing annual general meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- (vi) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable to the parent Company with effect from April 1, 2023, reporting on audit trail in pursuance of rule 11(g) is considered inapplicable for the current year.
- (h) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and explanations given to us the remuneration paid during the current year by the parent Company and its subsidiary companies, where applicable, to its directors is in accordance with the provisions of section 197 of the Act.
- (i) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its subsidiaries and one associate entity audited by other auditors, included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

**For L N R Associates**

Chartered Accountants

FRN 05381S

**Raghuram Vedula**

Partner

M.No. 242883

UDIN: 23242883BGZGQA7077

Place: Hyderabad

Date: 25/05/2023



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# Annexure - A:

(Referred to in paragraph 2(f) of 'report on other legal and regulatory requirements' in our report of even date)

Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of HBL Power Systems Limited ("the Parent") as of and for the year ended March 31, 2023, 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 (the "Guidance Note") 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 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, 2023, 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 ICAI.

For **L N R Associates**

Chartered Accountants

FRN 05381S

**Raghuram Vedula**

Partner

M.No. 242883

UDIN: 23242883BGZGQA7077

## 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 in so far 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.

Place: Hyderabad

Date: 25/05/2023



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# Consolidated Balance Sheet as at March 31, 2023

(₹ in Lakhs)

Particulars	Note	As at		As at	
		March 31, 2023		March 31, 2022	
<b>ASSETS</b>					
<b>1 Non current assets</b>					
(a) Property, Plant and Equipment	4	30,147.25		24,334.75	
(b) Capital works in progress	6	2,519.96		4,266.83	
(c) Right of use assets		714.12		1,015.73	
(d) Intangible assets	7	1,179.11		1,100.35	
(e) Intangible assets under development	8	2,488.94		3,866.23	
(f) Equity accounted investments	8A	870.73	37,920.11	770.23	35,354.12
(g) Financial assets					
(i) Investments	9	0.10		0.10	
(ii) Other financial assets	10	4,276.91		3,056.15	
(h) Other non current assets	11	4.44	4,281.45	23.26	3,079.50
<b>2 Current assets</b>					
(a) Inventories	12	33,624.78		30,703.34	
(b) Financial assets					
(i) Investments	9	2.58		2.58	
(ii) Trade receivables	13	31,201.34		29,266.01	
(iii) Cash and cash equivalents	14	13,201.71		4,973.22	
(iv) Other bank balances	14	1,394.64		5,498.69	
(v) Others	11	1,046.56		1,100.98	
(c) Current tax assets (Net)	15	286.66		-	
(d) Other current assets	16	6,458.47		3,167.49	
(e) Assets held for sale	5	-	87,216.74	115.20	74,827.51
<b>Total</b>			<b>1,29,418.30</b>		<b>1,13,261.13</b>
<b>EQUITY AND LIABILITIES</b>					
<b>1 Equity</b>					
(a) Equity share capital	17	2,771.95		2,771.95	
(b) Other equity	18a	92,372.76	95,144.71	83,804.36	86,576.31
<b>2 Minority interest</b>	19		-		0.74
<b>Liabilities</b>					
<b>3 Non current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	20	3,930.22		2,765.90	
(ii) Lease liability	20	528.67		1,052.83	
(b) Provisions	21	224.91		199.41	
(c) Deferred tax liabilities (Net)	22	1,008.46		1,030.93	
(d) Other non current liabilities		-	5,692.26	-	5,049.07
<b>4 Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	23	3,834.81		2,249.69	
(ii) Lease liability	24	308.39		192.27	
(iii) Trade payables:					
Total outstanding dues of MESE	25	1,713.12		908.18	
Total outstanding dues to creditors other than MESE	25	8,114.15		7,850.70	
(iv) Other financial liabilities	26	6,036.40		4,979.95	
(b) Other current liabilities	27	4,670.15		2,622.27	
(c) Provisions	21	3,904.31		2,592.91	
(d) Current tax liabilities (Net)	28	-	28,581.33	239.04	21,635.01
<b>Total</b>			<b>1,29,418.30</b>		<b>1,13,261.13</b>

The accompanying Notes 1 to 48 form an integral part of this consolidated financial statements

As per our report of even date annexed

For LNR Associates  
Chartered Accountants  
FRN No. 053815

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGQA7077  
Place : Hyderabad  
Date : May 25, 2023

On behalf of the board

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**E Sairam**  
Chief Financial Officer

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

**GBS Naidu**  
Company Secretary

Place : Hyderabad  
Date : May 25, 2023



# Consolidated Statement of Profit & Loss for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Note	Year ended March 31, 2023	Year ended March 31, 2022
<b>Revenue</b>			
I Revenue from operations	29	1,36,867.84	1,23,621.02
II Other income	30	1,768.38	1,437.40
III <b>Total income ( I + II )</b>		<b>1,38,636.22</b>	<b>1,25,058.42</b>
<b>IV Expenses</b>			
Cost of material consumed	31	83,099.32	75,850.62
Purchases of stock in trade		107.71	209.93
Changes in inventories of finished goods, stock -in - trade and work - in - progress	32	63.66	(748.41)
Employee benefits expense	33	11,038.00	9,990.97
Finance costs	34	654.64	747.59
Depreciation and amortization expense	35	3,546.21	3,508.42
Manufacturing expenses	36	14,884.97	14,054.77
Administrative expenses	37	5,551.73	4,331.57
Selling expenses	37	6,978.76	6,033.61
<b>Total expenses ( IV )</b>		<b>1,25,925.00</b>	<b>1,13,979.07</b>
V <b>Profit before exceptional items and tax ( III - IV )</b>		12,711.22	11,079.35
VI Exceptional items - income/(expense)	38	133.26	1,073.01
VII <b>Profit after exceptional items ( V - VI )</b>		12,844.48	12,152.36
VIII Share in profit / (loss) of associate / joint venture	8B	135.37	87.96
IX <b>Profit before tax ( VII - VIII )</b>		12,979.85	12,240.32
<b>X Tax expense</b>			
(2) Current tax		3,148.09	3,028.31
(3) Deferred tax (asset)/liability		(11.37)	(112.68)
(3) Income tax relating to previous years		(1.41)	(46.31)
XI <b>Profit after tax before minority interest ( IX - X )</b>		9,844.54	9,371.00
XII Minority interest-C/Y share of Profit/(Loss)		(20.74)	(19.25)
XIII <b>Profit after minority interest ( XI - XII )</b>		9,865.28	9,390.25
<b>XIV Other comprehensive income (Net)</b>			
Items that will not be reclassified to profit or loss -			
a) Remeasurement of defined benefit plans		(98.28)	(112.67)
b) Tax effect		24.74	28.36
c) Total - ( c = a + b )		<b>(73.54)</b>	<b>(84.32)</b>
Items that may be reclassified to profit or loss -			
d) Exchange differences in translating the financial statements of foreign operations		(100.49)	(18.55)
e) Tax effect		25.29	4.67
f) Total - ( f = d + e )		(75.20)	(13.88)
g) Total other comprehensive income (Net) - (g= c+f)		(148.74)	(98.20)
XV <b>Total comprehensive income for the period ( XI + XII )</b>		<b>9,716.54</b>	<b>9,292.05</b>
<b>Profit/(Loss) for the year attributable to:</b>			
Owner of the Company		9,886.02	9,409.50
Non-controlling interest		(20.74)	(19.25)
		<b>9,865.28</b>	<b>9,390.25</b>
<b>Other comprehensive income for the year attributable to:</b>			
Owner of the Company		(148.74)	(98.20)
Non-controlling interest		-	-
		<b>(148.74)</b>	<b>(98.20)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owner of the Company		9,737.28	9,311.31
Non-controlling interest		(20.74)	(19.25)
		<b>9,716.54</b>	<b>9,292.06</b>
XVI <b>Earnings per equity share (Face value ₹ 1/- per share)</b>	39		
(1) Basic ₹		3.51	3.35
(2) Diluted ₹		3.51	3.35

The accompanying notes 1 to 48 form an integral part of this standalone financial statements

As per our report of even date annexed

For LNR Associates  
Chartered Accountants  
FRN No. 053815

On behalf of the board

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGQA7077  
Place : Hyderabad  
Date : May 25, 2023

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**E Sairam**  
Chief Financial Officer

**GBS Naidu**  
Company Secretary

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

Place : Hyderabad  
Date : May 25, 2023



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## Consolidated Cash Flow Statement for the year ended March 31, 2023

(₹ in Lakhs)

	March 31, 2023	March 31, 2022
<b>A Cash flow from operating activities</b>		
Profit before tax and after minority interest / associates profit	12,867.33	11,186.56
Exceptional items - income / (expenditure) *	133.26	1,073.01
Other comprehensive income (net)	(198.77)	(131.22)
<b>Total comprehensive income before tax</b>	<b>12,801.82</b>	<b>12,128.35</b>
Adjustments for:		
Depreciation	2,716.93	2,692.39
Amortisation of intangible assets	571.05	645.48
Right of use assts	258.23	170.55
Diminution in value of investments	0.51	-
Profit on sale of assets	(457.20)	(1,961.99)
Advances & deposits written off	4.53	69.51
Interest income	(551.46)	(523.45)
Interest expense	403.26	208.49
Bad debts written off (Credit impairment)	54.43	291.25
Provision for doubtful debts (Lifetime expected credit loss)	127.63	453.11
Other provisions	1,336.90	725.93
	<b>4,464.81</b>	<b>2,771.26</b>
<b>Operating profit before working capital changes</b>	<b>17,266.63</b>	<b>14,899.61</b>
(Increase)/decrease in sundry debtors	(2,117.39)	(4,638.76)
(Increase)/decrease in inventories	(2,921.44)	(1,717.72)
(Increase) / decrease in loans & advances **	(357.80)	(1,152.74)
Increase/(decrease) in trade paybles	1,068.39	2,024.52
Increase/(decrease) in current liabilities	2,978.19	(477.79)
	(1,350.05)	(5,962.49)
<b>Cash generated from operations</b>	<b>15,916.58</b>	<b>8,937.11</b>
Income tax paid net of refunds	(3,673.79)	(2,736.53)
Income tax adjustment relating to previous years	1.41	46.31
<b>Net cash flow from operating activities (A)</b>	<b>12,244.20</b>	<b>6,246.89</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(6,388.34)	(6,812.81)
Sale proceeds of fixed assets	966.33	4,677.44
Investment of associates/JV	(99.99)	(65.51)
Net outflow on account of minority interest	(0.74)	0.74
Interest received	551.46	523.45
<b>Net cash flow from investing activities (B)</b>	<b>(4,971.28)</b>	<b>(1,676.69)</b>



(₹ in Lakhs)

## Consolidated Cash Flow Statement (contd.) for the year ended March 31, 2023

	March 31, 2023	March 31, 2022
<b>C Cash flow from financing activities</b>		
Repayment of long-term borrowings	(1,775.04)	(1,998.95)
Payment of lease liability	281.83	238.18
(Increase)/decrease in working capital borrowings	(974.40)	2,403.28
(Increase)/decrease in unsecured loans	-	411.00
Dividend payment	1,108.78	970.18
Interest paid	403.26	208.49
<b>Net cash flow used in financing activities ( C )</b>	<b>(955.57)</b>	<b>2,232.18</b>
<b>D Net increase in cash and cash equivalents (A+B-C)</b>	<b>8,228.49</b>	<b>2,338.02</b>
Cash and cash equiv.at beginning of the period	4,973.22	2,635.20
<b>Cash and cash equiv. at end of the period</b>	<b>13,201.71</b>	<b>4,973.22</b>
Cash and cash equivalents		
Cash on hand	4.61	5.09
<b>Balances with banks in current account</b>	<b>13,197.10</b>	<b>4,968.13</b>
<b>Total</b>	<b>13,201.71</b>	<b>4,973.22</b>

### Notes to the cash flow statement for the year ended 31-03-2023

- 1 This statement is prepared as per Ind AS - 7 (indirect method).
- 2 \* Details of the exceptional items are given in Note 38.
- 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 **LNR Associates**  
Chartered Accountants  
FRN No. 053815

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGQA7077  
Place : Hyderabad  
Date : May 25, 2023

On behalf of the board

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**E Sairam**  
Chief Financial Officer

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

**GBS Naidu**  
Company Secretary

Place : Hyderabad  
Date : May 25, 2023

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## Consolidated of Changes in Equity for the year ended March 31, 2023

(₹ in Lakhs)

### a) Share capital

	Current reporting period March 31, 2023	Previous reporting period March 31, 2022
Balance at the beginning of the year	2,771.95	2,771.95
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	2,771.95	2,771.95
Changes in equity share capital during the current year	-	-
<b>Balance at the end of the year</b>	<b>2,771.95</b>	<b>2,771.95</b>

### b) Other equity

(₹ in Lakhs)

Particulars	Capital reserve	Securities premium	Other reserves		General reserve	Retained earnings	Foreign currency translation reserve	TOTAL
			Capital redemption reserve	Investment subsidy				
Balance at the beginning of the current reporting period April 1, 2022	1.02	23,010.66	2.70	55.77	32,272.35	28,794.01	(332.15)	83,804.36
Profit for the year						9,865.28		9,865.28
Other comprehensive Income for the year, net of income tax						(73.54)	(75.20)	(148.74)
Dividend						(1,108.78)		(1,108.78)
Adjustment to retained earnings on account of consolidation						(39.36)		(39.36)
<b>Balance at the end of the reporting period March 31, 2023</b>	<b>1.02</b>	<b>23,010.66</b>	<b>2.70</b>	<b>55.77</b>	<b>32,272.35</b>	<b>37,437.61</b>	<b>(407.35)</b>	<b>92,372.76</b>
Balance at the beginning of the previous reporting period April 1, 2021	1.02	23,010.66	2.70	55.77	32,272.35	20,408.71	(318.27)	75,432.94
Profit for the year						9,390.25		9,390.25
Other comprehensive Income for the year, net of income tax						(84.32)	(13.88)	(98.20)
Dividend						(970.18)		(970.18)
Adjustment to retained earnings on account of consolidation						49.55		49.55
<b>Balance at the end of the previous period March 31, 2022</b>	<b>1.02</b>	<b>23,010.66</b>	<b>2.70</b>	<b>55.77</b>	<b>32,272.35</b>	<b>28,794.01</b>	<b>(332.15)</b>	<b>83,804.36</b>

As per our report of even date annexed  
For **LNR Associates**  
Chartered Accountants  
FRN No. 053815

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGQA7077  
Place : Hyderabad  
Date : May 25, 2023

On behalf of the board

**Dr A J Prasad**  
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DIN : 00057275

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Director  
DIN : 00319292

**GBS Naidu**  
Company Secretary

Place : Hyderabad  
Date : May 25, 2023



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 1. CORPORATE INFORMATION

The Consolidated financial statements (CFS) comprise of financial statements of HBL Power Systems Limited (the parent company) and its subsidiaries (collectively the group) and associate company for the year ended March 31, 2023.

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 Ltd and National Stock Exchange in India Limited. The consolidated financial statements were reviewed by the Audit Committee in its meeting held on 25<sup>th</sup> May 2023 and approved by the parent Company's Board of Directors at the meeting held on 25<sup>th</sup> May 2023.

The principal activities of the group comprises of manufacturing of different types of batteries, e- mobility and other products. The group is also engaged in service activities related to the above products.

## 2. BASIS OF PREPARATION AND MEASUREMENT

### 2.1 Statement of compliance

The CFS as at and for the year ended March 31, 2023 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
- iv) Lease liability on right of use assets

### 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 occurrence of provisions and contingencies.
- iv) Recognition of deferred tax assets / liabilities.
- v) Impairment of intangibles
- vi) Expenditure relating to research and development activities.
- vii) Assessing the lease term (including anticipated renewals), non-cancellable period of a lease and the applicable discount rate in respect of assets taken on lease.

## 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, that entity prepares, for consolidation purposes, additional financial information as of the same date as the





## Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

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 are accounted for using the equity method. Under the equity method, the investment in an associate 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 since the acquisition date.
- V) The statement of profit and loss reflects the group's share of the results of operations of the associate. Any change in OCI of those investees is



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of associate 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 is shown on the face of the statement of profit and loss.
- VII) Details of associate company considered in the preparation of the consolidated financial statements are given in Note 47

## 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 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 which are depreciated over their technically estimated useful lives of 5 years on straight line method. Assets costing less than Rs. 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 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### i) Assets taken under lease

- a) The group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset is measured in accordance with the measurement criteria as per Ind AS 116. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may





# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

- b) The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The group recognises the amount of the re-measurement of lease liability in accordance with the requirements under Ind AS 116.
- c) The group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense.

## ii) Assets given on lease

At the inception of the lease the group classifies each of its leases as either an operating lease or a finance lease. The group recognises lease payments received under operating leases as income. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

## 3.4 Investment in subsidiaries, associates and joint arrangements

- 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 1/3 <sup>rd</sup> 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



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

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/delivery to domestic customers as per terms of sale and on the basis of proof of export/delivery for export customers as per terms of sale 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 rate (EIR) 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 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 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

- 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



# Notes forming part of the Consolidated Financial Statements

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- 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.

### 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.



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 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 occurrence of the related forecasted transaction.

### (iv) 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.

## 3.14 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



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

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.

## 3.15 Earnings Per Share (EPS)

- i) Basic EPS is computed by dividing the profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year / period.
- ii) Diluted EPS is computed by dividing the profit after tax attributable to equity shareholders, 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.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 4 Property, Plant and Equipment as on March 31, 2023

₹ in Lakhs

Description	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	As on April 1, 2022	As on March 31, 2023	As on April 1, 2022	For the period	As on March 31, 2023	As on March 31, 2022
Land - freehold	3,403.15	138.29	121.17	-	-	3,403.15
Buildings - factory	14,323.56	1,617.79	-	462.54	6,898.31	7,889.14
Buildings - others	472.30	377.14	-	9.91	114.44	367.76
Plant and equipment	38,024.17	5,834.02	2,888.03	1,841.88	25,943.05	11,382.21
Furniture & fixtures	569.16	366.76	31.74	50.79	370.93	218.79
Vehicles	1,093.40	219.69	119.22	82.22	628.39	457.51
Office equipment	2,231.23	369.68	226.69	269.58	1,555.60	726.90
Office equipment under finance lease	86.48	-	-	-	81.99	4.49
Technical library	1.89	-	-	-	1.89	-
<b>Total</b>	<b>60,205.35</b>	<b>8,923.37</b>	<b>3,386.86</b>	<b>2,716.93</b>	<b>35,755.39</b>	<b>24,449.95</b>
Less: Transferred to assets held for sale	115.20	-	115.20	-	-	115.20
<b>Net total</b>	<b>60,090.15</b>	<b>8,923.37</b>	<b>3,386.86</b>	<b>2,716.93</b>	<b>35,594.59</b>	<b>24,334.75</b>
Carrying value as at March 31, 2022	64,111.46	2,833.49	6,854.81	2,692.39	4,139.36	24,334.75

4.1 In respect of dies & moulds included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and the company had continued to charge such higher depreciation ( as compared to Schedule II ) on the same basis.





# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 5 Assets held for sale

Groups of assets held for sale	March 31, 2023	March 31, 2022
Land freehold	-	115.20
Buildings	-	-
<b>Total</b>	<b>-</b>	<b>115.20</b>

## Note : 6 Capital work in progress

	March 31, 2023	March 31, 2022
Machinery under erection	1,612.98	4,091.52
Civil works in progress	906.98	175.31
<b>Total</b>	<b>2,519.96</b>	<b>4,266.83</b>

## Amount in capital work in progress for a period

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
<b>As on 31.03.2023</b>					
Project in progress	1,956.03	548.96	14.97	-	2,519.96
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1,956.03</b>	<b>548.96</b>	<b>14.97</b>	<b>-</b>	<b>2,519.96</b>
<b>As on 31.03.2022</b>					
Project in progress	3,128.16	1,064.24	74.43	-	4,266.83
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>3,128.16</b>	<b>1,064.24</b>	<b>74.43</b>	<b>-</b>	<b>4,266.83</b>

## Note : 7 Intangible assets as on March 31, 2023

Description	Gross carrying amount			Accumulated amortization				Net carrying amount		
	As on April 1, 2022	Additions	Adjust- ments/ deletions	As on March 31, 2023	As on April 1, 2022	For the period	Adjust- ments/ deletions	As on March 31, 2023	As on March 31, 2023	As on March 31, 2022
New product development expenditure (internally generated)	5,593.20	-	15.51	5,577.69	4,522.04	417.09	15.51	4,923.62	654.06	1,071.15
Power facility	96.16	-	-	96.16	96.16	-	-	96.16	-	-
Technical knowhow fee	1,019.73	643.32	-	1,663.05	996.48	151.92	-	1,148.40	514.65	23.25
Software development	991.50	8.01	2.22	997.29	991.50	2.05	0.70	992.85	4.44	0.00
Trade marks and other business intangibles	5.95	-	-	5.95	-	-	-	-	5.95	5.95
<b>Total</b>	<b>7,706.54</b>	<b>651.33</b>	<b>17.73</b>	<b>8,340.14</b>	<b>6,606.18</b>	<b>571.06</b>	<b>16.21</b>	<b>7,161.03</b>	<b>1,179.11</b>	<b>1,100.36</b>
Carrying value as at March 31, 2022	7,706.54	-	-	7,706.54	5,960.69	645.49	-	6,606.18	1,100.36	



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 8 Intangible assets under development

Description	As on March 31, 2023	As on March 31, 2022
1) New product development expenditure (Internally generated)		
a) Battery products	186.54	920.51
b) Electronic products	2,302.40	2,302.39
2) Technical knowhow fee paid	-	643.33
<b>Total</b>	<b>2,488.94</b>	<b>3,866.23</b>

## Amount in Intangible assets under development for a period

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
<b>As on 31.03.2023</b>					
Project in progress	-	876.75	483.83	1,128.36	2,488.94
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>876.75</b>	<b>483.83</b>	<b>1,128.36</b>	<b>2,488.94</b>
<b>As on 31.03.2022</b>					
Project in progress	1,259.96	699.99	391.97	1,514.30	3,866.23
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>1,259.96</b>	<b>699.99</b>	<b>391.97</b>	<b>1,514.30</b>	<b>3,866.23</b>

## Note : 8A Equity accounted investments:

### Gulf Batteries Company Ltd. (Joint venture company)

During the reporting period, statutory approvals for write off of investment is received and written off in the books of accounts. Hence, not consolidated.

### Naval Systems and Technologies Private Limited (Associate Company)

The group has a 41% interest in the entity which is involved in providing services to foreign original equipment manufacturers. The groups interest in the entity 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

Particulars	March 31, 2023	March 31, 2022
Current assets	2,080.24	2,148.41
Non current assets	741.26	486.09
Current liabilities	(696.30)	(755.47)
Non current liabilities	(1.48)	(0.43)
Equity	<b>2,123.72</b>	<b>1,878.60</b>
Proportion of the group's ownership	41%	41%
Carrying amount of the investment	<b>870.73</b>	<b>770.23</b>

## Equity accounted investments

Particulars	March 31, 2023	March 31, 2022
Naval Systems and Technologies Private Limited	870.73	770.23
<b>Total</b>	<b>870.73</b>	<b>770.23</b>





# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 8B Share in Profit / (loss) of associate

### Summarised statement of profit and loss of Naval Systems and Technologies Private Limited

Particulars	March 31, 2023	March 31, 2022
Revenue	1,686.18	1,286.08
Cost of raw material and components consumed	(857.77)	(678.46)
Depreciation & amortisation	(4.43)	(4.18)
Finance cost	(19.34)	(14.63)
Employee benefits	(268.51)	(202.95)
Other expenses	(205.96)	(171.33)
Profit before tax	330.17	214.53
Proportion of the group's ownership	41%	41%
<b>Group's share of profit / (loss) for the year</b>	<b>135.37</b>	<b>87.96</b>

### Share in Profit / (loss) of associate / joint venture

Particulars	March 31, 2023	March 31, 2022
Naval Systems and Technologies Private Limited	135.37	87.96
<b>Total</b>	<b>135.37</b>	<b>87.96</b>

## Note : 9 Investments

				March 31, 2023	March 31, 2022
<b>Non - current - un-quoted</b>					
<b>i) In equity instruments: (fully paid-up)</b>					
<b>Number</b>		<b>Face value</b>	<b>Name of the entity</b>		
Current year	Previous year				
<b>a) Subsidiary companies</b>					
99,99,500	99,99,500	Rs. 10	SCIL Infracon Private Limited	1,248.37	1,248.37
Less: Provision for impairment (refer note no. 45)				1,248.37	1,248.37
				-	-
5,100	0	Rs. 10	HBL Tonbo Private Limited	0.51	-
Less: Provision for impairment (refer note no. 45)				0.51	-
				-	-
<b>a) Joint arrangement company</b>					
	11,00,000	SR 10	Gulf Batteries Company Limited (Kingdom of Saudi Arabia)	-	1,424.51
Less: Provision for impairment (refer note no. 45)				-	1,424.51
				-	-
<b>Non -current - quoted</b>					
<b>a) Other companies (Listed but not quoted)</b>					
200	200	Rs. 10	Indian Lead Limited	0.10	0.10
<b>Carrying value of non-current investments</b>				<b>0.10</b>	<b>0.10</b>

# Notes forming part of the Consolidated Financial Statements

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## Current investments- quoted :

In equity instruments of other companies: (Fully paid-up)  
(Received in pursuance of business combination)

				March 31, 2023	March 31, 2022
Number		Face value	Name of the entity		
Current year	Previous year				
690	690	₹ 1	JSW Steel Limited	2.58	2.58
<b>TOTAL</b>				<b>2.58</b>	<b>2.58</b>
Less : Aggregate provision for diminution in value of investments				-	-
<b>Carrying value of current investments</b>				<b>2.58</b>	<b>2.58</b>

		Non - current	Current	Non - current	Current
9.1	Aggregate amount of quoted investments	0.10	2.58	0.10	2.58
	Aggregate market value of quoted investments	Not Available	4.75	Not Available	5.05
	Aggregate amount of unquoted investments	-	-	-	-
	Aggregate amount of impairment / diminution in value of investments	1,248.88	-	2,672.88	-

## Note : 10 Other financial assets

		March 31, 2023	March 31, 2022
<b>Non-Current</b>			
Bank deposits (maturity beyond 12 months)			
	Fixed deposits	1,188.54	404.19
	Margin money deposits	1,889.65	1,790.80
	Security deposits with Government and others	1,197.17	858.89
	Advances to employees	1.55	2.27
<b>TOTAL</b>		<b>4,276.91</b>	<b>3,056.15</b>

## Note : 11 Other non- current assets

		March 31, 2023	March 31, 2022
	Capital advances	4.44	23.26
<b>TOTAL</b>		<b>4.44</b>	<b>23.26</b>

## Note : 12 Inventories \*

		March 31, 2023	March 31, 2022
	Raw materials	18,914.60	15,331.09
	Stores, spares, process chemicals, fuels & packing material	870.23	812.13
	Stock -in-trade (in respect of goods acquired for trading)	18.32	26.25
	Bonded stocks/In transit	206.83	894.33
	Consumable tools	125.50	94.51
	Work-in-progress	7,553.36	7,791.33
	Finished goods	5,935.94	5,753.70
<b>TOTAL</b>		<b>33,624.78</b>	<b>30,703.34</b>

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, 2023

### Note : 13 Trade receivables

	March 31, 2023	March 31, 2022
Unsecured, considered good	31,201.34	29,266.01
Unsecured and having significant credit risk	263.99	589.47
	31,465.33	29,855.48
Allowance for credit risk	(263.99)	(589.47)
<b>TOTAL</b>	<b>31,201.34</b>	<b>29,266.01</b>

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
<b>As on 31.03.2023</b>						
Undisputed - considered good	27,408.18	1,325.77	909.24	315.08	119.90	30,078.17
Undisputed-significant increase in credit risk	33.42	12.52	8.01	0.79	72.89	127.63
Undisputed - Credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed-significant increase in credit risk	-	-	43.87	-	92.49	136.36
Disputed - credit impaired	-	-	-	-	-	-
Unbilled revenue	1,123.17	-	-	-	-	1,123.17
	<b>28,564.77</b>	<b>1,338.29</b>	<b>961.12</b>	<b>315.87</b>	<b>285.28</b>	<b>31,465.33</b>
<b>As on 31.03.2022</b>						
Undisputed - considered good	26,243.15	1,259.23	493.07	208.77	341.59	28,545.81
Undisputed-significant increase in credit risk	319.70	7.12	13.81	65.59	46.90	453.11
Undisputed - credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed-significant increase in credit risk	-	-	-	-	136.36	136.36
Disputed - credit impaired	-	-	-	-	-	-
Unbilled revenue	720.19	-	-	-	-	720.19
	<b>27,283.05</b>	<b>1,266.35</b>	<b>506.88</b>	<b>274.36</b>	<b>524.85</b>	<b>29,855.48</b>

### Note : 14 Cash and cash equivalents

	March 31, 2023	March 31, 2022
Balances with banks in current accounts	822.05	359.44
Balances with banks in cash credit accounts	5,741.27	2,265.35
Cash on hand	4.61	5.09
Fixed deposits (maturity of less than three months)	6,633.78	2,343.33
<b>TOTAL</b>	<b>13,201.71</b>	<b>4,973.22</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 14.2 Other bank balances

	March 31, 2023	March 31, 2022
Balances with banks in other current accounts	15.26	33.42
Fixed deposits	103.97	3,950.84
Margin money deposits	1,220.57	1,458.84
Dividend account	54.84	55.59
<b>TOTAL</b>	<b>1,394.64</b>	<b>5,498.69</b>

## Note : 14.3 Financial assets - others (current)

	March 31, 2023	March 31, 2022
Security deposits with government and others	156.14	195.47
Advances to employees	59.03	76.61
Claims & other receivables	442.80	472.21
Interest accrued but not due on deposits	388.59	356.70
<b>TOTAL</b>	<b>1,046.56</b>	<b>1,100.98</b>

## Note : 14.4 Claims and other receivables include :

	March 31, 2023	March 31, 2022
a) Insurance claim on account of heavy rainfall (Refer Note : 14.5)	95.16	95.16
b) Payments under protest for pending indirect tax litigations	276.79	289.79
c) Other receivables	70.85	1.94
<b>TOTAL</b>	<b>442.80</b>	<b>386.89</b>

14.5 During the year 2011-12, certain assets of the company were damaged due to heavy rainfall. The company had incurred Rs.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 against which the company filed a suit. The matter is still sub-judice.

## Note : 15 Current tax assets (net)

	March 31, 2023	March 31, 2022
Advance payment of income tax (including TDS)	6,400.86	-
Less : Provision for income tax	6,114.20	-
<b>TOTAL</b>	<b>286.66</b>	<b>-</b>

## Note : 16 Other current assets

	March 31, 2023	March 31, 2022
<b>A) Advances other than capital advances:</b>		
Advances to employees	53.57	64.72
Advances to vendors for supply of goods / services	5,246.44	2,021.13
<b>B) Others:</b>		
Prepaid expenses	389.17	274.40
Export incentives receivable	29.63	263.26
GST/service tax input/VAT receivables	435.34	163.98
Other advances	304.32	380.00
<b>TOTAL</b>	<b>6,458.47</b>	<b>3,167.49</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 17 Equity share capital

	March 31, 2023	March 31, 2022
<b>Authorised</b>		
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)		
<b>Issued , subscribed and fully paid-up</b>		
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)		
<b>TOTAL</b>	<b>2,771.95</b>	<b>2,771.95</b>

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

Equity shares	March 31, 2023		March 31, 2022	
	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 on account of business combination	-	-	-	-
Deductions during the period on account of business combination	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>27,71,94,946</b>	<b>2,771.95</b>	<b>27,71,94,946</b>	<b>2,771.95</b>

### 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, 2023		March 31, 2022	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of ₹1 each fully paid</b>				
<b>Promoter and promoter group</b>				
Barclays Wealth Trustees (India) Pvt Ltd -Trustees for Aluru Family Pvt Trust	14,21,22,643	51.27	14,18,17,643	51.16
<b>Public</b>				
BanyanTree Growth Capital LLC	-	-	2,34,69,551	8.47
Oman India Joint Investment Fund	-	-	2,58,42,240	9.32



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 17.4 Shares held by promoters at the end of the year

Sl. No	Name of the promoter	March 31, 2023		March 31, 2022		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	Dr. A J Prasad	26,92,827	0.97	26,92,827	0.97	-
2	A Uma Devi	9,50,397	0.34	9,50,397	0.34	-
3	M S S Srinath	19,56,920	0.71	19,56,920	0.71	-
4	Kavita Prasad	97,88,386	3.53	97,88,386	3.53	-
5	M Advay Bhagirath	39,17,600	1.41	39,17,600	1.41	-
6	M Deeksha	20,87,187	0.75	20,87,187	0.75	-
7	Barclays Wealth Trustees (India) Pvt Ltd - Trustee for Aluru Family Pvt Trust	14,21,22,643	51.27	14,18,17,643	51.16	0.11
8	Barclays Wealth Trustees (India) Pvt Ltd - Trustee for Mikkilineni Family Private Trust	2,53,134	0.09	2,53,134	0.09	-
<b>Total</b>		<b>16,37,69,094</b>	<b>59.08</b>	<b>16,34,64,094</b>	<b>58.97</b>	<b>0.11</b>

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

	March 31, 2023	March 31, 2022
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 )	37,437.61	28,794.01
Foreign currency translation reserve	(407.35)	(332.15)
<b>TOTAL</b>	<b>92,372.76</b>	<b>83,804.36</b>

## Note : 19 Minority interest

	March 31, 2023	March 31, 2022
In share capital	40.00	20.00
Share of profit/(loss) during the year	(40.00)	(19.26)
<b>TOTAL</b>	<b>-</b>	<b>0.74</b>

## Note : 20 Non- current - financial liabilities

### 20.1 Borrowings

	March 31, 2023	March 31, 2022
<b>Term loans from banks (secured)</b>		
ICICI Bank Ltd	3,424.75	2,727.27
Axis Bank Ltd	439.88	-
HDFC Bank Ltd. - against vehicles	65.59	38.63
<b>TOTAL</b>	<b>3,930.22</b>	<b>2,765.90</b>

### 20.2 Lease liability

	March 31, 2023	March 31, 2022
Lease liability	528.67	1,052.83
<b>TOTAL</b>	<b>528.67</b>	<b>1,052.83</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 20.3 Current - financial liabilities

	March 31, 2023	March 31, 2022
<b>Borrowings (current maturities)</b>		
<b>Long term debt from banks (secured)</b>		
ICICI Bank Ltd	818.18	272.73
Axis Bank Ltd	77.63	-
HDFC Bank Ltd. - against vehicles	54.79	24.00
Loan from others (Refer note - 20.5 (c) )	-	43.15
<b>TOTAL</b>	<b>950.60</b>	<b>339.88</b>

## 20.4 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 in borrowings.

## 20.5 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.

### a) Term loan from ICICI and Axis :

ICICI Bank sanctioned term loan of Rs.4,500.00 lakhs for Li-ion & Electronic drive train project. 1) The loan is secured by a first Pari-passu charge on present and future assets (movable or immovable) of the company alongwith other term lenders ; 2) All the loans are guaranteed by some of the promoters in their personal capacity.

AXIS Bank sanctioned term loan of Rs.7,500.00 lakhs for refinancing the capital expenditure of the Company. The loan is secured by a first Pari-passu charge on present and future assets (movable or immovable) of the company alongwith other term lenders.

### TTL Electric Fuel Private Limited (stepdown subsidiary)

ICICI Bank sanctioned term loan of Rs.1,171.00 lakhs for setting up of Electric Vehicle charging infrastructure. The loan is secured by exclusive charge on present and future assets (movable) of the company. 2) Exclusive charge on the entire current assets of the company both present and future. 3) Unconditional irrevocable corporate guarantee of HBL Power Systems Limited.

Name of the bank	Loan amount drawn	No of instalments	% of interest	Outstanding as on March 31, 2023
ICICI Bank Ltd (HBL)	4,500.00	22 (QTLY) commencing from Oct 22	9.45	4,090.91
Axis Bank Ltd (HBL)	517.50	20 (QTLY) commencing from Sep 23	8.75	517.50
ICICI Bank Ltd (TTL EFL)	152.02	20 (QTLY) commencing from Dec 24	8.75	152.02

### b) 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 as per the loan schedule sanctioned by the bank.

### c) HBL U.S.A

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 \$ 4,688, and matures on October 1, 2022. The note is secured by the assets of the Company. The loan is fully repaid during the year.

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



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 21

### 21.1 Provisions ( non - current )

	March 31, 2023	March 31, 2022
<b>Provision for employee benefits</b>		
Provision for earned leave encashment	224.91	199.41
	<b>224.91</b>	<b>199.41</b>

### 21.2 Provisions ( current )

	March 31, 2023	March 31, 2022
<b>Provision for employee benefits</b>		
Provision for earned leave encashment	42.59	41.43
Provision for gratuity	271.51	234.24
<b>Other provisions</b>		
Provision for warranties	3,202.61	1,960.30
Provision for commission on profits to director	377.60	356.94
Contingency provision	10.00	-
<b>TOTAL</b>	<b>3,904.31</b>	<b>2,592.91</b>

## Note : 22 Deferred tax liability (net)

	March 31, 2023	March 31, 2022
Deferred tax liability (as per last balance sheet)	1,030.93	1,226.15
Add: Deferred tax (asset)/liability for the year	(22.47)	(195.22)
<b>TOTAL</b>	<b>1,008.46</b>	<b>1,030.93</b>

## Note : 23 Borrowings

	March 31, 2023	March 31, 2022
<b>(A) Loans repayable on demand from banks ( secured )</b>		
State Bank of India	-	-
ICICI Bank Ltd	58.94	-
Axis Bank Ltd	-	-
<b>TOTAL (A)</b>	<b>58.94</b>	<b>-</b>
<b>(B) Other loans from banks (unsecured)</b>		
Purchase bill discounting from Kotak Mahindra Bank Ltd	1,883.48	445.98
Purchase bill discounting from Axis Bank Ltd	941.79	1,463.83
<b>TOTAL (B)</b>	<b>2,825.27</b>	<b>1,909.81</b>
<b>(C) Current maturities of long-term debt(refer note - 20.3)</b>	<b>950.60</b>	<b>339.88</b>
<b>TOTAL ( A + B + C )</b>	<b>3,834.81</b>	<b>2,249.69</b>





# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 23.1 Working capital loans

### HBL Power Systems Limited

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 guaranteed by some of the promoters in their personal capacity.

### TTL Electric Fuel Private Limited (stepdown subsidiary)

ICICI Bank sanctioned overdraft loan of Rs.100.00 lakhs for setting up of Electric Vehicle charging infrastructure. The loan is secured by exclusive charge on present and future assets (movable) of the company. 2) Exclusive charge on the entire current assets of the company both present and future. 3) Unconditional irrevocable corporate guarantee of HBL Power Systems Limited.

**23.2** Purchase bill discounting from Kotak Mahindra Bank Ltd. is guaranteed by some of the promoters of the Company in their personal capacity and undated cheque of the Company for the limit value. Purchase bill discounting from Axis Bank Ltd. is guaranteed by some of the promoters in their personal capacity and undated cheque of the Company equivalent to limit/standing instructions for making payment on due date.

## Note : 24 Lease liability

	March 31, 2023	March 31, 2022
Lease liability	308.39	192.27
<b>TOTAL</b>	<b>308.39</b>	<b>192.27</b>

## Note : 25 Trade payables

	March 31, 2023	March 31, 2022
Total outstanding dues of:		
Micro Enterprises & Small Enterprises (MESE)	1,713.12	908.18
Payables other than MESE	8,114.15	7,850.70
<b>TOTAL</b>	<b>9,827.27</b>	<b>8,758.88</b>

## 25.1 Trade payable aging schedule

Particulars	Outstanding for following periods from the date of transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As on 31.03.2023</b>					
(i) MSME	1,713.12	-	-	-	1,713.12
(ii) Others	7,780.20	41.26	36.70	49.16	7,907.32
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
(v) Liability for materials	206.83	-	-	-	206.83
<b>Total</b>	<b>9,700.15</b>	<b>41.26</b>	<b>36.70</b>	<b>49.16</b>	<b>9,827.27</b>

## As on 31.03.2022

(i) MSME	908.18	-	-	-	908.18
(ii) Others	6,848.58	50.99	29.70	26.99	6,956.26
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	0.11	-	-	0.11
(v) Liability for materials	894.33	-	-	-	894.33
<b>Total</b>	<b>8,651.09</b>	<b>51.11</b>	<b>29.70</b>	<b>26.99</b>	<b>8,758.88</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 26 Other financial liabilities - current

	March 31, 2023	March 31, 2022
Unpaid/unclaimed dividends (refer note - 26.1 )	54.84	55.59
Trade deposits	161.49	155.89
Creditors for capital expenditure	95.39	21.75
Invoice mart payable	2,549.75	2,345.33
Statutory dues	1,537.87	1,024.82
Directors' current account	176.34	113.99
Accrued compensations to employees	1,460.72	1,262.59
<b>TOTAL</b>	<b>6,036.40</b>	<b>4,979.95</b>

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

## Note : 27 Other current liabilities

	March 31, 2023	March 31, 2022
Advances against sales	2,441.29	1,870.04
Advance against sale of investments/assets	-	5.05
Accrued expenses	2,228.86	747.18
<b>TOTAL</b>	<b>4,670.15</b>	<b>2,622.27</b>

## Note : 28 Current tax liabilities (net)

	March 31, 2023	March 31, 2022
Provision for income tax	-	4,767.27
Advance payment of income tax (including TDS)	-	4,528.23
<b>TOTAL</b>	<b>-</b>	<b>239.04</b>

## Note : 29 Revenue from operations

	March 31, 2023	March 31, 2022
		(in Lakhs)
a) Sale of products	1,26,317.38	1,13,550.53
b) Sale of traded goods	514.25	275.70
c) Sale of services	8,932.76	7,430.86
d) Other operating revenue - sale of scrap	1,103.45	2,363.93
<b>TOTAL</b>	<b>1,36,867.84</b>	<b>1,23,621.02</b>

## Note : 30 Other income

	March 31, 2023	March 31, 2022
<b>a) Interest income</b>		
Interest received on deposits with banks/others	551.46	523.45
Interest on IT refunds	10.48	147.90
<b>b) Other non-operating income (net of directly attributable expenses )</b>		
Exchange gains	886.05	572.70
Miscellaneous income (including gain / loss on termination / modification of leases)	320.39	193.35
<b>TOTAL</b>	<b>1,768.38</b>	<b>1,437.40</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 31 Cost of material consumed

	March 31, 2023	March 31, 2022
Opening stocks	15,331.09	14,701.88
Purchases, material, components & consumables	86,684.83	76,482.99
	1,02,015.92	91,184.87
Less : Closing stocks	18,914.60	15,331.09
	83,101.32	75,853.79
Less : Internal capitalisation	2.00	3.16
<b>Cost of material consumed</b>	<b>83,099.32</b>	<b>75,850.62</b>

## Note : 32 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	March 31, 2023	March 31, 2022
<b>a) Manufactured goods</b>		
i) Opening stocks		
a) Semi finished goods	7,791.33	6,494.31
b) Finished goods	5,753.70	5,371.49
<b>TOTAL ( A )</b>	<b>13,545.03</b>	<b>11,865.80</b>
ii) Closing stocks		
a) Semi finished goods	7,553.36	7,791.33
b) Finished goods	5,935.94	5,753.70
<b>TOTAL ( B )</b>	<b>13,489.30</b>	<b>13,545.03</b>
( Increase ) / Decrease ( C = A - B )	<b>55.73</b>	<b>(1,679.23)</b>
<b>b) Traded Goods</b>		
Opening stock of traded goods	26.25	957.07
Closing stock of traded goods	18.32	26.25
(Increase) / Decrease ( D )	<b>7.93</b>	<b>930.82</b>
(Increase) / Decrease in inventory (C+D)	<b>63.66</b>	<b>(748.41)</b>

## Note : 33 Employee benefits expense:

	March 31, 2023	March 31, 2022
Salaries & bonus	8,724.18	7,951.81
Contribution to provident & other funds	651.35	592.27
Gratuity	214.29	184.64
Staff welfare expenses	911.03	749.07
Recruitment & training	16.10	13.39
<b>Remuneration to directors:</b>		
Salaries & allowances	129.46	129.46
Contribution to provident fund	9.89	9.89
Commission on profits	377.60	356.94
Directors sitting fees	4.10	3.50
<b>TOTAL</b>	<b>11,038.00</b>	<b>9,990.97</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 34 Finance cost

	March 31, 2023	March 31, 2022
Interest on term loans	324.55	157.48
Interest on bank borrowings	70.72	47.60
Interest on vehicle loans	7.99	3.41
Interest on unsecured loans	-	18.33
Interest on lease liability	104.68	117.69
Interest - others	60.48	88.80
Bank charges & commission	324.30	471.75
	892.72	905.07
Less: Transfers to pre-operative expenses	238.08	157.48
<b>TOTAL</b>	<b>654.64</b>	<b>747.59</b>

## Note : 35 Depreciation and amortization expense

	March 31, 2023	March 31, 2022
Depreciation on tangible assets	2,716.93	2,692.39
Amortisation on intangible assets	571.05	645.48
Amortisation on right of use assets	258.23	170.55
<b>TOTAL</b>	<b>3,546.21</b>	<b>3,508.42</b>

## Note : 36 Manufacturing expenses

	March 31, 2023	March 31, 2022
Stores & spares consumed	1,602.12	1,774.85
Equipment lease rentals	44.14	35.88
Consumable tools charged off	111.68	105.85
Contract wages	7,914.53	7,787.26
Testing charges	310.57	106.46
Power and fuel	4,901.93	4,244.46
	<b>14,884.97</b>	<b>14,054.77</b>

## Note : 37

	March 31, 2023	March 31, 2022
<b>A) Administrative expenses</b>		
Rent	223.51	148.76
Rates, duties & taxes	308.11	124.82
Insurance	353.24	359.19
Professional & consultancy charges	746.95	570.30
Expenditure incurred on corporate social responsibility activities	167.37	102.03
Repairs and maintenance	1,416.46	986.14
Travelling and conveyance	1,284.33	967.52
Sundry expenses	981.20	946.16
Payments to auditors	62.91	51.68
Audit expenses	3.12	0.72
Advances & deposits written off	4.53	69.51
Preliminary expenses	-	4.74
	<b>5,551.73</b>	<b>4,331.57</b>



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# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

	March 31, 2023	March 31, 2022
<b>B) Selling expenses</b>		
Freight & insurance on sales	3,481.74	3,363.78
Commission on sales	370.12	276.44
Liquidated damages	539.07	374.51
Credit impairment	54.43	291.25
Lifetime expected credit loss	127.63	453.11
Provision for warranties	1,242.31	479.07
Installation charges paid	589.41	311.15
Televan hire charges	-	0.36
Other selling expenses	574.05	483.95
<b>TOTAL (B)</b>	<b>6,978.76</b>	<b>6,033.61</b>

## Note : 38 Exceptional items of (income)/expenditure

	March 31, 2023	March 31, 2022
Loss on fire accident	-	43.00
Impairment / diminution In value of investments	0.51	-
(Profit)/loss on sale of assets	(457.20)	(1,961.99)
Assets written off	323.43	839.03
Shifting/relocation expenses	-	6.94
	<b>(133.26)</b>	<b>(1,073.01)</b>

## Note : 39 Disclosure as per Ind AS - 33 Earnings per share (EPS) - Face value of share : ₹ 1/- each

Computation of EPS (Basic & Diluted)		
	March 31, 2023	March 31, 2022
Profit before OCI	9,844.54	9,371.00
Profit after OCI	9,716.54	9,292.05
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 Before OCI		
Basic ₹	3.55	3.38
Diluted ₹	3.55	3.38
EPS after OCI		
Basic ₹	3.51	3.35
Diluted ₹	3.51	3.35



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Note : 40

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

### 40.1 Movement of provisions during the year 2022-23

Particulars	Provision for warranties
a) the carrying amount at the beginning of the period	1,960.30
b) additional provisions made in the period, including increases to existing provisions	2,736.34
c) amounts reversed on completion of warranty period	(1,292.51)
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.	(201.52)
<b>f) the carrying amount at the end of the period</b>	<b>3,202.61</b>

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 60 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

### 40.2 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:

Nature of contingent liability	March 31, 2023	March 31, 2022
<b>i) Contingent liabilities not provided for:</b>		
<b>HBL Power Systems Limited</b>		
<b>a) Claims against the Company not acknowledged as debts towards :</b>		
Excise duty	2,472.78	2,585.23
Sales tax	669.76	673.98
Custom duty	488.70	488.70
Service Tax	194.90	194.90
Goods and service tax	16.98	16.98
Property tax	242.03	242.03
Fuel surcharge adjustment	224.61	231.95
Erstwhile promoters of SCIL Infracon Private Limited *	542.04	188.31
Others	394.80	361.84
<b>HBL Power Systems Limited</b>		
<b>b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees</b>	14,646.68	13,156.49
Corporate guarantee given to bank on behalf of stepdown subsidiary in respect of loan taken by them	1,271.00	-
<b>ii) Commitments:</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	983.75	1,269.91
<b>b) Other Commitments:</b>		
Legal undertakings (LUTs) given to custom's authorities for clearing the imports at Nil / concessional rate of duty	-	84.68



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

The erstwhile promoters of M/s. SCIL Infracon Private Limited filed a petition with the Sole Arbitrator making several new claims against the Company and others. The Arbitration award allowed, only one claim of theirs, relating to Unsecured Loans of Rs.2.08 cr to be paid along with interest of 12% p.a., effective from 31.01.2011 till the date of the payment. On an appeal preferred by the Company against the arbitral award, the Hon'ble Civil Court granted stay on the operation of the award on condition of depositing 50% of the amount awarded with interest till date of the order. The Company deposited the 50% amount along with interest amounting to Rs.2.71 cr on 17<sup>th</sup> April 2023 in compliance of the Hon'ble Civil Court's order as modified by the Hon'ble High Court. However, the appeal against the arbitral award is yet to be decided by the Hon'ble Civil Court and the matter is still sub-judice. The company's legal counsel, based on the facts of the case, opined that the claim is not admissible and is likely to be dismissed by the Hon'ble City Civil Court. Based on the above facts, the claim is not acknowledged as debt against the company and is appropriately reported as a contingent liability.

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 commitments or material non-cancellable contractual commitments / contracts, which might have material impact on the financial statements.

## 40.3 Commitment towards dividend

The Board of the parent Company in its meeting held on May 25, 2023 has recommended a dividend of ₹ 0.45 ps per Equity Share of ₹ 1/- each for the financial year ended March 31, 2023. The recommendation is subject to the approval of shareholders at the ensuing annual general meeting, and if approved would result in a cash outflow of ₹ 1,247.38 lakhs towards dividend.

## 40.4 Contingent assets:

During the year 2011, some assets at one of the plants of the parent Company, were damaged due to heavy rains. The parent 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 suffered 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 parent Company, due to hud-hud cyclone. The Company's claim for the resultant losses was partly allowed by the insurer 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 in favour of the parent company. Subsequently on an appeal by the insurer further proceedings of arbitration were stayed by the Commercial Court. The matter is sub judice.

## Note : 41

### Income tax and Sales tax assessments:

Taxes were paid in accordance with income tax returns filed and were charged off to revenue. In respect of pending assessments, the liability, if any, that may arise upon completion of assessments is not ascertainable at this stage. During the year, in the income tax assessments, there were no transactions that were not recorded in the books of accounts but have been surrendered or disclosed as income.

## Note : 42

### 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 tried up, accounting adjustments have been made wherever found necessary. Such confirmations are awaited from some parties, comprising of government departments and public sector undertakings.

## Note : 43

- 43.1 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.
- 43.2 The group has utilized the borrowings from banks and financial institutions for the specific purpose for which it was taken.
- 43.3 In respect of borrowings from banks and financial institutions, the quarterly returns or statements of current assets filed by the company are in agreement with the books of accounts.



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 43.4 Relationship with struck-off Companies:

The group has engaged services of third party to carry out the exercise of machine matching of the names of its active customers/vendors with the list of "Struck Off companies" hosted in the MCA website. There are no reportable cases for the reporting period.

### Note : 44

#### Disclosures as prescribed by Indian Accounting Standard ( Ind AS )

##### 43.1 Disclosure as per Ind AS - 2 - inventories

During the year ended March 31, 2023, ₹ 52.76 lakhs ( March 31, 2022, ₹ 1.01 lakhs) was recognised as an expense in respect of inventories carried at net realisable value in the statement of profit and loss.

##### 44.2 Disclosure as per Ind AS - 7

#### Statement of reconciliation for changes in liabilities arising from financing activities.

	Long-term borrowings	Working capital borrowings
Opening balance	3,105.78	1,909.81
Borrowed during the year	2,111.84	-
Repaid during the year	(445.68)	-
Net movement	1,666.16	974.40
Closing balance	4,880.82	2,884.21

##### 44.3 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: The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax		12,979.85	12,240.32
Current tax @ 25.168%	( A )	3,324.00	3,098.00
Effect of unused tax losses of subsidiaries / associates		96.35	96.17
Others		92.34	132.51
Total	( B )	188.69	228.68
Income tax expense recognised in statement of profit and loss	( A - B )	3,135.31	2,869.32

b) The income tax on other comprehensive income

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Income tax benefit arising on income / (expense) recognised in other comprehensive income			
Tax on remeasurement of defined benefit plan		(24.74)	(28.36)
Others		(25.29)	(4.67)
Income tax benefit recognised in other comprehensive income		(50.03)	(33.03)





# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

c) Details of income tax assets and Income tax liabilities are as follows:

	March 31, 2023	March 31, 2022
Advance tax / MAT credit / TDS	6,400.86	4,528.23
Provision for income tax	(6,114.20)	(4,767.27)
<b>Asset / (liability)</b>	<b>286.66</b>	<b>(239.04)</b>

d) The gross movement in the current income tax asset / (liability) is as follows:

	March 31, 2023	March 31, 2022
Net current income tax asset / (liability) at the beginning	(239.04)	52.74
Add : income tax paid / adjusted ( Net of refunds received )	(2,622.39)	(3,320.08)
Less Provision for current tax	(3,148.09)	(3,028.31)
<b>Net current income tax asset / (liability) at the end</b>	<b>286.66</b>	<b>(239.04)</b>

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

Particulars	March 31, 2023	March 31, 2022
<b>Deferred tax liability</b>		
Property, Plant and Equipment	1,163.97	1,370.09
<b>Total</b>	<b>1,163.97</b>	<b>1,370.09</b>
<b>Deferred tax asset</b>		
Employee benefits	67.32	60.61
Provision for bad debts	66.44	148.36
Other comprehensive income	(25.29)	(4.67)
Others	47.04	134.86
<b>Total</b>	<b>155.52</b>	<b>339.16</b>
<b>Deferred tax liability after set off of deferred tax asset</b>	<b>1,008.45</b>	<b>1,030.93</b>

f) The gross movement in the deferred income tax account is as follows:

	March 31, 2023	March 31, 2022
Net deferred tax liability at the beginning	1,030.93	1,226.15
Credit / (charge) relating to temporary differences	(22.47)	(195.26)
<b>Net deferred income tax liability at the end</b>	<b>1,008.45</b>	<b>1,030.93</b>

#### 44.4 Disclosure as per Ind AS-116 - Leases

(i) Transition from Ind AS 17

- The group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019).
- The group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application. The group has used a single discount rate to a portfolio of leases with similar characteristics.

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

- c) On transition, the group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application using the practical expedient provided by the standard.

(ii) The details of the right-of-use asset held by the group is as follows:

₹ in Lakhs

Description	Leasehold land	Buildings	Total
<b>Gross carrying amount</b>			
As on April 01, 2022	643.82	1,005.74	1,649.56
Additions	117.81	-161.19	(43.38)
<b>As on March 31, 2023</b>	<b>761.63</b>	<b>844.55</b>	<b>1,606.18</b>
<b>Accumulated amortization</b>			
As on April 01, 2022	102.37	531.46	633.83
For the period	70.23	188.00	258.23
<b>As on March 31, 2023</b>	<b>172.6</b>	<b>719.46</b>	<b>892.06</b>
<b>Net carrying amount</b>			
As on March 31, 2023	589.03	125.09	714.12
As on March 31, 2022	541.45	474.28	1,015.73

(iii) Lease liabilities:

	March 31, 2023	March 31, 2022
Opening balance	1,245.1	1,163.36
Additions/adjustments	-230.89	201.23
Interest for the year	104.68	117.69
Cash outflow for leases	281.83	237.18
Closing balance	837.06	1,245.10
Current lease liability	308.39	176.89
Non-current lease liability	528.67	1,068.21

- (iv) The group incurred ₹ 245.28 lakhs for the year ended March 31, 2023 (Previous year ₹ 176.30 lakhs) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 548.48 lakhs for the year ended March 31, 2023, including cash outflow for short term and low value leases.

- (v) Lease contracts for land & building entered by the group are primarily to conduct its business in the ordinary course.

#### 44.5 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:

	March 31, 2023	March 31, 2022
Employer's contribution to PF/ESI/ pension plan	661.24	602.17

b) Defined benefit plan:

**HBL Power Systems Limited**

(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 (PUC) 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.



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Assets and liability (balance sheet position)

Particulars	March 31, 2023	March 31, 2022
Present value of obligation	2,174.39	2,021.43
Fair value of plan assets	1,903.51	1,788.16
Surplus / (deficit)	(270.87)	(233.27)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(270.87)	(233.27)

## Expense recognized during the period (including premium paid)

Particulars	March 31, 2023	March 31, 2022
In income statement (p&l a/c--expense provision)	214.29	184.64
In other comprehensive income (b/sheet item)	(98.28)	(112.67)

## Characteristics of defined benefit plan and risks associated with it

### Actuarial valuation method

The valuation has been carried out using the PUC 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	$(15/26) \times \text{last drawn salary} \times \text{number of completed years}$



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

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

Particulars	For the period ending	
	March 31, 2023	March 31, 2022
<b>Present value of obligation as at the beginning</b>	2,021.43	1,860.34
Current service cost	151.81	70.46
Interest expense or cost	138.14	125.85
Actuarial (gains) / loss on obligations	99.04	124.20
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(236.03)	(159.42)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
<b>Present value of obligation as at the end</b>	<b>2,174.39</b>	<b>1,860.34</b>
<b>Bifurcation of net liability</b>		
Current liability (short term)	339.63	286.73
Non-current liability (long term)	1,834.76	1,734.70
<b>Net liability</b>	<b>2,174.39</b>	<b>2,021.43</b>

Changes in the fair value of plan assets

	March 31, 2023	March 31, 2022
Fair value of plan assets as at the beginning	1,788.16	1,595.28
Acquisition adjustment	(18.88)	(42.30)
Expected return on plan assets	127.21	107.92
Contributions	242.29	275.00
Benefits paid	(236.03)	(159.42)
Actuarial gain/(loss) on plan assets	0.76	11.68
<b>Fair value of plan assets as at the end</b>	<b>1,903.51</b>	<b>1,788.16</b>

<b>Other comprehensive income</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	(36.33)	(56.06)
Actuarial (gains) / losses - experience variance	135.37	180.27
Actuarial (gains) / loss on obligations	99.04	124.20
Actuarial (gains) / loss on plan assets	0.76	11.68
<b>Total other comprehensive income(OCI)</b>	<b>98.28</b>	<b>112.52</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## (ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using PUC method and is charged to statement of profit and loss. The obligation is not funded.

### Assets and liability (balance sheet position)

Particulars	March 31, 2023	March 31, 2022
Present value of obligation	264.66	240.84
Fair value of plan assets	-	-
Surplus / (deficit)	(264.66)	(240.84)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(264.66)	(240.84)

### Expense recognized during the period

Particulars	March 31, 2023	March 31, 2022
In Income statement (P&L--expense provision)	26.61	37.98

### Actuarial Valuation Method

The valuation has been carried out using the PUC 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

### Changes in the present value of obligation

Particulars	March 31, 2023	March 31, 2022
Present value of obligation as at the beginning	240.83	230.78
Current service cost	33.31	27.25
Interest expense or cost	16.14	15.61
Actuarial (gain)/ loss on obligations	(22.84)	(4.88)
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(2.79)	(27.93)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	264.65	240.83



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Bifurcation of net liability

Particulars	March 31, 2023	March 31, 2022
Current liability (short term)	42.59	41.43
Non-current liability (long term)	222.07	199.40
<b>Net liability</b>	<b>264.66</b>	<b>240.83</b>

## Changes in the fair value of plan assets

Particulars	March 31, 2023	March 31, 2022
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	2.79	27.93
e) Benefits paid	(2.79)	(27.93)
f) Actuarial gain / (loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

## 44.6 Disclosure as per Ind AS -21 - The effects of changes in foreign exchange rates

	March 31, 2023	March 31, 2022
Exchange differences arising out of settlement / translation on account of :		
a) Exports	622.24	347.21
b) Imports	284.62	223.46
c) Others	(20.81)	2.03
<b>Net gain (loss) recognised during the year</b>	<b>886.05</b>	<b>572.70</b>

## 44.7 Disclosure as per Ind AS- 24 - Related party disclosures

1	Associate Companies	Naval Systems & Technologies Private Limited	
2	Key Management Personnel	Dr A J Prasad	Chairman & Managing Director
		Kavita Prasad	Whole time Director
		M Advay Bhagirath	Non-Executive Director
		M S S Srinath	President
		E Sairam	Chief Financial Officer- w.e.f 29.03.2023
		K Sridharan	Chief Financial Officer up to 30.09.2022
		M V S S Kumar	Company Secretary up to 31.03.2023
		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
	<b>Non-Executive Directors</b>		
	P. Ganapathi Rao	Independent Director	
	Preeti Khandelwal	Independent Director	
	K Venkat Sriram	Independent Director	
	Richa Datta	Independent Director	
	Dr Ramanujulu Nandakumar Ramnath	Independent Director up to 22.07.2022	



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## Disclosure of transactions with related parties and the status of outstanding balances.

Sl. No	Name	Nature of transaction	Transactions during the year	As on March 31, 2023	
				Gross receivables (un-secured)	Gross payables
1	Key Management Personnel	Funds repaid	-	-	-
			(411.00)	-	-
		Remuneration paid	226.72	-	-
			(247.01)	-	-
		Commission on profits	377.60	-	-
			(356.94)	-	179.46
		Rent paid	8.50	-	(474.08)
			(8.50)	-	-
		Interest paid	-	-	-
			(18.33)	-	-
		Sitting fee paid to Non-Executive Directors	4.10	-	-
			(3.50)	-	-

Figures in brackets represent previous year balances

## 44.8 Disclosure as per Ind AS-108 - Operating segments

The group'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 segments 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 group as per paragraph 27 of Ind AS 108 - operating segments

	March 31, 2023 ₹ in Lakhs		March 31, 2022 ₹ in Lakhs	
<b>Segment revenue</b>				
<b>Batteries</b>				
Exports	19,063.90		23,736.61	
Domestic sales	99,902.80	1,18,966.70	86,206.08	1,09,942.69
<b>Electronics</b>				
Exports	1,672.02		1,502.16	
Domestic sales	13,024.28	14,696.30	9,544.36	11,046.52
<b>Unallocated</b>				
Exports	-		-	
Domestic sales	3,863.73	3,863.73	3,149.14	3,149.14
<b>Total</b>		<b>1,37,526.73</b>		<b>1,24,138.35</b>
Less : Inter-segment revenue		658.89		517.32
<b>Net revenue</b>		<b>1,36,867.84</b>		<b>1,23,621.03</b>



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

<b>Identifiable operating expenses</b>				
Batteries	94,791.59		89,383.07	
Electronics	12,502.74		8,323.57	
Unallocated	5,445.43	1,12,739.76	5,159.66	1,02,866.30
<b>Allocated expenses</b>				
Batteries	5,742.95		4,196.03	
Electronics	1,886.11		1,011.47	
Unallocated	1,489.16	9,118.22	1,100.25	6,307.75
<b>Segment operating income</b>		15,009.86		14,446.98
Unallocable expenses		3,412.37		4,057.43
<b>Operating profit</b>		11,597.49		10,389.55
Other Income		1,768.38		1,437.40
<b>Profit before Interest and Exceptional items</b>		13,365.87		11,826.95
Exceptional items - Income/(expenses)		133.26		1,073.01
Interest Expenses		654.64		747.59
Share in Profit / (loss) of associate / joint venture		135.37		87.96
Minority interest-C/Y share of profit/(loss)		(20.74)		(19.25)
<b>Profit before income taxes</b>		13,000.58		12,259.57
Income tax expenses		3,135.30		2,869.32
<b>Net profit</b>		9,865.28		9,390.25
<b>Segment depreciation (including amortisation of intangible assets )</b>				
Batteries		2,300.17		2,212.10
Electronics		592.16		500.98
Unallocated		653.88		795.34
	<b>Total</b>	<b>3,546.21</b>		<b>3,508.42</b>
<b>Segment assets</b>				
Batteries		68,623.86		70,605.18
Electronics		29,188.99		18,076.08
Unallocated		31,318.79		24,579.87
	<b>Total Assets</b>	<b>1,29,131.64</b>		<b>1,13,261.13</b>
<b>Segment liabilities</b>				
Batteries		17,530.92		15,121.74
Electronics		5,231.31		2,358.71
Unallocated (includes term loans and bank loans)		10,502.90		7,934.40
	<b>Total Liabilities</b>	<b>33,265.13</b>		<b>25,414.85</b>





# Notes forming part of the Consolidated Financial Statements

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## 44.9 FINANCIAL INSTRUMENTS

### A) Capital management

The group manages its capital structure and make adjustments to it, in light of changes in economic condition. To maintain 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, securities premium and all other equity reserves attributable to the equity holders.

### B) Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2023 were as follows::

Particulars	March 31, 2023			March 31, 2022		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
<b>Assets :</b>						
Cash cash equivalents	13,201.71	13,201.71	13,201.71	4,973.22	4,973.22	4,973.22
Other bank balances	1,394.64	1,394.64	1,394.64	5,498.69	5,498.69	5,498.69
Investments in others	2.68	2.68	7.43	2.68	2.68	2.68
Trade receivables	31,201.34	31,201.34	31,201.34	29,266.01	29,266.01	29,266.01
Other financial assets	5,323.47	5,323.47	5,323.47	4,157.13	4,157.13	4,157.13
<b>Total</b>	<b>51,123.84</b>	<b>51,123.84</b>	<b>51,128.59</b>	<b>43,897.73</b>	<b>43,897.73</b>	<b>43,897.73</b>
<b>Liabilities :</b>						
Trade payables	9,827.27	9,827.27	9,827.27	8,758.88	8,758.88	8,758.88
Borrowings	7,765.03	7,765.03	7,765.03	5,015.59	5,015.59	5,015.59
Lease liability	837.06	837.06	837.06	1,245.10	1,245.10	1,245.10
Other financial liabilities	6,036.40	6,036.40	6,036.40	4,979.95	4,979.95	4,979.95
<b>Total</b>	<b>24,465.76</b>	<b>24,465.76</b>	<b>24,465.76</b>	<b>19,999.52</b>	<b>19,999.52</b>	<b>19,999.52</b>

## 44.9 Financial instruments

### 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 management, 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.

#### 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 countries. 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.



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

The following table analyzes foreign currency risk from financial instruments as of March 31, 2023 :

Currency in Lakhs

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	44.16	16.89	2.30	63.35
Other financial assets	-	-	-	-
Trade payables	(14.42)	(0.03)	(0.19)	(14.64)
Other financial liabilities	(2.75)	(0.36)	-	(3.11)
<b>Net assets/(liabilities)</b>	<b>26.99</b>	<b>16.50</b>	<b>2.11</b>	<b>45.60</b>

The following table analyzes foreign currency risk from financial instruments as of March 31, 2022 :

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	74.96	23.43	0.74	99.13
Other financial assets	-	-	-	-
Trade payables	(20.01)	(2.19)	(0.15)	(22.35)
Other financial liabilities	(1.14)	(0.33)	-	(1.47)
<b>Net assets/(liabilities)</b>	<b>53.81</b>	<b>20.91</b>	<b>0.59</b>	<b>75.31</b>

For the year ended March 31, 2023 and March 31, 2022, 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 ₹ 886.05 lakhs and ₹ 572.70 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 ₹ 31,201.34 lakhs and ₹ 29,266.01 lakhs as of March 31, 2023 and March 31, 2022, 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 group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group 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 Group'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, 2023	March 31, 2022
Revenue from top customer	6.29%	5.62%
Revenue from top five customers	21.45%	18.95%

## Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2023 was ₹ 263.99 Lakhs. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2022 was ₹ 589.47 Lakhs.

Particulars	March 31, 2023	March 31, 2022
Balance at the beginning	589.47	356.56
Lifetime expected credit loss	127.63	744.36
Credit impairment	(453.11)	(511.45)
<b>Balance at the end</b>	<b>263.99</b>	<b>589.47</b>

Credit risk on cash and cash equivalents is limited as the group 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.



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

The bank balances held by the foreign subsidiaries of HBL Power Systems Limited are generally within the insured limits of respective applicable laws.

## 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, 2023, the group had a working capital of ₹ 58,635.43 lakhs including cash and cash equivalents of ₹ 53,077.30 lakhs . As of March 31, 2022, the group had a working capital of ₹ 13,201.71 lakhs including cash and cash equivalents of ₹ 4,973.22 lakhs .

As of March 31, 2023 and March 31, 2022, the outstanding gratuity and compensated absences were ₹ 539.01 lakhs and ₹ 475.08 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 group's financial instruments will fluctuate because of the change in market interest rates. The group 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 minimum exposure to interest rate fluctuations.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2023 :

Particulars	< 1 year	1-2 years	> 2 years	Total
<b>As on March 31, 2023</b>				
Trade payables	9,827.27	-	-	9,827.27
Long term borrowings	950.60	983.14	2,947.08	4,880.82
Short term borrowings	2,884.21	-	-	2,884.21
Other financial liabilities (excluding borrowings from banks and financial institutions)	6,036.40	-	-	6,036.40
<b>As on March 31, 2022</b>				
Trade payables	8,758.88	-	-	8,758.88
Long term borrowings	339.87	570.39	2,195.51	3,105.77
Short term borrowings	1,909.81	-	-	1,909.81
Other financial liabilities (excluding borrowings from banks and financial institutions)	4,979.95	-	-	4,979.95

## Note : 45

a) Subsidiary, associate and joint venture Company(ies) considered / not considered in the preparation of the CFS.

Name of Entity	Principal place of business	Country of incorporation	Ownership interest & voting right	
			March 31, 2023	March 31, 2022
<b>Considered for CFS:</b>				
Subsidiary Companies				
HBL Germany GMBH	Zwickau	Germany	100%	100%
HBL America Inc.	Connecticut	U.S.A.	100%	100%
Torquedrive Technologies Private Limited	Hyderabad	India	100%	100%



# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

	( including stepdown subsidiary M/s.TTL Electric Fuel Private Limited)				
<b>Associate Company</b>					
	Naval Systems & Technologies Private Limited	Hyderabad	India	41%	41%

## Not Considered for CFS (refer note 45(b) below):

### b) Change in the group composition :

- The parent Company's wholly owned subsidiary SCIL Infracon Pvt Ltd had filed for dormant status with the Registrar of Companies as at the year ended March 31, 2019. The parent company's investment in the entity had been fully provided for. In view of the foregoing, it has not been considered for consolidation as at March 31, 2023 as in previous year.
- In the previous years, the investment in Gulf Batteries Company Limited was fully provided. An amount of Rs.5.05 lakhs was realized towards full and final settlement against sale/transfer of stake in JV in the financial year 2021-22. During reporting financial year, necessary regulatory approvals were received and therefore, the unrealized value of investment has been written off against the provisions made earlier.
- HBL Tonbo Private Limited (HTPL) was incorporated by HBL Power Systems Limited and Tonbo Imaging India Private Limited on September 12, 2022 with a sharing ratio of 51:49. There were no commercial operations since inception of HTPL. Subsequently, it was decided to explore other opportunities to carry on the intended business. The Board of Directors of HTPL in their meeting held on March 08, 2023, resolved to apply for voluntary striking off the name of the Company from the register of the Registrar of Companies under Section 248(2) of the Companies Act, 2013 read with rules made thereunder. In view of the decision of the Board of Directors HTPL, a provision for diminution of 100% value of investment in equity shares of HTPL of Rs.51,000 (being 51%) has been made during the reporting period.

### Note : 46

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 : 47

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 : 48

Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current year classifications / disclosures.

As per our report of even date annexed

For **LNR Associates**  
Chartered Accountants  
FRN No. 05381S

On behalf of the board

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGQA7077

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

Place : Hyderabad  
Date : May 25, 2023

**E Sairam**  
Chief Financial Officer

**GBS Naidu**  
Company Secretary

Place : Hyderabad  
Date : May 25, 2023



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# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

## 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: 46)

(₹ in Lakhs)

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 total comprehensive income	Amount (₹ in Lakhs)
Parent	HBL Power Systems Limited	100.45%	95,571.97	97.05%	9,553.85	49.45%	(73.55)	97.78%	9,480.30
Subsidiaries	Foreign								
	HBL Germany GMBH	-0.61%	(577.53)	0.46%	45.42	26.03%	(38.71)	0.07%	6.71
	HBL America Inc.	-0.53%	(503.74)	3.47%	341.14	24.53%	(36.48)	3.14%	304.66
	India								
	Torque Drive Technologies Private Limited ( including stepdown subsidiary M/s.TTL Electric Fuel Private Limited)	-0.22%	(212.62)	-1.99%	(196.37)	-	-	-2.03%	(196.37)
Associates *	India								
	Naval Systems & Technologies Private Limited	0.91%	866.63	1.02%	100.50	-	-	1.04%	100.50
	<b>Total</b>	<b>100%</b>	<b>95,144.71</b>	<b>100%</b>	<b>9,844.54</b>	<b>100%</b>	<b>(148.74)</b>	<b>100%</b>	<b>9,695.80</b>
	India								
Non controlling interest	Torque Drive Technologies Private Limited ( including stepdown subsidiary M/s.TTL Electric Fuel Private Limited)	-	-	-	(20.74)	-	-	-	(20.74)
	<b>Total</b>		<b>95,144.71</b>		<b>9,865.28</b>		<b>(148.74)</b>		<b>9,716.54</b>

\* Investments as per Equity method

Note: Subsidiary entity SCIL Infracon Private Limited and Joint Venture entity Gulf Batteries Company Limited have not been considered in the current year for reasons stated in Note no.45 (b)

# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Referred to in Note No. 47

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

(₹ in Lakhs)

Sl. No.	Name of subsidiary company	Reporting period	Report- ing cur- rency	Exchange rate on the last date of the finan- cial year	Share capital	Other equity	Total assets (excluding investment)	Total liabilities	Invest- ments	Turnover	Profit before taxation	Provision for tax & def. tax	Profit after taxation	Dividend proposed	% of Share- holding
1)	HLB Germany, GmbH (Subsidiary Company)	31.03.2023	EURO	89.61	14.92	(489.03)	952.43	1,426.54	-	2,676.35	74.62	-	74.62	-	100.00
2)	HBL America, Inc (Subsidiary Company)	31.03.2023	USD	82.22	323.02	(398.42)	1,153.59	1,228.98	-	3,238.68	387.64	13.65	373.99	-	100.00
3)	Torque Drive Technologies Private Limited (including stepdown subsidiary M/s.TTL Electric Fuel Private Limited)	31.03.2023	INR	-	464.10	(212.62)	142.97	10.86	-	5.66	(56.53)	(0.28)	(56.25)	-	100.00





# Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2023

Note : Subsidiary entity SCIL Infracon Private Limited has not been considered in the current year for reasons stated in Note no.45 (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
	Associates/Joint Venture	Associate
1	Latest audited balance sheet date	31.03.2023
2	Shares held by the company at the year end	
	Number of shares	41,000.00
	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	870.73
5	Profit/(Loss) for the year	245.12
	i. Considered in Consolidation	100.50
	i. Not Considered in Consolidation	144.62

Note : Joint venture entity, Gulf Batteries Company Limited has not been considered in the current year for reasons stated in Note no.45 (b) (ii)

As per our report of even date annexed

For **LNR Associates**  
Chartered Accountants  
FRN No. 053815

On behalf of the board

**Raghuram Vedula**  
Partner  
M.No : 242883  
UDIN : 23242883BGZGQA7077

**Dr A J Prasad**  
Chairman & Managing Director  
DIN : 00057275

**Kavita Prasad Aluru**  
Director  
DIN : 00319292

Place : Hyderabad  
Date : May 25, 2023

**E Sairam**  
Chief Financial Officer

**GBS Naidu**  
Company Secretary

Place : Hyderabad  
Date : May 25, 2023





# HBL<sup>®</sup>

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