

HIGH ENERGY BATTERIES (INDIA) LIMITED



Fifty Ninth Annual Report

2019-2020



High Power High Energy Combat Battery for Underwater Propulsion

Directors

Mr. N. Gopalaratnam (Chairman)
Dr. G. A. Pathanjali (Managing Director)
Mr. M. Ignatius, Director (Operations)
Mr. A. L. Somayaji
Cmde. R.P. Prem Kumar, VSM (Retd.)
Mr. M. Natarajan
Mrs. Lalitha Lakshmanan
Dr. Vijayamohan K Pillai
Mrs. Jayashree Ajit Shankar (Nominee of LIC)

Audit Committee

Mr. A. L. Somayaji (Chairman)
Cmde. R. P. Prem Kumar
Mrs. Lalitha Lakshmanan
Mr. M. Natarajan

Nomination and Remuneration Committee

Mr. A. L. Somayaji (Chairman)
Cmde. R. P. Prem Kumar
Mrs. Lalitha Lakshmanan

Stakeholders Relationship Committee

Mr. N. Gopalaratnam (Chairman)
Dr. G. A. Pathanjali
Mrs. Lalitha Lakshmanan

Secretary

Mr. S. V. Raju

Chief Financial Officer

Mr. R. Swaminathan

Statutory Auditor

M/s. Maharaj N R Suresh and Co.,
Chartered Accountants
No.9, (Old No.5), II Lane, II Main Road,
Trustpuram, Kodambakkam,
Chennai – 600 024

Internal Auditor

M/s. R. Subramanian and Company LLP
Chartered Accountants
No.6, (Old No.36), Krishnaswamy Avenue,
Luz, Mylapore, Chennai - 600 004

Secretarial Auditor

M/s. B K Sundaram & Associates
Practicing Company Secretaries
30, Pandamangalam Agraharam,
Woriur, Trichy - 620 003

Bankers

UCO Bank
Indian Bank
Canara Bank

Registered Office

“Esvin House”,
13, Old Mahabalipuram Road,
Perungudi, Chennai – 600 096
Phone: 91-44-24960335 / 39279318/
43063545
Email: hebcnn@highenergy.co.in
Web: www.highenergy.co.in

Email ID for Investors

investor@highenergyltd.com

Corporate Identity Number

L36999TN1961PLC004606

Plant

Pakkudi Road, Mathur - 622 515
Pudukkottai District
Phone: 0431- 2660323/ 2660324
04339 - 250444
Email: info@highenergyltd.com

Registrar & Transfer Agent

M/s. Cameo Corporate Services Ltd.,
“Subramanian Building”, 5th Floor,
No.1, Club House Road,
Chennai - 600 002
Phone: (044) 28460390
Email: investor@cameoindia.com



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HIGH ENERGY BATTERIES (INDIA) LIMITED

CIN: L36999TN1961PLC004606

Regd. Office: "Esvin House", 13, Old Mahabalipuram Road, Perungudi, Chennai-600 096.

Phone: 044 - 24960335 / 39279318 / 43063545 Fax : 044 -24961785,

Email: hebcnn@highenergy.co.in, Web: www.highenergy.co.in

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **59th Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 11.00 A.M. on Saturday, the 29th August, 2020 through Video Conference (VC) / Other Audio Visual Means (OAVM)** to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To consider and adopt the Audited Financial Statements of the company for the year ended 31st March 2020 and the Reports of the Board of Directors and Auditors thereon.

2. Reappointment of retiring Director:

To appoint a Director in the place of Mr. M Ignatius, who retires by rotation and being eligible offers himself for re-appointment as a Director.

SPECIAL BUSINESS – ORDINARY RESOLUTION

3. Reappointment of Dr G A Pathanjali as Managing Director

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

"RESOLVED that Dr G A Pathanjali (DIN 05297665), whose current term of office expired on 31.03.2020 be and is hereby re-appointed as Managing Director of the Company for a period of three years from 01.04.2020 to 31.03.2023.

RESOLVED FURTHER that pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), approval be and is hereby accorded for the re-appointment of Dr. G.A. Pathanjali as Managing Director with effect from 1st April 2020, on the terms and conditions of appointment and remuneration as set out below and the Board of Directors be and are hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Section II of Part II of Schedule V to the Companies Act, 2013."

NOTICE TO THE SHAREHOLDERS

TERMS AND CONDITIONS:

1	Period	From 01.04.2020 to 31.03.2023
2	Remuneration	
	a) Salary	₹ 2,00,000/- (Rupees Two lakhs only) per month including Dearness Allowance and all other allowances.
	b) Commission	Equivalent to 1 % of the net profits of the Company subject to a ceiling of an amount equal to the annual Salary.
3.	Perquisites	Perquisites will be in addition to salary and commission and shall be restricted to an amount equal to the annual salary.
	a) House Rent Allowance	₹ 21,000/-(Rupees Twenty one thousand only) per month.
	b) Gas, Electricity, Water and Furnishings	The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income-tax Rules, 1962, subject to a ceiling of 10% of the salary of the Managing Director.
	c) Medical Reimbursement	Reimbursement of expenses incurred for self and family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
	d) Club Fees	Fees of Clubs subject to a maximum of two clubs. No admission and life membership fee will be paid.
	e) Personal Accident Insurance	Personal Accident Insurance of an amount, the annual premium of which does not exceed ₹ 5000/- (Rupees Five thousand only) per annum.
	f) Contribution to Provident Fund and Superannuation Fund	<p>a) Company's contribution towards Provident Fund as per the Rules of the Company.</p> <p>b) Company's contribution towards Superannuation Fund as per the Rules of the Company.</p> <p>Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.</p>
	g) Gratuity	As per the Rules of the Company and will not be included in the computation of ceiling on perquisites.
	h) Leave Salary	As per the Rules of the Company. Leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.



NOTICE TO THE SHAREHOLDERS

	i) Use of Car and Telephone	Car for use on Company's business and telephone at residence will not be considered as perquisites. However, personal long distance calls and use of car for private purposes shall be billed by the Company.
4.	Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year, the Board may decide the quantum of Special Allowance to be paid to Managing Director in addition to the salary and perquisites as specified above. In any event, the total of salary, perquisites and special allowance will be within the overall ceiling as specified in Section II of Part II of Schedule – V of the Companies Act, 2013. No commission is payable in such year.

Note: Net Profits for this purpose shall be as per computation of Net Profits under Section 198 of the Companies Act, 2013.

(By order of the Board)
For **HIGH ENERGY BATTERIES (INDIA) LIMITED**
S.V. RAJU
Secretary

Chennai
July 27, 2020

NOTICE TO THE SHAREHOLDERS

NOTES:

1. AGM through Video Conference (VC)/ Other Audio Visual Means (OAVM)

In view of the outbreak of COVID-19 pandemic and the consequent restrictions and requirements like social distancing, the Ministry of Corporate Affairs ("MCA") vide Circulars No.14/2020 dated April 08, 2020, No.17/2020 dated April 13, 2020 and No.20/2020 dated May 05, 2020 and the Securities and Exchange Board of India ("SEBI") vide its Circular No.SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, have allowed companies to hold their Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") during the calendar year 2020. In terms of the said circulars read with the applicable provisions of the Companies Act, 2013, the 59th AGM of the Company will be held through VC/ OAVM (e-AGM) and the shareholders can attend and participate in the e-AGM through VC/OAVM only. The deemed venue of the e-AGM will be the Registered office of the company.

2. Quorum/ Proxy form / Attendance slip

A shareholder 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 shareholder of the company. However, as this AGM is being held through VC/ OAVM, physical attendance of shareholders is dispensed with. Accordingly, the facility for appointment of proxies by the shareholders is not applicable for this e-AGM. Hence the proxy form and attendance slip are not being annexed to this Notice and the resultant requirement for submission of proxy forms does not arise.

The presence of shareholders through VC/ OAVM will be reckoned for the purpose of quorum under section 103 of the Act.

Corporate shareholders entitled to appoint authorized representatives are requested to send a duly certified copy of Board Resolution authorizing their representative(s) to attend and vote at the e-AGM, pursuant to Section 113 of the Companies Act, 2013.

3. Explanatory Statement

Statement pursuant to Section 102(1) of the Act in respect of the Special Business to be transacted at the meeting is annexed hereto.

4. Mailing of AGM Notice & Annual Report

In compliance with relevant MCA/ SEBI circulars, the Notice of AGM and Annual Report for the FY 2019 - 20 are being sent in electronic mode to shareholders whose email address is registered with the Depository Participants (DP) or the Registrar & Transfer Agent (RTA). Shareholders holding shares in physical / demat form who have not registered their email address with the Company can get the same registered as per the procedure given below (Refer SI No.7).

The AGM Notice and Annual Report are available on the website of the Company www.highenergy.co.in and on the website of the Stock Exchange ie BSE Ltd - www.bseindia.com The AGM Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and e-Voting System during the AGM) www.evotingindia.com.

5. Particulars of Directors

Particulars of Directors seeking re-appointment pursuant to Regulation 36 (3) of the Listing Regulations are given in Appendix-A that forms part of this Notice.

6. Book Closure

The Register of Members and the Share Transfer books of the Company will remain

NOTICE TO THE SHAREHOLDERS

closed from Monday, the 24th August, 2020 to Saturday, the 29th August, 2020 (both days inclusive).

7. Procedure for obtaining the Annual Report, AGM Notice and e-Voting instructions by the shareholders whose email addresses are not registered with the DPs/ RTA

Shareholders are advised to register/ update their email address and mobile number immediately, in case they have not done so earlier:

- In case of shares held in demat mode, with their respective DPs.
- In case of shares held in physical mode, by accessing the link <https://investors.cameoindia.com> or by email to the RTA at investor@cameoindia.com with details of Folio number and attaching a self-attested copy of PAN card.
- After due verification, the Company / RTA will send login credentials for attending the AGM and voting to the registered email address.
- Any person who becomes a shareholder of the company after despatch of the AGM Notice and holding shares as on the cut-off date may obtain the user Id and password in the manner provided in the AGM Notice.

8. Inspection of documents

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or arrangements in which the Directors are interested under Section 189 of the Act and all other documents referred in notice will be available for inspection in electronic mode. Shareholders can send an email for the purpose to hebcnn@highenergy.co.in.

9. Attending e-AGM

For the purpose of conducting the e-AGM, the Company has appointed Central Depository Services Limited (CDSL), to provide VC / OAVM facility.

Procedure for participation in the 59th AGM through VC/ OAVM

1. The company has engaged CDSL to provide VC/ OAVM facility to its shareholders for participation in the e-AGM.
2. Shareholders will be able to attend the e-AGM by using their e-Voting login credentials and are advised to follow the procedure given below:
 - (i) Launch internet browser by typing the URL <https://www.evotingindia.com>
 - (ii) Enter the login credentials (ie. user ID and password for e-Voting).
 - (iii) In case the login credentials are not available or forgotten, retrieve the same by following the procedure given in the e-Voting instructions.
 - (iv) After login, click on 'Live Streaming' link
 - (v) Enable the camera in your computer/ other devices in the 'settings' menu.
3. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

NOTICE TO THE SHAREHOLDERS

6. Shareholders will be allowed to attend the e-AGM on first come, first served basis.
7. Facility to join the meeting will open 30 minutes before the scheduled time of the e-AGM and will be kept open throughout the proceedings of the e-AGM.
8. Shareholders who need assistance before or during the e-AGM may contact:

Mr Rakesh Dalvi
Manager
Central Depository Services (India) Limited,
A Wing, 25th Floor, Marathon Futurex,
Mafatlal Mill Compounds, N M Joshi Marg,
Lower Parel (East), Mumbai – 400 013
E-mail: helpdesk.evoting@cdslindia.com
Phone: 022 2305 8542 / 8543
9. Shareholders desiring to express their views/ ask questions during the meeting may register themselves as a speaker. Request for this may be made by email, to hebcnn@highenergy.co.in on or before 27th August 2020 (5.00 PM).
10. Only those shareholders who have registered themselves as a speaker will be allowed to express their views or ask questions at the e-AGM. The company reserves the right to restrict the number of questions and number of speakers depending upon the availability of time for conduct of the e-AGM.
11. Shareholders who do not wish to speak during the AGM but have queries or views may send the same in advance to the company in the same manner stated above. Their queries will be replied suitably by the company through email.
12. Shareholders are advised to quote their name, DP ID-Client ID/Folio No. in all their communications.
13. Recorded transcript of the e-AGM will be made available on the website of the Company as soon as possible.

10. Voting Process and Instructions

Shareholders can cast their votes through Remote e-Voting or at the AGM through e-Voting.

A) Remote e-voting

Remote e-Voting facility

1. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the company is pleased to provide to its members the facility to exercise their right to vote at the 59th Annual General Meeting (AGM) on resolutions proposed to be considered thereat by electronic means. For this purpose, “Remote e-Voting” facility is offered whereby a member can cast his vote using an electronic system from a place of his choice.
2. The Remote e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
3. Remote e-Voting commences on Wednesday, the 26th August, 2020 (9.00 A.M.) and ends on Friday, the 28th August, 2020 (5.00 P.M.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Saturday, the 22nd August, 2020 may cast their vote electronically. The Remote e-voting module shall be disabled by CDSL for voting thereafter.
4. **Manner of Remote e-Voting**
 - (i) The shareholders should log on to the e-voting website www.evotingindia.com
 - (ii) Click on “Shareholders” module.
 - (iii) Now enter your User ID



NOTICE TO THE SHAREHOLDERS

- a) For CDSL: 16 digits beneficiary ID,
- b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing login-ID and password are to be used.
- (vi) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).</p> <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name in block letters and the sequence number (8 digits) given in the email to enter in the PAN field. For e.g. if your name is Ramesh Kumar and sequence number is 00002345 then enter RA00002345.

Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 4 (iii).
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- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Select EVSN (Electronic Voting Sequence Number) **200801014** of High Energy Batteries (India) Ltd.

NOTICE TO THE SHAREHOLDERS

- (xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.
5. In case of shareholders whose e-mail IDs are not registered with the Depository Participants / RTA:
Please follow the procedure given in page no 7 (SI.No 7) of the Annual Report.
6. Institutional shareholders (ie. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
7. During the voting period, security holders can login any number of times till they have voted on all the resolutions. They can also decide to vote only on some of the resolutions.
- Help Centre**
8. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or send an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543)
9. All grievances connected with the facility for voting by electronic means may be addressed to:
Mr Rakesh Dalvi,
Manager,
Central Depository Services (India) Limited,
A Wing, 25th Floor, Marathon Futurex,
Mafatlal Mill Compounds, N M Joshi Marg,
Lower Parel (East), Mumbai – 400 013,
E-mail:helpdesk.evoting@cdslindia.com,
Phone: 022 2305 8542 / 8543.
- B) VOTING at e-AGM**
- a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- b) Shareholders who could not vote through Remote e-Voting may avail the e-Voting system provided at the e-AGM by CDSL.

NOTICE TO THE SHAREHOLDERS

- c) Only those shareholders, who are present in the e-AGM and who have not casted their vote through Remote e-Voting are eligible to vote at the e-AGM.
- d) If a shareholder casts his vote in the e-AGM without being present (ie without joining the meeting), his vote will be treated invalid.
- e) In case of joint holders attending the meeting, only the joint holder who is higher in the order of names will be entitled to vote at the e-AGM.
- f) Shareholders who have voted through Remote e-Voting are eligible to attend the e-AGM, however, they will not be eligible to vote at the meeting.
- 5. Mr A S Kalyanaraman, Practicing Chartered Accountant (Membership No.201149) has been appointed as the Scrutinizer.
- 6. The Scrutinizer will after the conclusion of voting at the e-AGM:
 - (i) First unblock and count the votes cast at the e-AGM through e-voting.
 - (ii) Then unblock the votes cast through Remote e-Voting.
 - (iii) Both the above will be done in the presence of two witnesses not in the employment of the company.
 - (iv) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting and through Remote e-Voting) of the total votes cast in favour or against, if any, and submit to the Chairman.
 - (v) The Scrutinizer's report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the meeting.

General Instructions

- 1. The cut-off date for the purpose of e-voting has been fixed as Saturday, the 22nd August, 2020. Shareholders holding shares as on this cut-off date alone are entitled to vote under either mode.
- 2. In case of persons who have acquired shares and become members of the company after the despatch of e-AGM Notice, the company would be mailing the 59th Annual Report for 2019 - 20 to their registered email address as and when they become shareholders. They may follow the same procedure for voting. In addition, the Annual Report is available on the company's website.
- 3. Voting rights of shareholders shall be in proportion to their shareholding in the company as on the cut-off date of Saturday, the 22nd August, 2020.
- 4. In case a shareholder by inadvertence or otherwise has voted under both options, his voting by Remote e-Voting only will be considered.
- 7. **Voting Results**
 - (i) The Chairman or a person authorized by him in writing will authenticate the result of the voting based on the Scrutinizer's report.
 - (ii) The results declared along with the scrutinizer's report will be placed on the company's website www.highenergy.co.in and on the website of CDSL www.evotingindia.com immediately after the result is declared and also communicated to BSE.
 - (iii) Subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of e- AGM.

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013

Item No.3 : Reappointment of Dr G A Pathanjali, as Managing Director

The Current term of Dr G A Pathanjali as Managing Director expired on 31st March, 2020. The Board of Directors at their meeting held on 28th March, 2020 through Video Conferencing have re-appointed Dr G A Pathanjali as Managing Director of the company for a further period of three years from 1st April, 2020 to 31st March, 2023 based on the recommendation of the Nomination and Remuneration Committee. At the Board Meeting held on 27th June, 2020 through Video Conferencing, the Board of Directors approved the remuneration package on the recommendation of the Nomination and Remuneration Committee, subject to the approval of members.

Dr G A Pathanjali aged 61 is a Chemical Engineer from Annamalai University, M.Tech from IIT, Kanpur and completed his doctorate (Ph.D) in the year 1995 from IIT, Mumbai. He has an experience of 37 years in the company and held various positions in the Company.

He was involved in number of design cum development activities involving Silver Chloride Magnesium, Silver Oxide Zinc, Nickel Cadmium, Fuel Cells for defence and Lead Acid Battery for other commercial applications. He is closely associated with DRDO Laboratories and other Research organizations such as CECRI, CSIR, IISc and IIT. He is a member of the expert committee of DST and CSIR programs and invited for various Energy oriented meetings. Dr G A Pathanjali has many scientific publications to his credit and is delivering lecturers in many Scientific Institutions and Universities of repute.

He is an expert committee Member of various Assessment Committees like;

1. Materials for Energy Conservation Storage Platform (MECSP), Dept of Science and Technology (DST), New Delhi.

2. National Conference on Recent Trends in Green Energy Technologies (NCRTGET)
3. Energy Theme: Fast Track Translation (FTT) / Fast Track Commercialisation (FTC) Projects of Council of Scientific and Industrial Research (CSIR), New Delhi.

Based on his performance, he was elevated as Managing Director for a period of 3 years from 1st April 2014 to 31st March 2017.

When he took over as Managing Director in the year 2014, the company was incurring losses due to poor performance of Lead Acid Battery division and non receipt of orders from Defence.

Dr G A Pathanjali was re-appointed as Managing Director for the second term in the year 2017 and at that time the Company was in the path of recovery. Under his direction, the Company's overall performance started improving and currently the company is firmly back on profitable operations.

The Company is presently on the look out for diversification into Lithium Ion Battery field and also for other areas including revamping of LAB division, which can take the company to greater heights. Under these circumstances, the experience and expertise of Dr G A Pathanjali is essential for the Company to scale up and grow to new heights.

Dr G A Pathanjali holds 100(0.01%) shares in the Company. He is neither a director nor a member in any other company registered in India.

Dr G A Pathanjali is not related to any Director of the Company. None of the other Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the resolution set out at item No.3.

The Board accordingly recommends the Ordinary Resolution set out at item No.3 of the Notice for approval of the Members of the Company.

(By order of the Board)

For HIGH ENERGY BATTERIES (INDIA) LIMITED,
S.V. RAJU
Secretary

Chennai
July 27, 2020

Statement containing required information as per Part II of Section II of Schedule V to the Companies Act, 2013.

I. GENERAL INFORMATION

(1) *Nature of Industry*

Manufacturer of Aerospace, Naval, Power System Batteries and Lead Acid Storage Batteries.

(2) *Date of commencement of commercial Production*

December 1979

(3) *In case of new companies, expected date of commencement of activities*

Not Applicable

(4) *Financial performance based on given indicators*

(₹ in lakhs)

Particulars	2019-20	2018-19	2017-18
Net Sales	6149.22	4661.69	5969.31
Profit/Loss before interest, Depreciation & Tax	1563.42	732.77	1181.94
Profit/Loss Before Tax	881.09	56.56	463.03
Profit /Loss After Tax	560.19	43.63	328.46
Dividend (%)	Nil (*)	Nil	Nil

(*) Recommended by Board

(5) *Foreign Investments or Collaborations, if any.*

Nil

II. INFORMATION ABOUT THE APPOINTEE

(1) *Background details*

Dr G A Pathanjali is a Chemical Engineer from Annamalai University, M.Tech from IIT, Kanpur and completed his doctorate (Ph.D) in the year 1995 from IIT, Mumbai.

(2) *Past Remuneration*

Particulars	2019-20	2018-19	2017-18
Salary & Allowances	20.40	20.40	20.40
Perquisites	-	-	-
Commission			
a) % of profits	-	-	-
b) Others, specify - Special Allowance	13.50	9.00	9.00
Other Retirement benefits	4.90	4.89	4.88
Total	38.80	34.29	34.28

(3) *Recognition or awards*

When our Company R&D was recognized by IIT, Mumbai for pursuing Ph.D, through external registration, Dr G A Pathanjali was the first candidate to register as a scholar in the filed of electrochemistry from High Energy Batteries (India) Limited. He successfully completed his thesis under the caption of "Studies on the Electrochemical Oxidation of Methanol and Development of a Direct feed Methanol – Air Fuel Cell". His thesis was accepted and he was awarded Doctorate in the year 1995. He had published several papers in reputed Indian and International journals of electrochemistry and holds patents. He has guided number of candidates to carry out research, successfully.

(4) *Job profile and his suitability.*

Dr G A Pathanjali was inducted in the R&D wing of our Company in 1983. He completed his first assignment successfully in establishing the Nickel Cadmium process.

He took over as Head (R&D) in 1996 and guided number of design cum development activities involving Silver Chloride Magnesium, Silver Oxide Zinc, Nickel Cadmium, Cuprous Chloride and Fuel cells for Defence, Rail Road and Industrial applications. During 2008 - 09, he was involved in the setting up of Lead Acid Battery Plant, to cater to commercial applications.

He was promoted as Head (Operations) during 2002 and looked after Production, Maintenance, Procurement and R&D successfully. In recognition of his service, he was elevated as Executive Director on 30th May, 2012.

The Board of Directors at their meeting held on 15th March, 2014 appointed Dr G A Pathanjali as the Managing Director of the company for a period of 3 years from 1st April, 2014 by short closing his term of appointment as Executive Director.

Dr G A Pathanjali was re-appointed as Managing Director for the second term in the year 2017 for a further period of 3 years from 1st April, 2017 to 31st March, 2020.

He has demonstrated commendable leadership skills by ably managing and improving the various operations, in spite of the difficult times faced by the company.

(5) *Remuneration proposed*

As set out in the Resolution under Item No. 3.

(6) *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person*

Considering the profile and experience of Dr G A Pathanjali , current trend of compensation package in corporate, the remunerations proposed is adequate.

(7) *Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.*

Dr G A Pathanjali holds 100 Equity shares (0.01%) in the Company. Other than the remuneration stated above, he has no other pecuniary relationship directly or indirectly with the Company. He has no relationship with any managerial personnel.



III. OTHER INFORMATION

(1) Reason of loss or inadequate profits

The Company could have achieved the performance as planned and budgeted, had the high margin products made ready during March, were billed in the last week of March 2020. Realising higher profitability, even with all the needed efforts, could not be possible because of Covid-19 lockdown.

(2) Steps taken or proposed to be taken for improvement

The Company has sizeable orders on hand and expects further orders during the current year. Hence, production planning and despatches will be as scheduled.

(3) Expected increase in productivity and profits in measurable terms

Budget for FY 2020 – 21, is set at higher level and the company has the resources needed to achieve performance improvements.

The company is working for 40% increase in the turnover and about 35% increase in the profitability for the year 2020 – 2021.

IV. DISCLOSURES

Remuneration details are disclosed in the Corporate Governance Report attached to Board's Report as mandated.

(By order of the Board)

For **HIGH ENERGY BATTERIES (INDIA) LIMITED**,

S.V. RAJU

Secretary

Chennai
July 27, 2020

APPENDIX - A

Details of Directors seeking reappointment at the 59th Annual General Meeting

[Pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of Director (seeking reappointment)	Mr. M Ignatius	Dr G A Pathanjali
Director Identification Number (DIN)	08463140	05297665
Date of Birth	15.05.1960	26.07.1959
Nationality	Indian	Indian
Date of Initial Appointment	01.06.2019	30.05.2012
Qualification	Electrical Engineer	B.E.,M.Tech.,Ph.D.,
Experience (including Expertise in specific functional areas)	Varied experience of Project, R&D, Operations and General Management in the Battery Industry.	Varied experience in Management of Projects, R&D Operations and General Management in the Battery industry.
Terms and conditions of re-appointment	Proposed to be reappointed as Whole time Director designated as Director (Operations), liable to retire by rotation	Proposed to be reappointed as Managing Director for a further period of 3 years from 1st April, 2020.
Details of shares held in company	NIL	100
Directorship in other listed companies	NIL	NIL
Committee position held in other companies	NIL	NIL
No.of Board Meetings attended during the Financial Year	Held: 6	Held: 6
	Attended: 4	Attended: 6
Relationship with other directors, Manager and Key Managerial Personnel	Nil	Nil

BOARD'S REPORT

Your Board hereby presents the 59th Annual Report and the Audited Accounts for the year ended 31st March 2020.

OPERATING RESULTS

The Company has adopted the Indian Accounting Standards (IndAS) from Financial Year 2017-18, as mandated. Accordingly, the financial statements for current year, including comparative figures of previous year are based on IndAS and in accordance with the recognition and measurement principles stated therein, as well as other accounting principles generally accepted in India. While this has no major impact for the Statement of Profit and Loss, there is and would be periodical impact for "Other Comprehensive Income" in measuring and restating investments at fair value.

(₹ in lakhs)

Particulars	For the year ended			
	2019-20		2018-19	
Sales				
(Net of GST)	6116.51		4585.42	
Other Operating Income	32.71	6149.22	76.27	4661.69
Other Income		16.80		13.34
Total Income		6166.02		4675.03
Profit / (Loss) before Finance Cost, Depreciation and Tax		1563.42		732.77
Less:				
Finance Cost	566.35		552.58	
Depreciation	115.98	682.33	123.63	676.21
Profit / Loss before Tax		881.09		56.56
Less:				
Provision for Taxation :				
Current Tax		-		-
Deferred Tax		320.90		12.93
Net Profit / (Loss)		560.19		43.63
Other Comprehensive Income		(46.49)		(7.04)
Total Comprehensive Income		513.70		36.59

BOARD'S REPORT (Continued)

The Company adopted the new corporate tax under Section 115BAA of Income Tax Act, 1961, from the FY 2019 – 2020.

The Company recorded a turnover of ₹ 6116.51 lakhs in the year, as compared to ₹ 4585.42 lakhs, (an increase of 33.39%) during the previous year. With good order position, the Company could improve the turnover substantially and record a Net Profit of ₹ 560.19 lakhs, compared to ₹ 43.63 lakhs, in the previous year.

The Company's efforts to achieve even a higher level of turnover for Financial Year 2019-20 itself, was thwarted by unexpected lockdown imposed by the Government during the last week of March 2020 to contain spread of Covid-19 pandemic. This impacted Battery assembly, Customer testing and evaluation as well as dispatch of batteries.

DIVIDEND

In the absence of distributable profits under Section 123 of the Companies Act, 2013, no dividend is proposed for the year ended 31st March, 2020.

COMPANY'S PERFORMANCE

SILVER ZINC BATTERIES

The Company achieved a turnover of ₹ 6032.18 lakhs through Silver Zinc Battery supplies during the year, as against ₹ 4071.91 lakhs, during the previous year.

Achieving this higher turnover was made possible by regular inflow of Orders from Defence establishments, uninterrupted production and completion of inspection and testing without undue delays.

NICKEL CADMIUM BATTERIES

During the year, the turnover of Nickel Cadmium Division was ₹ 81.35 lakhs, as against ₹ 405.60 lakhs during the previous year. For

procurement of Aircraft Batteries, Government is now opting for rate contract and hence the ordering cycle is getting skewed, depending upon requirement cum Budget allocation.

LEAD ACID BATTERIES (LAB)

Lead Acid Battery division operations were temporarily suspended since April, 2019, due to competitive market conditions and non-remunerative prices. However, a revival plan is being drawn to effectively utilise the Plant capacity.

EXPORTS

During the year, the export turnover was only ₹ 24 lakhs. Export potential for our range of products, is dwindling since some of the earlier vintage systems are now becoming obsolete, both in India and abroad. The newly developed battery systems are mostly for Indian Defence and are in our regular production. However, the Company is having a good scope for development of new products. All efforts are being made to secure orders for regular as well as for development of new products.

COVID -19 - IMPACT

Consequent to Covid-19 pandemic, the Central Government proclaimed a nationwide lockdown since 24th March 2020 and the State Government also followed suit. Hence, the Company had to suspend its operations and resumed normal operations from 20th May 2020, upon partial relaxation of lock down norms.

Besides the loss in production suffered during lockdown, the Company had to withhold despatch and billing of finished goods as Government accredited Labs that remained closed could not do the inspection. This in turn affected the turnover and profit leading to Working Capital constraints.

BOARD'S REPORT (Continued)

While so, the Government has *suo moto* extended delivery schedule for all defence suppliers and on the supply side most of the key vendors have confirmed supplies as per schedule. Therefore, in the opinion of the management, no provision towards contractual obligations or impairment losses is considered necessary at present.

However, the Company would be reviewing the impact on a continuous basis as the pandemic is yet to be brought under control.

FINANCE

Working Capital availability has improved and all the Banks have renewed their sanctioned limits for this year. Canara Bank has imposed a margin of 25% for Non Fund Based limits, against NIL margin so far, that resulted in lock up of funds for a long duration. This resulted in strain on our working capital. Payments from most of the customers were received on time. The Company effected payments to suppliers and service providers almost on time thereby bringing down the level of outstanding.

ISO 9001 / ISO 14001 ACCREDITATION

Our Quality Management Systems (QMS) ISO 9001:2015 and Environmental Management Systems (EMS) ISO 14001:2015, continue to be accredited for Aerospace and Naval Battery Division. For the Lead Acid Battery Division, QMS accreditation and EMS certification were completed.

OHSAS 45001 CERTIFICATION

Over the last two years, our Company implemented the required systems and procedures to improve the overall Health and Safety aspects. During this year, the Company secured ISO 45001:2018 certification pertaining to Occupational Health and Safety (OH&S) Management System.

RESEARCH AND DEVELOPMENT

Development activities, including Design cum Proto evaluation of a high power, high energy underwater propulsion Battery were completed during the year. As a continuation, performance that can be achieved as a full size Battery needs to be demonstrated, through electrical load testing in the presence of Customer / Inspection representatives. During FY 2020-21, this Battery type will clear the R&D phase and will become one of the major products for manufacture and supply, in future.

The Hon'ble Finance Minister had announced that all contracts will be extended by six months due to Covid-19 lock down. Hence, the Company will complete the existing development contract within this extended period.

DEPOSITORY SYSTEM

As on March 31, 2020, Shares of 2612 Shareholders are held in Demat form and 1741075 shares have been dematerialised, representing 97.12% of the total Equity Share Capital.

CURRENT YEAR (2020-21)

With the orders on hand and expected orders, the Company as stated earlier, is confident of achieving higher turnover and profitability in the current year, despite Covid-19 lock down restrictions and its consequent effects. The pending order position of Silver Zinc Division is comfortable this year. Negotiations are in progress for securing orders from NSTL and Navy as well as for supplies to Missile programs. With all these positive developments, the Company will catch up with a better and forward looking performance during the current year.

BOARD'S REPORT (Continued)

CORPORATE GOVERNANCE

Compliance with the provisions of Corporate Governance is not mandatory to the Company. The Company voluntarily takes steps to comply with the provisions of Corporate Governance and the Report on the above is enclosed as **Annexure - 1**.

Section 134(3) of the Companies Act, 2013, requires the Board's Report to include several additional contents and disclosures. The applicable contents and disclosures have accordingly been made in the Corporate Governance Report at the appropriate places which forms an integral part of this Report.

EXTRACT OF ANNUAL RETURN

Details forming part of the extract of the Annual Return in Form MGT-9 is given in **Annexure - 2**.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, your Board confirms that:

- (a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act,

2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the Directors have prepared the annual accounts on a 'going concern' basis.
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company did not give any Loan or Guarantee or provided any security or make investment covered under Section 186 of the Companies Act, 2013, during the year.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

Since the Company remains outside the purview of Section 188(1) read with Rule 15 of Companies (Meeting of Board and its Power) Rules, 2014, the reporting requirements thereunder are not applicable.

MATERIAL CHANGES AND COMMITMENTS

There was no change in the nature of business of the Company during the year.

There are no material changes and commitments in the business operations of the Company since the close of the financial year as on 31st March 2020 to the date of this Report.

BOARD'S REPORT (Continued)

CONSERVATION OF ENERGY

Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in **Annexure - 3**.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 of the Companies Act, 2013 has imposed CSR mandate on companies having minimum threshold limit of net worth, turnover or net profit, as prescribed. Since the company does not fall under any of these criteria, it remains outside the purview of Section 135 and consequently the reporting requirements thereunder are not applicable.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished in **Annexure - 4**.

CLASSIFICATION OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

On 13th May 2020, the Honbl'e Finance Minister Mrs. NirmalaSitharaman announced the revised MSME classification.

The definition of MSME has been revised based on Investment and Annual Turnover.

Further, the Ministry of Micro, Small and Medium Enterprises vide its Notification dated 1st June, 2020, notified the criteria for classification of MSME.

Based on this, the Company has come under the MSME classification from 01.07.2020.

ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

- (i) The Company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as Internal Auditors for periodically checking and monitoring the internal control measures.
- (ii) Internal Auditors are present at the Audit Committee meetings where internal audit reports are discussed alongside of management comments and the final observations of the Internal Auditor.
- (iii) The Board of Directors have put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the Company, 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.

INDIAN ACCOUNTING STANDARDS (IndAS)

The Financial Statements of the current year are prepared under IndAS which was adopted since FY 2018-19.

CASH FLOW STATEMENT

As required under Regulation 53 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Cash Flow Statement is attached to the Balance Sheet.

INDUSTRIAL RELATIONS

Relations between the Management and Employees were cordial throughout the year under review.

BOARD'S REPORT (Continued)

DIRECTORS

In accordance with Article 106 of the Articles of Association of the Company, Mr M Ignatius, whole time director designated as Director (Operations), retires by rotation at this meeting and being eligible offers himself for reappointment.

Necessary resolution is placed before the members for their approval.

The current term of Dr G A Pathanjali as Managing Director expired on 31st March, 2020. The Board of directors at their meeting held on 28th March, 2020, reappointed Dr G A Pathanjali as Managing Director of the company for a further period of three years from 1st April, 2020 to 31st March, 2023, based on the recommendation of the Nomination and Remuneration Committee.

Necessary resolution for reappointment of Dr G A Pathanjali as Managing Director is placed before the members for their approval.

AUDITORS

M/s. Maharaj N R Suresh and Co, Chartered Accountants, Chennai (Firm Registration No.001931S) was appointed as Statutory Auditors by the shareholders in the 56th Annual General Meeting for a period of five years till the conclusion of the 61st Annual General Meeting of the Company on such remuneration to be fixed by the Board of Directors on the recommendation of Audit Committee from time to time. The requirement for annual ratification at AGM had been dispensed with by the Companies (Amendment) Act, 2017. Accordingly no ratification is required henceforth and the Statutory Auditors would continue in the normal course till the conclusion of 61st AGM.

Particulars of Statutory Auditor, Internal Auditor and the Secretarial Auditor are given in the Corporate Governance Report that forms an integral part of this Report. Secretarial Audit Report, as required by Section 204(1) of the Companies Act, 2013, is attached as **Annexure - 5**.

ACKNOWLEDGEMENT

Your Directors wish to express their sincere thanks to:

- (i) all the valued customers viz., Defence Services, VSSC, NSTL, DRDO Laboratories and Ministry of Defence (MOD), BDL, BAPL, HAL, ADE, ADA and other defence based organisations for the whole-hearted support and encouragement, towards indigenous sourcing of Batteries for strategic applications;
- (ii) the Overseas customers, who have reposed utmost faith and confidence in our products;
- (iii) the Consortium of Bankers viz., UCO Bank, Indian Bank and Canara Bank for extending timely financial support for the continued positive performance of the Company;
- (iv) the Employees at all levels of the company for their co-operation and improved performance ;
- (v) to all suppliers, service providers and Shareholders for their continued trust and support.

(For Board of Directors)

Chennai
June 27, 2020

N GOPALARATNAM
Chairman

ANNEXURE - 1 TO BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

Applicability of Code of Corporate Governance

SEBI Notification dated 2nd September, 2015 modified the Listing Agreement as Listing Regulations, 2015. According to the said Regulation, the Listing regulation is applicable to all companies whose equity shares are listed on a recognized stock exchange. However, compliance with the corporate governance provisions shall not apply, in respect of

- The listed entity having paid up equity share capital not exceeding rupees ₹10 crores and net worth not exceeding ₹25 crores, as on the last day of the previous financial year.
- The listed entity which has listed its specified securities on the SME Exchange.

Though the compliance with the provisions of Corporate Governance is not mandatory to the Company, utmost importance has been given to good Corporate Governance in all its activities.

Board of Directors

The Board comprises of Non-Executive, Executive and Independent Directors. The Board consists of 9 Directors comprising of one Non-Executive Chairman, two Executive Directors, five Independent Directors and one Nominee Director as on 31st March 2020. No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees. No Director is a relative of any other Director. The age of every Director, including Independent Directors, is above 21.

Number of Board Meetings and Directors' Attendance Record

Name of Director	Date of Initial Appointment	Category	No. of Equity Shares held	Attendance at Board Meetings during 2019-20		As on 31 st March 2020 (Including HEB)			Attendance at last AGM (03.08.2019)
				No. of Meetings	%	No. of Directorships	Committee Position		
							As Chairman	As Member	
Mr. N Gopalaratnam	06.06.1991	Promoter, Non-Executive Chairman	10200	6	100	5	4	3	YES
Dr. G.A. Pathanjali	30.05.2012	Managing Director	100	6	100	1	-	1	YES
Mr Ignatius(*)	01.06.2019	Director (Operations)	Nil	4	67	1	-	-	YES
Mr. A L Somayaji	23.03.2002	Independent	Nil	6	100	4	2	2	YES
Commodore R.P Prem Kumar (Retd.)	08.06 .2002	Independent	Nil	6	100	1	-	2	YES
Mr. M Natarajan	30.09.2014	Independent	Nil	6	100	2	-	1	YES
Mrs. Lalitha Lakshmanan	28.05.2016	Independent	Nil	6	100	2	-	3	YES
Dr Vijayamohanan K Pillai	22.03.2019	Independent	Nil	4	67	1	-	-	YES
Mrs Jayashree Ajit Shankar	22.03.2019	Nominee of Life Insurance Corporation of India	Nil	4	67	1	-	-	YES

(*) Mr M Ignatius was appointed as Whole time director designated as Director (Operations) of the company w.e.f 1st June 2019.

ANNEXURE - 1 TO BOARD'S REPORT

Directorship in other listed entitles as on 31.3.2020

Sl No	Name of Director	Name of the other listed entity	Category
1	Mr. N Gopalaratnam	a) Seshasayee Paper and Boards Ltd b) Ponni Sugars (Erode) Limited	Executive Chairman Non Executive Chairman
2	Mr. A L Somayaji	c) Seshasayee Paper and Boards Ltd	Independent Director

Board Meetings

During the year 2019-20, 6 Board Meetings were held on 20.04.2019, 25.05.2019, 03.08.2019, 09.11.2019, 01.02.2020 and 28.03.2020. In view of the lock down imposed by Government from 25.03.2020, the Board Meeting scheduled for 28.03.2020 was conducted through Video Conference (VC) duly complying with Rule 3 of the Companies (Meeting of Board and its Powers) Rules, 2014.

Independent Directors Meeting

The Company has five independent directors. The Companies Act 2013 requires all the Independent Directors to meet atleast once in a year. The meeting must be convened without the presence of the non-independent directors and members of the management. But, in view of Covid-19 outbreak, the Ministry of Corporate Affairs vide its General Circular 11/2020 dated 24th March, 2020 informed that "For the financial year 2019-20, if the Independent Directors of a company have not been able to hold such a meeting, the same shall not be viewed as a violation".

Due to covid-19 lock down, the Board of directors of the Company decided to avail the relaxation announced by the Ministry of Corporate Affairs and hence, the meeting of the Independent Directors of the Company could not be held during the financial year 2019-20.

Ministry of Corporate Affairs vide its notification dated 22nd October, 2019 (w.e.f 1st day of December 2019), informed, informed that all the existing Independent Directors are required to include their names in the Databank within a period of three months from such announcement. To comply with the notification before 1st March, 2020, all the Independent Directors of the Company had included their names in the databank maintained by the Indian Institute of Corporate Affairs (IICA). Unless exempt, they would also put in efforts to pass (scoring not less than 60%), the online proficiency test conducted by IICA within one year.

All the Independent Directors have given the declaration affirming that they meet the criteria of independence as provided in Section 149(6) of the Act and have complied with relevant provisions of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, (i) all the independent Directors fulfill the conditions for being appointed as Independent Director as specified in the Act and Listing Regulations (ii) they possess the integrity and expertise and have the experience required for their role as Independent director of the Company, while they would need to pass the online proficiency test, unless exempted, conducted by IICA within the stipulated time limit.

ANNEXURE - 1 TO BOARD'S REPORT

Audit Committee Meeting

The Audit Committee was constituted on 30.05.2014 as required under Section 177(1) of the Companies Act, 2013. The Audit Committee comprises of four Independent Directors. The Chairman of the Committee is a nonexecutive Independent Director. The Committee is entrusted with the responsibility of supervising the Company's internal controls and financial reporting process. The Committee met 4 times during the year on 25.05.2019, 03.08.2019, 09.11.2019 and 01.02.2020. Details of its composition and attendance are given hereunder :-

Name of Member	Status	Attendance at Meetings	
		No.	%
Mr. A L Somayaji	Chairman	4	100
Cmde. R P Prem Kumar	Member	4	100
Mrs Lalitha Lakshmanan	Member	4	100
Mr M Natarajan	Member	4	100

Stakeholders Relationship Committee

The Committee's role and responsibilities are to expeditiously process transfers, transpositions, transmissions, sub-divisions and consolidations of securities complying with SEBI Regulations and Listing requirements and redressal of Investors' grievances. To ensure speedy processing of regular securities transactions pertaining to small Investors, the Board has delegated powers to the Managing Director and the Secretary.

The Committee comprises of 3 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 4 times during the previous year on 25.05.2019, 03.08.2019, 09.11.2019 and 01.02.2020. Details of its composition and attendance are given hereunder :-

Name of Member	Status	Attendance at Meetings	
		No.	%
Mr. N Gopalaratnam	Chairman	4	100
Dr. G.A. Pathanjali	Member	4	100
Mrs Lalitha Lakshmanan	Member	4	100

Nomination and Remuneration Committee

The Nomination and Remuneration- Committee comprises of 3 Non-Executive Directors. The Nomination and Remuneration Committee is vested with all the necessary powers and authority to ensure the criteria for

- appointment of Executive, Non-Executive and Independent Directors to the Board.
- Determining qualifications, positive attributes and independence of Directors.
- Recommending to the Board a remuneration policy for directors, key managerial personnel of management.
- formulation of criteria for evaluation of independent directors and the board.
- Identifying candidates who are qualified to become Directors and who may be appointed in senior management as KMP in accordance with the criteria laid down and recommend to the Board regarding their appointment and removal.

The Committee met 2 times during the previous year on 25.05.2019 and 28.03.2020.

Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Mr. A L Somayaji	Chairman	2	100
Cmde. R P Prem Kumar	Member	2	100
Mrs. Lalitha Lakshmanan	Member	2	100

ANNEXURE - 1 TO BOARD'S REPORT

Committee Minutes

The minutes of all the committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for confirmation and then circulated to the Board in the Agenda for being recorded thereat.

Circular Resolution

Circular resolution is made in exceptional and emergent cases that are recorded at the succeeding Board / Committee Meetings. During the year, one circular resolution was passed on 17.09.2019 for approving the appointment of Nodal Officer for the purpose of verification of claims and coordination with Investor Education and Protection Fund (IEPF) Authorities.

Governance Process & Policies

(i) Policy on Director's Appointment & Remuneration

The Board on the recommendations of the Nomination-cum-Remuneration Committee meeting held on 26th March 2015 had approved a Nomination and Remuneration Policy. It inter alia deals with the manner of selection of Board of Directors, Managing Director and their remuneration. This policy is framed as per Section 178(3) of the Companies Act, 2013.

1. Criteria for selection of Non Executive Directors

- (a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director.
- (b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.
- (c) In case of appointment of independent directors, the Committee will satisfy itself

with regard to the independent nature of the directors vis-à-vis the company conforming in entirety to the conditions specified under Section 149 of the Companies Act, 2013 read with Schedule IV thereto and the Rules made thereunder and the Listing Regulations.

- (d) The Committee will ensure that the candidate identified for appointment as a director is not disqualified in any manner under Section 164 of the Companies Act, 2013.
- (e) In the case of reappointment of non-independent directors, the Board will take into consideration the performance evaluation of the director and his engagement level.

2. Remuneration Policy

The remuneration policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the company, its nature of business and considered appropriate to the respective role and responsibilities.

The remuneration policy seeks to ensure that performance is recognized and achievements are rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

The Policy has been uploaded in the Company's website.

3. Remuneration of Directors & Key Managerial Personnel (KMP)

The Nomination and Remuneration Committee recommends the remuneration of directors and KMP which is approved by the Board of Directors and where necessary further approved by the shareholders through ordinary or special resolution as applicable.

The Managing Director and the Director (Operations) are the executive directors entitled for managerial remuneration.

ANNEXURE - 1 TO BOARD'S REPORT

On the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on 27th June, 2020 approved the special allowance of ₹13.50 lakhs to be paid to Managing Director for the year 2019 - 20, in addition to the salary and perquisites in the event of loss or inadequacy of profits as per the resolution approved by the members at the Annual General Meeting held on 05.08.2017.

The Current term of Dr G A Pathanjali as Managing Director expired on 31st March 2020. The Board of Directors at their meeting held on 28th March, 2020 have reappointed Dr G A Pathanjali as Managing Director of the company for a further period of 3 years from 01.04.2020 based on the recommendation of the Nomination and Remuneration Committee. His remuneration package based on the recommendation of the Nomination and Remuneration Committee was approved at the Board Meeting held on 27th June 2020. Approval of shareholders for the reappointment and terms thereof has been sought by Ordinary resolution at the Annual General Meeting vide item 3 of the Notice. There is no service contract containing provisions of notice period or severance package.

Mr M Ignatius was appointed as a Whole time Director designated as Director (Operations) of the Company w.e.f 1st June, 2019. In the event of loss or inadequacy of profits, his salary will be the Minimum remuneration.

Mr. S.V. Raju, Company Secretary and Mr R Swaminathan, Chief Financial Officer are the other Key Managerial Personnel.

No Director or his relative holds an office or place of profit in the Company. Other than direct or indirect equity holding and sitting fee, there is no pecuniary relationship or transaction

between the company and its non-executive directors. No Stock option has been issued by the company to executive directors.

Remuneration particulars of the Directors and Key Managerial Personnel are given in Note 38(a) of the Financial Statement.

4. Remuneration of Directors

Non-Executive Directors are paid a sitting fee of ₹ 5000/- per meeting of Board and Committee Meetings. The details of remuneration paid to Non-Executive Directors during the year by way of sitting fee for attending the Board / Committee Meetings are as under :-

(in ₹)

Director	Sitting Fee for		Total
	Board Meeting	Committee Meeting*	
Mr. N Gopalaratnam	30000	20000	50000
Mr. A L Somayaji	30000	30000	60000
Cmdr R P Prem Kumar	30000	30000	60000
Mr. M Natarajan	30000	20000	50000
Mrs. Lalitha Lakshmanan	30000	50000	80000
Dr Vijayamohanam K Pillai	20000	-	20000
Mrs Jayashree Ajit Shankar-Nominee of LIC	20000	-	20000
Total	190000	150000	340000

* Stakeholders Relationship Committee, Audit Committee and Nomination and Remuneration Committee.

(ii) Performance Evaluation

The Board of Directors in March 2015 on the recommendations of the Nomination and Remuneration Committee approved the Board evaluation framework. The Board scheduled to review the framework in 28th March 2020 deferred it to next meeting.

ANNEXURE - 1 TO BOARD'S REPORT

Further, the Board of Directors in its meeting held on 27th June 2020 carried out the evaluation process on the recommendation of Nomination and Remuneration Committee. It has laid down specific criteria for performance evaluation covering:

- Subject of Evaluation
- Evaluation of Board process
- Frequency of Board Evaluation
- Responsibility of Board Evaluation
- Review of Board Evaluation
- Evaluation of Committees
- Individual evaluation of Board members & the Chairperson
- Individual evaluation of independent Directors

The Board evaluation is internally done on an annual basis. Templates incorporating specific attributes are used. Commonly agreed comments and remarks are recorded against each attribute.

The Nomination and Remuneration Committee during the year evaluated the performance of all Directors at its meeting held on 27th June 2020 through Video Conference.

The director whose performance is being evaluated did not participate during that part of the meeting. The Committee has expressed overall satisfaction on such evaluation.

The Board at its meeting held on 27th June 2020 evaluated the performance of each of the Independent Directors (excluding the Independent Director being evaluated) and recorded its overall satisfaction and decided in terms of Para VIII (2) of Schedule IV to the Act that Independent Directors be continued in their respective offices.

Further the Board evaluated the functioning of each of the three committees and evaluated its own performance on the basis of the criteria approved by the Nomination and Remuneration Committee.

There was no specific observation made during Board evaluation.

(iii) Insider Trading

In deference to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board reformulated the:

- (i) Code of Practices and Procedures for Fair disclosure of Unpublished Price Sensitive Information (Reg 8); and
- (ii) Minimum Standards for Code of Conduct to regulate, Monitor and report Trading by Insiders (Reg 9).

These have been intimated to the Stock Exchange and uploaded in the Company's website.

These codes apply to all directors and designated persons. It is hereby affirmed that all directors and designated persons have complied with the codes as applicable during FY 2019-20 and a confirmation to this effect has been obtained from them.

The trading window shall remain closed during the period when designated persons in terms of the Regulations can reasonably be expected to have possession of unpublished price sensitive information. In any event, the trading window shall remain closed from the end of every quarter till 48 hours after declaration of financial results.

(iv) Code of Conduct

The Board had formulated a Code of Conduct for Directors and Key Managerial Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Key Management Personnel had complied with the Code and a confirmation to this effect was obtained from them individually for FY 2019-20.

ANNEXURE - 1 TO BOARD'S REPORT

Further, the Key Managerial personnel have declared to the Board that no material, financial or commercial transactions were entered into by them during FY 2019-20 where they have personal interest that may have a potential conflict with the interest of the Company at large.

(v) Related Party Transactions

The Board has formulated the Policy on Related Party Transactions (RPTs). It further fixed the materiality threshold under this policy at 10% of its turnover as per the last audited financial statements. Transactions with a related party individually or taken together in a financial year crossing this 10% threshold would be considered material.

This policy has been uploaded on the company's website.

(vi) Risk Management

The company has a robust risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the company's competitive advantage. It aims at ensuring that the executive management controls the risk through a properly defined framework.

The company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business. The company is not currently required to constitute a Risk Management Committee as it is applicable to top 100 listed entities, determined on the basis of market

capitalization, as at the end of the immediate previous financial year according to regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vii) Whistle Blower Policy

In deference to Section 177 (9) of the Act read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has established a vigil mechanism overseen by the Audit Committee. This was uploaded in the Company's website.

No complaint under this facility was received in FY 2019 - 20.

(viii) Policy for Prevention of Sexual Harassment at Workplace

The company has in place a Policy for Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received on sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. This policy was uploaded in the Company's website.

Number of Complaints filed, disposed during and pending at end of FY 2019-20 - NIL

(ix) Document preservation

Pursuant to Regulation 9 of the listing Regulations, the company has formed a policy for preservation of records. This policy covers all corporate records of the company whether in paper or digital form and applies to all departments and business functions of the company. This policy has been uploaded in the Company's website.

ANNEXURE - 1 TO BOARD'S REPORT

Other Compliances

Quarterly Financial Results

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are filed with Bombay Stock Exchange (BSE) through online, after the conclusion of the Board Meeting and the abstract of the results are published in leading dailies, as required, within the stipulated time. These are also immediately posted on the company's website.

Accounting Treatment

In the preparation of Financial Statements, no accounting treatment different from that prescribed in any Accounting Standard has been followed.

Cost Audit

Since the Company does not come under the threshold limit as specified under Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable.

Secretarial Standards & Secretarial Audit

Pursuant to Section 118 (10) of the Companies Act, 2013 every company shall observe secretarial standards with respect to general and Board meetings specified by the Institute of Company Secretaries of India. The company has complied with all applicable Secretarial Standards during the year.

Pursuant to Section 204(1) of the companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed

Mr. B Kalyanasundaram a Practicing Company Secretary (Membership No. A672, C.P.No.2209) to undertake the Secretarial audit of the company for FY 2019-20. The Secretarial Audit Report was placed before the Board on 27th June, 2020 and there is no qualification therein. It is annexed to Board Report.

Internal Auditor

Pursuant to Section 138(1) of the Companies Act, 2013 the company appointed M/s R Subramanian and Company LLP (Firm Regn.No.004137S/S200041), Chennai to conduct internal audit of the functions and activities of the company for FY 2019-20. The Internal Auditor reports directly to the Audit Committee.

CEO/ CFO certification

CEO certification by Dr G A Pathanjali, Managing Director and CFO certification by Mr R Swaminathan, Chief Financial Officer as required under Regulation 17 (8) of the Listing Regulations were placed before the Board at its meeting on 27th June, 2020.

Review of Directors' Responsibility Statement

The Board in its Report had confirmed that the annual accounts for the year ended 31st March 2020 have been prepared as per applicable accounting standards and policies and that sufficient care was taken for maintaining adequate accounting records.

Subsidiary Companies

The Company has no subsidiary.

Deposits

The company has not accepted deposits from the public.

ANNEXURE - 1 TO BOARD'S REPORT

Disclosures

- (i) No strictures / penalties had been imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.
- (ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the company's operations in future.

Means of Communication

Audited / Unaudited Financial Results

	Date of Approval by the Board	Date of Publication	Newspaper
Quarter ended 30 th June, 2019*	03.08.2019	05.08.2019	Business Standard and Makkal Kural
Quarter ended 30 th September, 2019*	09.11.2019	11.11.2019	
Quarter ended 31 st December, 2019*	01.02.2020	03.02.2020	
Year ended 31 st March, 2020**	27.06.2020	29.06.2020	

*Unaudited

**Audited

The Company will continue to publish extract of Quarterly/Half yearly financial results in the newspapers as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Full format of the Financial Results will be made available on the Stock Exchange Website (www.bseindia.com) and the Company's Website www.highenergy.co.in. upon approval by the Board of Directors.

Others

Management Discussion and Analysis Report has been made a part of the Annual Report and covered in the Board's Report.

The Company operates in two segments viz;

- (a) Aerospace, Naval & Power System Batteries and
(b) Lead Acid Storage Batteries

Segment-wise reporting is done as per standard

General Shareholder Information

Details for 59th AGM

Date and Time	Saturday, the 29 th August, 2020 11.00 A.M.
Mode	Video Conference (VC) / Other Audio Visual Means (OAVM)
Book Closure	Monday, the 24 th August, 2020 to Saturday, the 29 th August, 2020 (both days inclusive)
Cut-off date for e-voting	Saturday, the 22 nd August, 2020.

Listing

Name & Address	BSE PhirozeJeejeebhoy Towers Dalal Street, Mumbai 400 001 Ph:022-2272 1233 /2272 1234 Fax:022-2272 2082 E-mail: corp.relations@bseindia.com Web Site: www.bseindia.com
Listed from	May 1962
Stock Code	504176

The Listing Fee for the financial year 2020 - 21 had been paid to the above Stock Exchange.

ANNEXURE - 1 TO BOARD'S REPORT

Dematerialisation

The Equity Shares of the Company are traded in compulsory demat form and are available for trading under both the Depository Systems in India, namely, NSDL and CDSL. Its International Securities Identification Number (ISIN) is INE783E01015. Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system and total prohibition on transfer of shares in physical mode from 01.04.2019. Transposition and Transmission are however exempted from this amendment. No request for Transfer of shares in physical mode was received during the FY 2019-20.

The details of dematerialised and physical holding as on 31st March 2020 are furnished hereunder :

Mode of holding	Shareholders		Equity Shares	
	No.	%	No.	%
Physical	318	10.85	51693	2.88
Demat	2612	89.15	1741075	97.12
Total	2930	100.00	1792768	100.00

Registrar and Share Transfer Agent

For Physical and Demat Segment:

Cameo Corporate Services Ltd.

“Subramanian Building”, 5th Floor

1, Club House Road, Chennai 600 002

Phone : 044-28460390(5 Lines),

Fax : 044-28460129

E-mail : investor@cameoindia.com

Website: www.cameoindia.com

Shareholders holding shares in electronic form shall address their correspondence to their respective Depository Participants.

Nomination facility

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the Companies Act, 2013 are requested to submit to the Registrar and Transfer Agent in the Form No.SH.13 prescribed under Rule 19 the Companies (Share Capital and Debentures) Rules,2014 which can be had on request or downloaded from Company / MCA website. In the case of Demat holding shareholders shall submit the same to their Depository Participants.

Investor Correspondence

As regards transfers, change of address or status, dividend mandate and other share related queries, investors shall communicate with -

- (a) respective Depository Participants, in case of demat holding
- (b) the Registrar & Transfer Agent, in case of physical holding

All queries on Annual Report, dividend and other clarifications may be addressed to the Registered office of the Company at:

ESVIN House,

13, Old Mahabalipuram Road

Perungudi, Chennai 600 096

Phone: 91-44-24960335 / 39279318 / 43063545

Fax: 044-24961785

Email: hebcnn@highenergy.co.in

Website: www.highenergy.co.in

Exclusive email ID for investor benefit

Pursuant to SEBI's directive and Regulation 46 (2) (i) of Listing Regulations, the Company has created an exclusive Email ID investor@highenergyltd.com for redressal of investor grievances.

ANNEXURE - 1 TO BOARD'S REPORT

Credit Rating

Details of Credit Ratings obtained from M/s. Brickwork Ratings India Pvt Ltd., for facilities availed from Bank.

Facility	Amount (Rs. crores)	Rating
Long term Fund Based Bank Facilities	27.00	BWR BB/ Stable (Upgraded)
Short term Non Fund Based Bank Facilities	40.00	BWR A4+ (Upgraded)

Compliance Officer

Mr. S V Raju, Secretary of the Company is the Compliance Officer under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and under Chapter III read with Regulation 6(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Share Transfer System

Powers are delegated to the Managing Director and Secretary to deal with regular transactions in securities of small investors, while other cases are decided by the Stakeholders Relationship Committee. Investor requests are attended to within 7-15 days from the date of receipt. There were no shares pending for transfer as on 31st March 2020.

M/s Cameo Corporate Services Ltd., have been appointed as RTA (Registrar & Transfer Agent) for shares held both in physical and electronic forms. Services for the transfer and dematerialisation of shares are provided to the shareholders through RTA.

Particulars of complaints received during 2019-20

Complaints from	Received	Redressed
Shareholders/Investors	Nil	Nil
Depositories/Depository Participants	Nil	Nil
SEBI	Nil	Nil
Department of Company Affairs/ Registrar of Companies	Nil	Nil
Stock Exchanges	Nil	Nil
Total	Nil	Nil

Share Quotes

High, low in prices and volume of trading during each month in the last financial year are as follows: (as reported by "Bombay Stock Exchange Limited").

Month	High	Low	Close	Volume
	₹	₹	₹	No of Shares
April 2019	250.00	209.50	234.90	8441
May 2019	249.00	188.30	206.25	9708
June 2019	217.50	168.00	176.60	6304
July 2019	200.00	141.70	151.00	8580
August 2019	229.70	153.00	192.00	8951
September 2019	251.00	186.45	212.25	9635
October 2019	231.95	162.40	201.80	18956
November 2019	376.00	200.05	274.60	61872
December 2019	287.00	222.00	239.90	28012
January 2020	294.00	225.05	264.20	31607
February 2020	328.00	260.00	270.80	75914
March 2020	307.80	165.00	207.00	21763
Total				289743

SCORES

SEBI requires all listed companies to process Investor complaints in a centralized web based complaint system called "SEBI Complaints

ANNEXURE - 1 TO BOARD'S REPORT

Redressal System” (SCORES). All complaints received from shareholders of listed companies are posted in this system. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there were no complaints against our company posted on the SCORES site.

Reconciliation of Share Capital Audit

Reports/Certificates to Stock Exchange

Description	Frequency	For the Quarter ended	Furnished on
Reconciliation of Share Capital Audit Report to Stock Exchanges on reconciliation of the total admitted Capital with NSDL/CDSL and the total issued & Listed Capital	Quarterly	30.06.2019	17.07.2019
		30.09.2019	23.10.2019
		31.12.2019	22.01.2020
		31.03.2020	27.05.2020

Distribution of Shareholding as on 31.03.2020

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1 - 1000	2302	78.57	59196	3.30
1001 - 5000	422	14.40	109179	6.09
5001 - 10000	96	3.27	74721	4.17
10001 – 20000	41	1.40	60971	3.41
20001 – 30000	17	0.58	41817	2.33
30001 – 40000	10	0.34	33686	1.88
40001 – 50000	6	0.21	27493	1.53
50001 – 100000	15	0.51	122144	6.81
Above 100000	21	0.72	1263561	70.48
Total	2930	100.00	1792768	100.00

Shareholding Pattern:

Category	No. of Share holders	Percent (%)	No. of Equity Shares	Percent (%)
		%	Total	%
Promoters	11	0.38	734527	40.97
FIs and Banks	2	0.07	173730	9.69
Other Corporate Bodies	32	1.09	27938	1.56
Clearing Members	13	0.44	404	0.02
Hindu Undivided Families	109	3.72	47623	2.66
NRI – Non-Promoter	33	1.13	17180	0.96
Trust	1	0.03	200	0.01
Public	2729	93.14	791166	44.13
Total	2930	100.00	1792768	100.00

Note: Out of above, Non Resident Indians/ Overseas Corporate Bodies hold 97180 shares constituting 5.42%.

Plant Location :

Pakkudi Road,
Mathur Industrial Estate, Mathur 622 515,
Pudukkottai District, Tamilnadu, India
Phone: 0431- 2660323, 2660324 ; 04339-250444
Fax: 04339-250516,
Email: info@highenergyltd.com,
Website: www.highenergy.co.in

No. of Employees : 118

ANNEXURE - 1 TO BOARD'S REPORT

Particulars of past 3 AGMs

AGM	Year	Venue	Date	Time
56 th	2016-17	New Woodlands Hotel Pvt. Ltd. 72-75, Dr. Radhakrishnan Road, Mylapore, Chennai 600 004	05.08.2017	11.00 A.M
57 th	2017-18		28.07.2018	11.00 A.M
58 th	2018-19		03.08.2019	11.00 A.M.

No Extraordinary General Meeting was convened during the year.

Postal Ballot

No special resolutions were passed by Postal Ballot for FY 2019-20.

At present there is no proposal to pass Special Resolution through Postal Ballot.

Transfer of Unclaimed Dividends together with shares to IEPF

Pursuant to Section 124 of the Companies Act 2013, dividends that are unclaimed for a period of seven years get transferred to the "Investor Education and Protection Fund (IEPF) administrated by the Central Government statutorily together with the shares lying in the said account to the IEPF Demat account in accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

The following table gives the date of Declaration of Dividend and the corresponding date when unclaimed dividends are due to be transferred to the Central Government.

Financial Year	Date of Declaration	Due date for Transfer	Unclaimed Amount (₹ in lakhs)
2012 - 2013	25.07.2013	25.08.2020	0.44
2013 - 2014	-	-	-
2014 - 2015	-	-	-
2015 - 2016	-	-	-
2016 - 2017	-	-	-
2017 - 2018	-	-	-
2018 - 2019	-	-	-
Total			0.44

Reminders were sent to shareholders, who have not yet encashed the Dividend / whose shares are liable to be transferred to IEPF Demat account to claim the same from the Company well before the due date of transfer to IEPF.

Public Notice in respect of the same was published in Business Standard and Makkal Kural as required under the Rules.

Shareholders are therefore advised to contact the Company / RTA immediately in case of non-receipt or non-encashment of Dividend.

Claim from IEPF

Shareholders may however note that both the unclaimed dividend and the shares transferred to IEPF Authority / Demat Account including all benefits accruing on such shares, if any, can be claimed back from IEPF Authority after following the due process prescribed by the Rules. Shareholders may contact the Registrar and Transfer Agent or the Company at its registered office for necessary guidance in this regard.

(For Board of Directors)

Chennai
June 27, 2020

N GOPALARATNAM
Chairman

ANNEXURE - 2 TO BOARD'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2020

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	L36999TN1961PLC004606
ii)	Registration Date	27.09.1961
iii)	Name of the Company	HIGH ENERGY BATTERIES (INDIA) LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company – Limited by shares
v)	Address of the Registered office and contact details	Esvin House, 13, Old Mahabalipuram Road, Perungudi, Chennai 600 096 Tamil Nadu Phone: 044 24960335 / 39279318/43063545 Fax: 044-24961785 Email: hebcnn@highenergy.co.in Web: www.highenergy.co.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, "Subramanian Building", 5th Floor, No.1 Club House Road, Chennai 600 002. Phone: 044-28460390 Fax: 044-28460129 Email: investor@cameoindia.com Web: www.cameoindia.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:-

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product/ Service	% to total turnover of the company
1	Aerospace, Naval and Power System Batteries Silver Zinc, Silver Chloride Magnesium and Nickel Cadmium Batteries	27201	99.95
2	Lead Acid Storage Batteries	27201	0.05

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and Address of the company	CIN	Holding /Subsidiary/ Associate	% of shares held	Applicable-Section
NIL					

ANNEXURE - 2 TO BOARD'S REPORT

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year - 01.04.2019			No. of shares held at the end of the year - 31.03.2020			% change during the year	
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
A.	Promoters								
(1)	Indian								
(a)	Individual/HUF	14932	-	14932	0.83	14932	-	14932	0.83
(b)	Central Govt	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	639595	-	639595	35.68	639595	-	639595	35.68
(e)	Banks / FI	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	654527	-	654527	36.51	654527	-	654527	36.51
(2)	Foreign								
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	80000	-	80000	4.46	80000	-	80000	4.46
(d)	Banks / FI	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	80000	-	80000	4.46	80000	-	80000	4.46
	Total shareholding of Promoters (A)= (A)(1)+(A)(2)	734527	-	734527	40.97	734527	-	734527	40.97
B.	Public Shareholding								
(1)	Institutions								
(a)	Mutual Funds	-	-	-	-	-	-	-	-
(b)	Banks / FI	239100	-	239100	13.34	173730	-	173730	9.69
(c)	Central Govt	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-

ANNEXURE - 2 TO BOARD'S REPORT

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year - 01.04.2019			No. of shares held at the end of the year - 31.03.2020			% change during the year	
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
(f)	Insurance Companies	-	-	-	-	-	-	-	-
(g)	FIs	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-
(i)	Any Other	-	-	-	-	-	-	-	-
	Foreign Portfolio Investors	-	-	-	-	-	-	-	-
	Sub- Total (B)(1)	239100	0	239100	13.34	173730	0	173730	9.69
2.	Non- Institutions								
(a)	Bodies Corporate	34766	691	35457	1.98	27247	691	27938	1.56
(b)	Individuals								
i	Individual shareholders holding nominal share capital up to ₹ 1 lakh	398240	52902	451142	25.16	403425	50802	454227	25.34
ii	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	267683	-	267683	14.93	336939	-	336939	18.79
(c)	Others (specify)								
	Non-Resident Indians	17066	200	17266	0.96	16980	200	17180	0.96
	Hindu Undivided Family	46215	-	46215	2.58	47623	-	47623	2.66
	Clearing Members	1178	-	1178	0.07	404	-	404	0.02
	Trusts	200	-	200	0.01	200	-	200	0.01
	Sub- Total (B)(2)	765348	53793	819141	45.69	832818	51693	884511	49.34
	Total Public Shareholding (B)= (B)(1)+(B)(2)	1004448	53793	1058241	59.03	1006548	51693	1058241	59.03
C	Shares held by Custodian for GD ₹ and AD ₹	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	1738975	53793	1792768	100.00	1741075	51693	1792768	100.00

ANNEXURE - 2 TO BOARD'S REPORT

(ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Seshasayee Paper and Boards Limited	282911	15.78	-	282911	15.78	-	0.00
2	Time Square Investments (P) Ltd	165463	9.23	-	165463	9.23	-	0.00
3	Ponni Sugars (Erode) Limited	100000	5.58	-	100000	5.58	-	0.00
4	Synergy Investments Pte Ltd	80000	4.46	-	80000	4.46	-	0.00
5	Ultra Investments and Leasing Company Pvt. Ltd.	70200	3.91	-	70200	3.91	-	0.00
6	Dhanashree Investments Private Limited	21021	1.17	-	21021	1.17	-	0.00
7	N Gopalaratham	10200	0.57	-	10200	0.57	-	0.00
8	R Vaidyanathan	2500	0.14	-	2500	0.14	-	0.00
9	S Sridharan	1932	0.11	-	1932	0.11	-	0.00
10	D Jayaraman	200	0.01	-	200	0.01	-	0.00
11	G A Pathanjali	100	0.01	-	100	0.01	-	0.00
	Total	734527	40.97	-	734527	40.97	-	0.00

ANNEXURE - 2 TO BOARD'S REPORT

III. Change in Promoters' Shareholding

SI No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Promoters' total holding				
	At the beginning of the year 01-Apr-2019	734527	40.97	-	-
	Purchase / Sale during the year	-	-	-	-
	At the end of the year 31-Mar-2020	-	-	734527	40.97

There is no change in the total Shareholding of Promoters during the year 2019-20.

IV. Shareholding Pattern of top ten Shareholders (other than Promoters and Directors):

SI No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Life Insurance Corporation of India				
	At the beginning of the year 01-Apr-2019	239000	13.33		
	Sale 19-Jul-2019	-200	0.01	238800	13.32
	Sale 09-Aug-2019	-726	0.04	238074	13.28
	Sale 16-Aug-2019	-251	0.01	237823	13.27
	Sale 13-Sep-2019	-407	0.02	237416	13.24
	Sale 20-Sep-2019	-1039	0.06	236377	13.18
	Sale 11-Oct-2019	-1019	0.06	235358	13.13
	Sale 01-Nov-2019	-3972	0.22	231386	12.91
	Sale 08-Nov-2019	-400	0.02	230986	12.88
	Sale 15-Nov-2019	-282	0.02	230704	12.87
	Sale 22-Nov-2019	-3549	0.19	227155	12.67
	Sale 29-Nov-2019	-6169	0.34	220986	12.33
	Sale 27-Dec-2019	-64	0.01	220922	12.32
	Sale 31-Dec-2019	-1500	0.08	219422	12.24
	Sale 03-Jan-2020	-610	0.03	218812	12.21
	Sale 10-Jan-2020	-1717	0.09	217095	12.11
	Sale 17-Jan-2020	-4966	0.28	212129	11.83
	Sale 24-Jan-2020	-1602	0.09	210527	11.74
	Sale 07-Feb-2020	-7548	0.42	202979	11.32
	Sale 14-Feb-2020	-7452	0.42	195527	10.91
	Sale 21-Feb-2020	-10000	0.56	185527	10.35
	Sale 28-Feb-2020	-5947	0.33	179580	10.02

ANNEXURE -2 TO BOARD'S REPORT

SI No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
	Sale 06-Mar-2020	-3455	0.19	176125	9.82
	Sale 13-Mar-2020	-1495	0.08	174630	9.74
	Sale 20-Mar-2020	-1000	0.06	173630	9.69
	At the end of the year 31-Mar-2020			173630	9.69
2	Srikanth C				
	At the beginning of the year 01-Apr-2019	49754	2.78		
	At the end of the year 31-Mar-2020			49754	2.78
3	Balram Bharwani JT1 : Poonam Bharwani				
	At the beginning of the year 01-Apr-2019	40900	2.28		
	Sale 15-Nov-2019	-200	0.01	40700	2.27
	At the end of the Year 31-Mar-2020			40700	2.27
4	Minal Bharat Patel				
	At the beginning of the year 01-Apr-2019	31684	1.77		
	Purchase 31-Dec-2019	1967	0.11	33651	1.88
	Purchase 03-Jan-2020	2687	0.15	36338	2.03
	Purchase 10-Jan-2020	381	0.02	36719	2.05
	Purchase 17-Jan-2020	4282	0.24	41001	2.29
	Purchase 07-Feb-2020	5329	0.30	46330	2.58
	Purchase 14-Feb-2020	13653	0.76	59983	3.35
	Purchase 21-Feb-2020	13024	0.73	73007	4.07
	Purchase 28-Feb-2020	5881	0.33	78888	4.40
	Purchase 06-Mar-2020	8789	0.49	87677	4.89
	Purchase 13-Mar-2020	5144	0.29	92821	5.18
	Purchase 20-Mar-2020	2083	0.12	94904	5.29
	Purchase 27-Mar-2020	349	0.02	95253	5.31
	At the end of the year 31-Mar-2020			95253	5.31
5	Ruchit Bharat Patel JT1 : Hardik Bharat Patel				
	At the beginning of the year 01-Apr-2019	30336	1.69		
	Purchase 13-Sep-2019	100	0.01	30436	1.70
	Purchase 18-Oct-2019	2937	0.16	33373	1.86
	Purchase 25-Oct-2019	90	0.01	33463	1.87
	Purchase 06-Dec-2019	1866	0.10	35329	1.97
	At the end of the year 31-Mar-2020			35329	1.97
6	Hardik B Patel				
	At the beginning of the year 01-Apr-2019	24544	1.37		
	Purchase 20-Sep-19	875	0.05	25419	1.42
	Purchase 27-Sep-19	19	0.00	25438	1.42
	At the end of the year 31-Mar-2020			25438	1.42

ANNEXURE - 2 TO BOARD'S REPORT

SI No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
7	Sathyamoorthi Devarajulu At the beginning of the year 01-Apr-2019 At the end of the year 31-Mar-2020	20000	1.12	20000	1.12
8	F L Dadabhoy JT1 : P F Dadabhoy At the beginning of the year 01-Apr-2019 At the end of the year 31-Mar-2020	18000	1.00	18000	1.00
9	Bhavna Govindbhai Desai At the beginning of the year 01-Apr-2019 At the end of the year 31-Mar-2020 Having same pan	16000	0.89	16000	0.89
	Bhavna Govindbhai Desai At the beginning of the year 01-Apr-2019 At the end of the year 31-Mar-2020	2247	0.13	2247	0.13
10	Sitharaman G JT1 : Janaki S At the beginning of the year 01-Apr-2019 At the end of the year 31-Mar-2020	13720	0.77	13720	0.77

V. Shareholding of Directors and Key Managerial Personnel:

SI No	Name	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year 31.03.2020	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	N Gopalaratnam At the beginning of the year 01-Apr-2019 At the end of the year 31-Mar-2020	10200	0.57	10200	0.57
2	G A Pathanjali At the beginning of the year 01-Apr-2019 At the end of the year 31-Mar-2020	100	0.01	100	0.01

ANNEXURE -2 TO BOARD'S REPORT

VI. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2858.01	842.57	-	3700.58
ii) Interest due but not paid	-	254.78	-	254.78
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2858.01	1097.35	-	3955.36
Change in Indebtedness during the financial year				
A. Principal				
- Addition	-	-	-	-
- Reduction	659.33	60.57	-	719.90
B. Interest				
- Addition	-	52.33	-	52.33
- Reduction	-	-	-	-
Net Change	659.33	8.24	-	667.57
Indebtedness at the end of the financial year				
i) Principal Amount	2198.68	782.00	-	2980.68
ii) Interest due but not paid	-	307.11	-	307.11
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2198.68	1089.11	-	3287.79

VII. Remuneration Of Directors And Key Managerial Personnel:

A. Remuneration to Managing Director, Whole-time Director(s) and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD	Name of WTD	Total Amount (₹ in lakhs)
		Dr G A Pathanjali	Mr M Ignatius	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20.40	12.50	32.90
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify - Special Allowance	13.50	-	13.50
5	Others – Retirement benefits	4.90	-	4.90
	Total (A)	38.80	12.50	51.30
	Ceiling as per the Act	84.00	84.00	

ANNEXURE - 2 TO BOARD'S REPORT

B. Remuneration to other directors

Sl No	Particulars of Remuneration	Name of Directors			Total Amount (in ₹)
		Mr. A L Somayaji	Mr. R P Premkumar	Mr. M Natarajan	
1	- Fee for attending Board Committee Meetings	60000	60000	50000	170000
	- Commission	-	-	-	-
	- Others Please specify	-	-	-	-
	Total (1)	60000	60000	50000	170000
2		Mrs. Lalitha Lakshmanan	Dr. Vijayamohan K Pillai		
	- Fee for attending Board Committee Meetings	80000	20000		100000
	- Commission	-	-	-	-
	- Others Please specify	-	-	-	-
	Total (2)	80000	20000		100000
3		Mr. N Gopalaratnam	Mrs Jayashree Ajit Shankar		
	- Fee for attending Board Committee Meetings	50000	20000		70000
	- Commission	-	-	-	-
	- Others Please specify	-	-	-	-
	Total (3)	50000	20000		70000
	Total (B) = (1+2+3)				340000
	Overall ceiling as per the Act				(*)

(*)- Minimum Remuneration for Managing Director / Whole time Director

Only Sitting Fee for others

ANNEXURE - 2 TO BOARD'S REPORT

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total Amount (₹ in lakhs)
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.80	14.65	22.45
	(b) Value of perquisites u/s17(2) Income-tax Act,1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961.	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify			
	- Bonus	-	0.37	0.37
	Total	7.80	15.02	22.82

VIII. Penalties/Punishment/Compounding Offences

There were no penalties, punishments, compounding of offences against the Company, its Directors or other Officers in Default for Non-compliance / violation by the Company of any provisions of the Companies Act, 2013 during the year.

Chennai
June 27, 2020

(For Board of Directors)

N GOPALARATNAM
Chairman

ANNEXURE - 3 TO BOARD'S REPORT

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo
[Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

A. CONSERVATION OF ENERGY

Steps taken on conservation of energy:

- Timer provision for Air Conditioners and Dehumidifier.
- Switching over to LED bulbs from conventional tube lights.
- Reduction in heat loss in melting furnace by modifying internal structure.
- Modification in chiller plant (from water cooler to Air Cooler system).
- Switching over to CFL instead of Sodium Lamp for street lighting.

B. TECHNOLOGY ABSORPTION

1 Research and Development (Totally in-house)

- Development of Primary activated Reserve Type Silver Zinc Batteries for Aero Space applications.
- Design and Development of high power, Ag Zn Pile battery.
- Development and Production of PEM Fuel Cells.
- Research work on Ternary and low Pt Electro – catalyst for Fuel Cells.
- Research on Nano materials and Nano composites.
- Design and development of Vanadium based Flow Battery (VFB).
- Development work on Lithium Ion Battery (LIB).

2 Benefits derived as a result of above R & D

- The batteries developed have eliminated imports in their respective categories and thus they have saved substantial foreign exchange outgo.
- The batteries developed in-house were also exported and thus earned foreign exchange.

- Upgradation of technology to match or better the advancements reported from developed countries.
- Indigenization, Upgradation and selfreliance in the critical field of batteries for strategic defense applications.
- “Make in India” concept fully implemented over four decades (Since 1979).

3 Future Plan of Action

To continue Research and Development in the areas mentioned in Para B1.

4 Expenditure on R & D during the year

(₹ in lakhs)

	As At 31.03.2020	As At 31.03.2019
Capital	-	-
Recurring	55.18	56.20
Total	55.18	56.20

5 Technology Absorption and Adoption

During the year under review, no overseas technology was acquired.

6 Foreign Exchange Earnings and Outgo

(₹ in lakhs)

	As At 31.03.2020	As At 31.03.2019
Earnings	25.64	135.43
Outgo	628.53	536.86

(For Board of Directors)

Chennai
June 27, 2020

N GOPALARATNAM
Chairman

ANNEXURE - 4 TO BOARD'S REPORT

Disclosure under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Statement of particulars of remuneration as per Rule 5(1)

Sl No.	Description			
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Managing Director (MD)	5:1	Note 1
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	MD	Nil	Note 1 & 2
		Director (Operations)	Nil	
		Company Secretary	75%	
		CFO	41%	
3	The percentage increase in the median remuneration of employees in the financial year	27.5%		
4	The number of permanent employees on the rolls of company	118		
5	Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the company.		

Notes:

- All other directors (Non-Executive Directors) were paid sitting fee only for attending the meetings of the Board and Committee thereof. Ratio of Remuneration and percentage increase are provided only for Managing Director, since such data would not be meaningful in the case of non executive directors.
- Remuneration is as per the remuneration policy of the company. MD remuneration is normally re-determined on reappointment once in 3 years, while the special allowance is determined annually.

(For Board of Directors)

Chennai
June 27, 2020

N GOPALARATNAM
Chairman

ANNEXURE - 5 TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

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

To

The Members

M/s. High Energy Batteries (India) Limited
"Esvin House",
13, Old Mahabalipuram Road,
Perungudi, Chennai - 600 096.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. High Energy Batteries (India) Limited, Chennai - 600 096 (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. High Energy Batteries (India) Limited (the Company) and also the information provided electronically by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial

year ended on 31st March 2020, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (v) Other Laws applicable specifically to the Company:
 - a. The Batteries (Management and Handling) Rules, 2001
 - b. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
 - c. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
 - d. Environmental (Protection) Act, 1986

ANNEXURE - 5 TO BOARD'S REPORT

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

- (i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under report, the Company did not attract the provisions of:

- (i) 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;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of

Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN: A000672B000366719

Place : Trichy
Date : 22-06-2020

Note: This report has to be read along with the Annexure which forms an integral part of this report.

ANNEXURE -5 TO BOARD'S REPORT

**ANNEXURE TO SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020
OF
M/S. HIGH ENERGY BATTERIES (INDIA) LIMITED**

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.
2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. We have sought and obtained all the information electronically and explanations which to the best of our knowledge and belief were necessary for the purposes of our Secretarial Audit. The verifications were done on a random test basis to ensure that correctness of the facts reflected in the records.
3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events. As per the Management Representation given by the Company Secretary of the Company there is no law exclusively applicable for the Company except those stated in Point (V) of the Secretarial Audit Report.

FOR B.K. SUNDARAM & ASSOCIATES
COMPANY SECRETARIES

(B.KALYANASUNDARAM)
COMPANY SECRETARY
ACS NO. A672. CP. NO. 2209
UDIN: A000672B000366719

Place : Trichy
Date : 22-06-2020

MAHARAJ N R SURESH AND CO.
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
M/s. HIGH ENERGY BATTERIES (INDIA) LIMITED**

Report on the audit of Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **High Energy Batteries (India) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information hereinafter referred to as 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 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act 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.

Emphasis of Matter

a) Attention is invited to note no 44 of the financial statements which is extracted below :

Consequent to Covid-19 pandemic, the Central Government proclaimed a nationwide lockdown since 24th March 2020 and the State Government also followed suit. Hence the company had to suspend its operations and resumed normal operations from 20th May 2020, upon partial relaxation of Lock down norms.

Besides the loss in production suffered during lockdown, the company had to withhold despatch and billing of finished goods as Government accredited Labs that remained closed could not do the inspection. This in turn affected the turnover and profit leading to Working Capital Constraints.

While so, the Government has *suo moto* extended delivery schedule for all defence and on the supply side most of the key vendors have confirmed supplies as per schedule. Therefore, in the opinion of the management, no provision towards contractual obligations or impairment losses is considered necessary at present. Further on evaluation of the impact on the carrying amounts of Property, Plant and equipment, inventories, receivables and other current assets, impairment loss of ₹ 53.70 lakhs is recognized on LAB Plant Inventories.

- b) Due to Covid-19 related lockdown, the management could not carry out physical verification of inventory at the year end. However, on partial relaxation of lockdown physical verification was carried out and we were also present during the physical verification. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence - Specific consideration for stipulated items", and have obtained sufficient appropriate audit evidence."

Our opinion on the Financial Statements is not modified in respect of the above matters.

Key Audit Matters

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

SI.No.	Key Audit Matters	Response to Key Audit Matters & Conclusion
1	Testing for impairment provision Lead Acid Battery Plant (LAB)	<p>The management appointed Independent Chartered Engineers firm (approved Valuer) to ascertain the realizable value of LAB plant since the Value in Use determination by cash flow method is not reflective of the realizable value as the plant is underutilized.</p> <p>The independent valuer has valued the LAB plant assets at ₹1146 Lakhs.</p> <p>We have compared the values with the carrying value as per books and Fixed asset Register and found that the realizable value is more than the carrying value and the management judgment that no impairment loss is required to be recognized is reasonable.</p>



Sl.No.	Key Audit Matters	Response to Key Audit Matters & Conclusion
2	<p>Inventories</p> <p>As on 31st March,2020, the carrying value inventories is ₹ 2,851.64 lakhs and is valued at lower of cost and net realisable value.</p> <p>We considered the value of inventories as key audit matter considering the relative size of it in the financial statements.</p>	<p>We have verified and tested the design and operating effectiveness of controls with regard to receipt, issues and valuation of inventories.</p> <p>Due to Covid-19 related lockdown, the management could not carry out physical verification of inventory at the year end. However, on partial relaxation of lockdown physical verification was carried out and we were also present during the physical verification. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 “Audit evidence - Specific consideration for stipulated items”, and have obtained sufficient appropriate audit evidence.”</p> <p>We have also verified the valuation sheets for the quantities and the rates adopted and also the workings for the impairment provision of the Inventories of Lead Acid Battery Division.</p> <p>Based on our audit procedures we find that the value of inventories is properly stated in the financial statements.</p>

Information Other Than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the other information in the Annual Report, comprising of the Director’s report and its annexures, but does not include the standalone financial statements and our auditor’s report thereon.

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

Management Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with other accounting principles generally accepted in India,including the Accounting Standards 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, management 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 management 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.

Auditors' 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 auditors' 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls 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 auditors' report to

the related disclosures in the Standalone 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 auditors' 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.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the 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 Indian 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 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2020 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 A**”.
- g) With respect to the other matters to be included in the Auditors’ Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditors’ 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.
 - 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.

For M/s. **MAHARAJ N R SURESH AND CO.**
Chartered Accountants
Firm Regn. No. 001931S

N R Suresh
Partner
Membership No. 021661
UDIN:20021661AAAABH3885

Place : Chennai
Date : June 27, 2020

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON
THE STANDALONE IND AS FINANCIAL STATEMENTS OF
HIGH ENERGY BATTERIES (INDIA) LIMITED.**

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 **HIGH ENERGY BATTERIES (INDIA) LIMITED** (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone IndAS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls 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 Auditors’ 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 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:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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
- (iii) 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 Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at March 31, 2020, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For M/s. **MAHARAJ N R SURESH AND CO.**
Chartered Accountants
Firm Regn. No. 001931S

N R Suresh
Partner
Membership No. 021661
UDIN:20021661AAAABH3885

Place : Chennai
Date : June 27, 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF HIGH ENERGY BATTERIES (INDIA) LIMITED.

The Annexure referred to in Paragraph 2 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our Report of even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at the year end and no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed. Inventories with subcontractors at the year end are not physically verified due to Lock down on account of COVID-19. However, confirmations have been received from the parties.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of loans, investments, provided by the Company. The Company has not provided any guarantee or security to any company covered under Section 185.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us in respect of Statutory dues :
 - (a) There have been delays in depositing undisputed Statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Duty of Customs, Cess, Goods and Service Tax and any other Statutory Dues to the appropriate authorities during the year. However, there were no undisputed amounts payable which were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
 - (b) There are no dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, Cess and Goods and Service Tax have not been deposited as on 31st March, 2020 on account of disputes.
- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government. The Company has not issued any Debentures.

- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) The Company has not noticed or reported during the year any fraud by the Company or any fraud on the Company by its Officers or employees.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- (xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M/s. **MAHARAJ N R SURESH AND CO.**
Chartered Accountants
Firm Regn. No. 001931S

N R Suresh
Partner
Membership No. 021661
UDIN:20021661AAAABH3885

Place : Chennai
Date : June 27, 2020



BALANCE SHEET AS AT 31st MARCH, 2020

₹ in lakhs

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
I ASSETS			
1 Non Current Assets			
a) Property Plant and Equipment	2	3103.95	3174.20
b) Intangible Assets under Development	2(a)	14.20	14.20
c) Financial Assets			
(i) Investments	3	58.71	101.29
(ii) Loans	4	18.55	24.07
d) Deferred Tax Asset (Net)	17	-	271.06
e) Other Non Current Assets	5	45.18	39.21
		3240.59	3624.03
2 Current Assets			
a) Inventories	6	2851.64	2492.92
b) Financial Assets			
(i) Trade Receivables	7	918.35	1662.27
(ii) Cash and Cash Equivalents	8	2.82	61.79
(iii) Bank Balances	9	91.14	86.15
(iv) Loans	10	16.30	16.90
(v) Others	11	0.04	12.92
c) Current Tax Assets (Net)	12	29.47	14.70
d) Other Current Assets	13	328.50	328.36
		4238.26	4676.01
Total		7478.85	8300.04
EQUITY AND LIABILITIES			
II EQUITY			
a) Equity Share Capital	14	179.28	179.28
b) Other Equity	15	2196.40	1682.70
		2375.68	1861.98
III LIABILITIES			
Non Current liabilities			
a) Financial Liabilities			
i) Long Term Borrowings	16	1033.52	947.69
b) Deferred Tax Liabilities (Net)	17	48.68	-
c) Provisions	18	33.46	28.29
d) Other Non Current Liabilities	19	149.16	173.48
		1264.82	1149.46
Current Liabilities			
a) Financial Liabilities			
i) Short Term Borrowings	20	2198.68	2858.01
ii) Trade Payables	21	719.00	1407.93
iii) Other Current Liabilities	22	137.52	271.93
b) Other Current Liabilities	23	685.99	715.03
c) Provisions	24	97.16	35.70
		3838.35	5288.60
Total		7478.85	8300.04

Notes to Financial Statements 1 to 45

G.A. PATHANJALI
Managing Director

M. IGNATIUS
Director (Operations)

R. SWAMINATHAN
Chief Financial Officer

Chennai
June 27, 2020

Directors

N. GOPALARATNAM
Cmde. R.P. PREM KUMAR, VSM (Retd.)
LALITHA LAKSHMANAN
JAYASHREE AJIT SHANKAR

S.V. RAJU
Secretary

A.L. SOMAYAJI
M. NATARAJAN
Dr. VIJAYAMOHANAN K PILLAI

Vide our Report of even date attached
For M/s. Maharaj N R Suresh and Co.,
Chartered Accountants
Firm Reg No: 001931S

N.R. SURESH
Partner
Membership No.: 021661

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2020

₹ in lakhs

S No	Particulars	Note No	Year ended 31.03.2020	Year ended 31.03.2019
I	Revenue from Operations			
	Revenue from Sale of Products	25a	6116.51	4585.42
	Other Operating Revenues	25b	32.71	76.27
II	Other Income	26	16.80	13.34
III	Total Revenue (I+II)		6166.02	4675.03
IV	Expenses			
	Cost of materials and components consumed	27	2806.28	2179.94
	Changes in Inventories	28	(282.41)	(86.90)
	Employee Benefits Expense	29	1128.22	1027.54
	Finance Cost	30	566.35	552.58
	Provision for impairment of loss - Investments		-	0.15
	Depreciation	2	115.98	123.63
	Other Expenses	31	950.51	821.53
	Total Expenses (IV)		5284.93	4618.47
V	Profit / (Loss) Before Exceptional Items and Tax (III-IV)		881.09	56.56
VI	Exceptional Items		-	-
VII	Profit Before Tax		881.09	56.56
VIII	Tax Expenses	32		
	Current Tax		-	-
	Income Tax relating to previous years		320.90	12.93
	Total Tax Expenses (VIII)		320.90	12.93
IX	Profit / (Loss) After Tax and Exceptional Item (VII-VIII)		560.19	43.63
X	Other Comprehensive Income			
	A. Items that will not be reclassified to Statement of Profit and Loss			
	(i) Remeasurement benefit of the defined benefit plans		(5.07)	(19.61)
	(ii) Income tax expense on remeasurement benefit of the defined benefit plans		1.16	5.10
	(iii) Net fair value gain/(loss) on investment in equity instruments through OCI		(42.58)	7.47
	(iv) Income Tax Expenses on gain on Fair valuation of investment in equity instruments through OCI		-	-
	Other Comprehensive Income for the year		(46.49)	(7.04)
	B. Items that will be reclassified to Statement of Profit and loss		-	-
	Total Comprehensive income for the period (IX + X)		513.70	36.59
	Earning per Equity Share (Of Face Value ₹ 10 each)			
	Basic		31.25	2.43
	Diluted		31.25	2.43
	Notes to Financial Statements 1 to 45			

Directors

G.A. PATHANJALI
Managing Director

N. GOPALARATNAM
Cmde. R.P. PREM KUMAR, VSM (Retd.)

A.L. SOMAYAJI
M. NATARAJAN
Dr. VIJAYAMOHANAN K PILLAI

Vide our Report of even date attached
For M/s. Maharaj N R Suresh and Co.,
Chartered Accountants
Firm Reg No: 001931S

M. IGNATIUS
Director (Operations)

LALITHA LAKSHMANAN
JAYASHREE AJIT SHANKAR

R. SWAMINATHAN
Chief Financial Officer

S.V. RAJU
Secretary

N.R. SURESH
Partner

Chennai
June 27, 2020

Membership No.: 021661

STATEMENT OF CHANGES IN EQUITY

Equity Share Capital

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Balance at the beginning of the reporting year	179.28	179.28
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	179.28	179.28

Statement of Changes in Equity

₹ in lakhs

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained Earnings		
Balance as on 1st April, 2018	3.00	783.35	200.00	571.86	87.90	1646.11
Add:						
Profit for the year 2018-19	-	-	-	43.63	-	43.63
Net gain/(loss) on remeasurement of defined benefit plans (Net of tax)	-	-	-	(14.51)	-	(14.51)
Net gain/(loss) on fair valuation of investments in equity shares	-	-	-	-	7.47	7.47
Balance as on 31st March, 2019	3.00	783.35	200.00	600.98	95.37	1682.70
Add:						
Profit/(Loss) for the year	-	-	-	560.19	-	560.19
Net gain/(loss) on remeasurement of defined benefit plans	-	-	-	(3.91)	-	(3.91)
Net gain/(loss) on fair valuation of investments in equity shares	-	-	-	-	(42.58)	(42.58)
Income Tax Expenses on Fair valuation of investment in equity instruments through OCI	-	-	-	-	-	-
Less:						
Dividend	-	-	-	-	-	-
Transfer to Reserves	-	-	-	-	-	-
Balance as at 31st March, 2020	3.00	783.35	200.00	1157.26	52.79	2196.40

Directors

G.A. PATHANJALI
Managing Director

N. GOPALARATNAM
Cmde. **R.P. PREM KUMAR, VSM** (Retd.)
LALITHA LAKSHMANAN
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Vide our Report of even date attached
For M/s. Maharaj N R Suresh and Co.,
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M. IGNATIUS
Director (Operations)

R. SWAMINATHAN
Chief Financial Officer
Chennai
June 27, 2020

S.V. RAJU
Secretary

N.R. SURESH
Partner
Membership No.: 021661

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

₹ in lakhs

Description	Year Ended 31.03.2020		Year Ended 31.03.2019	
A. Cash flow from Operating Activities:				
Profit before tax		881.09		56.56
Adjustments for:				
Depreciation	115.98		123.63	
Interest	566.35		552.58	
Interest received	(8.93)		(11.72)	
Dividend	(2.07)		(1.55)	
Impairment of Investment Provisions measured through FVTOCI	-		0.15	
Assets discarded	-	671.33	-	663.07
Operating Profit before working capital changes		1552.42		719.63
Adjustments for:				
Trade and Other Receivables	743.92		(198.00)	
Inventories	(358.71)		90.98	
Other current assets	18.87		(154.14)	
Provisions	61.54		(33.14)	
Other liabilities	(24.32)		(496.70)	
Trade and other payables	(852.38)	(411.08)	581.10	(209.89)
Cash generated from operations		1141.34		509.74
Direct Tax paid net of refund		(20.74)		9.26
Net cash from operating activities (A)		1120.60		519.01
B. Cash flow from Investing Activities:				
Purchase / Acquisition of fixed assets		(45.73)		(16.16)
Change in CWIP		-		-
Sale of Fixed Assets		-		-
Interest received		8.93		11.72
Dividend received		2.07		1.55
Net cash used in investing activities (B)		(34.73)		(2.88)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

₹ in lakhs

Description	Year Ended 31.03.2020		Year Ended 31.03.2019	
C. Cash flow from Financing Activities:				
Long term bank deposit		(4.99)		(5.01)
Unsecured loan received during the year		85.83		72.54
Working Capital Loan		(659.33)		(249.14)
Interest Paid		(566.35)		(552.58)
Dividend plus Tax paid		-		-
Net cash used in financing activities (C)		(1144.84)		(734.19)
Net increase in cash and cash equivalents (A+B+C)		(58.97)		(218.06)
Cash and cash equivalents at the beginning of the year		61.79		279.85
Cash and cash equivalents at the end of the year		2.82		61.79

G.A. PATHANJALI
Managing Director

M. IGNATIUS
Director (Operations)

R. SWAMINATHAN
Chief Financial Officer

Chennai
June 27, 2020

N. GOPALARATNAM
Cmde. R.P. PREM KUMAR, VSM (Retd.)
LALITHA LAKSHMANAN
JAYASHREE AJIT SHANKAR

S.V. RAJU
Secretary

Directors

A.L. SOMAYAJI
M. NATARAJAN
Dr. VIJAYAMOHANAN K PILLAI

Vide our Report of even date attached
For M/s. Maharaj N R Suresh and Co.,
Chartered Accountants
Firm Reg No: 001931S

N.R. SURESH
Partner
Membership No.: 021661

Company Overview

High Energy Batteries (India) Limited is a Public Limited Company. The Company is incorporated under The Companies Act, 1956 and is domiciled in India. Its Registered Office is located at 'Esvin House', No. 13, Old Mahabalipuram Road, Seevaram Village, Perungudi, Chennai – 600 096. The Company is a battery manufacturer with its factory located at Mathur, near Trichy. The batteries are manufactured for use in Indian Army, Navy, Air Force and Launch Vehicles and also manufactures commercial batteries for auto and standby VRLA Applications. The company's shares are listed in BSE Ltd.

A. Significant Accounting Policies and Key Accounting Estimates and Judgements

1. Significant Accounting Policies

1.1 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

1.2 Basis of Preparation and Compliance

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. The financial statements are prepared on a "going concern" basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS-2 inventories or value in use in Ind AS 36 – Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 -Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 -Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the company have been reflected as "--" in these financial statements.

1.3 Current / Non-Current Classification

An asset or liability is classified as current if it satisfies any of the following conditions:

- (i) the asset / liability is expected to be realized / settled in the Company's normal operating cycle;
- (ii) the asset is intended for sale or consumption;
- (iii) the asset / liability is held primarily for the purpose of trading;
- (iv) the asset / liability is expected to be realized / settled within twelve months after the reporting period;
- (v) the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- (vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

For the purpose of current / non-current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

Deferred tax assets and liabilities are classified as non-current.

1.4 Recent Accounting Pronouncements

Leases

On March 30, 2019 Ministry of Corporate Affairs has notified "Ind AS 116, Leases" replacing the existing "Ind AS 17 Leases" and related interpretations. This new standard is applicable for accounting periods commencing on or after 01-04-2019 and hence not applicable for the financial statements for the year ended 31-03-2019. However, application of this standard from 01-04-2019 does not have any significant impact for the Company.

Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Appendix C to Ind AS 12 - Uncertainty over Income Tax Treatments. This is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the appendix, the Company needs to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Company has used or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

plans to use in its income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Appendix C to Ind AS 12 is in respect of accounting period beginning on or after April 1, 2019 and the Company will adopt the same accordingly.

1.5 Property, Plant and Equipment (PPE)

Property, plant and equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
 - (b) the cost of the item can be measured reliably.
- (i) An item of PPE that qualifies for recognition as an asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at its cost less accumulated depreciation and accumulated impairment losses.
 - (i)(a) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognized as of April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date except land, which has been measured at fair value as deemed cost on the transition date.
 - (ii) The cost of an item of PPE comprises purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.
 - (iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.
 - (iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at cost. Costs in nature of repairs and maintenance are recognized in the statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits. Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets till the asset is ready for its intended use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

- (v) Capital advances and capital work- in- progress

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work- in- progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.

- (vi) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate. The useful lives are based on technical estimates and the management believes that the useful lives are realistic and fair approximation over the period of which the assets are likely to be used.

- (vii) Estimated useful lives of the assets are as follows:

Asset	Years
Factory Buildings	30
Fences, Walls, Tube wells	5
Buildings (other than factory buildings)	10
Plant and Equipment – Main Plant	15
Plant and Equipment – Lead Acid Battery Plant	15-20
Computers	3
Servers	6
Furniture and Fixtures	10
Vehicles	8-10
Office Equipment	5

Assets costing ₹ 5,000/- and below are depreciated in full within the Financial Year.

The useful lives are based on the technical estimates made by the management which in the opinion of the management are realistic and fair approximation over the period over which assets are likely to be used.

1.6 Intangible assets

- a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

- b. Useful lives of intangible assets**

Intangible assets are amortized equally over the estimated useful life.

1.7 De-recognition of tangible and intangible assets

An item of tangible and intangible asset is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of tangible and intangible assets is determined as the difference between the sales proceeds if any and the carrying amount of the asset and is recognized in the statement of profit or loss.

1.8 Impairment of tangible and intangible assets

The Company annually reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

1.9 Revenue Recognition

Revenue from contract with customers

Effective from 1st April 2018, the company has applied **IND AS-115- Revenue from contracts** with customers. Application of the standard does not have any significant impact with revenue recognition and measurements.

a. Revenue Recognition

Revenue on sale of Goods is recognized at a point in time on transfer of control of the products to the customer in an amount that reflects the consideration the company expects to receive in exchange for those products pursuant to the contract with the Customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Transfer of control

In respect of Aero space, Naval and power system batteries on issue of Inspection Note by the customer and delivery to the common carrier.

In respect of Lead Acid Batteries when the goods are delivered to the common carrier..

Development-cum-supply contracts

- a) Revenue is recognized over a period of time based on output method and mile stones achieved when the performance obligations in respect of the development work is distinct and independent from supply of goods.
- b) Revenue is recognized over a period of time under the input method and mile stones achieved where developmental work and the supplies are inter-related or inter-dependent
- c) When substantial portion of the developmental work has not been completed, the amount of expenditure incurred on the development work such as employees benefit expenses, materials and other direct expenses are carried forward as ' **Work in progress**'.

Significant financing component

Payment terms in Defense contracts are standardized and generally uniform across all customers. Typical payment terms are by way of advances, milestones achieved and 5%/10% payment on submission of BG or on the expiry of the warranty period.

The timing of the transfer of the goods is as specified by the customer in the contract. Advance from customers is for procuring specific materials having a long lead delivery time and specific to the products in nature and therefore the advances are not considered to have any significant financing component.

5% /10% payments are in the nature of retention towards performance warranty and do not carry any financing element and are moneys retained for reasons other than provision of finance. The retention moneys are payable on submission of bank guarantees and are classified as current..

Contract Assets:

Materials receivable from the customer in respect of products already supplied as per the terms of the contract is recognized and is disclosed as non-financial assets - other current assets.

Contract liabilities – Cash Advance from Customers are disclosed under Current/ Non Current based on the delivery period as per the contract as amended from time to time.

Advances in the form of materials from Customer are secured by Bank Guarantees and are netted off against the Inventory carried as the advance is to be adjusted by supply of products and is disclosed in the notes to accounts.

Impairment of Trade Receivables

Receivables from Government Departments are generally treated as fully recoverable based on past experience. However, in respect of other customers, impairment on account of expected credit loss is assessed on a case to case basis in respect of dues outstanding for a significant period of time.

b. Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

c. Insurance Claims

Insurance claims are recognized on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

1.10 Inventories

Inventories are valued at lower of cost and net realizable value. Materials and other items intended for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost includes taxes and duties, net of input tax credit entitlement. Cost of raw materials, consumables, stores and spares is determined on weighted average basis and includes inward freight and other direct expenses. Net realizable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the Statement of profit or loss in the period in which they are incurred.

1.12 Employee Benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

(b) Post-employment benefits

(i) Defined Contribution Plans

Contribution to Provident Fund (Defined Contribution Plan) as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is recognised as expense in the Statement of Profit and Loss and remitted to the Provident Fund Commissioner. The contribution to the Superannuation Fund (Defined Contribution Plan) is recognised as expense and funded with Life Insurance Corporation of India.

(ii) Defined Benefit Plans

The company operates the Defined Benefit Gratuity Plan for employees. The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability/ (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liabilities / asset) are recognized in other comprehensive income and taken to retained earnings. Such re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

The entire liability towards gratuity is considered as current as the company will contribute this amount to the gratuity fund within the next twelve months.

(c) Other Long-term Employee Benefits (Unfunded)

Entitlement to annual leave is recognized when they accrue to employees. Annual leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date.

1.13 Provisions

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

The amount recognised 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

1.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.15 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

a. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost. The debt instruments carried at amortized cost include Deposits, Loans and advances recoverable in cash.

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

b. Effective interest method (EIR)

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of profit or loss.

c. Investments in equity instruments at FVTOCI

The company has irrevocably designated to carry investment in equity instruments at Fair value through other comprehensive income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to statement of Profit and Loss. However, the company may transfer such cumulative gain or loss into retained earnings within equity.

The Company has equity investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see note 3). Fair value is determined in the manner described in note 1.2.

Dividends on these investments in equity instruments are recognised in the statement of profit or loss when the Company's right to receive same is established, it is probable that the economic benefits associated with the dividend will flow to the company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

d. Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses "Expected Credit Loss" (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

For trade receivable, Company applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk, if there is significant increase in credit risk full lifetime ECL is used.

e. De-recognition of Financial Assets:

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

for de-recognition under Ind AS 109, A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires Concomitantly, if the asset is one that is measured at:

- (a) Amortised cost, the gain or loss is recognized in the Statement of Profit and Loss.
- (b) Fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

1.16 Financial liabilities and equity instruments

a. Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

b. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of direct issue costs.

c. Financial liabilities

All financial liabilities are initially recognized at the value of respective contractual obligations. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

d. Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

1.17 Foreign Currency Transactions

a. Initial Recognition

On initial recognition, transactions in foreign currencies are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

b. Measurement of foreign currency items at reporting date

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

c. Recognition of exchange difference

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

1.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information..

1.19 Taxes on Income

Taxes on income comprise of current tax and deferred tax.

a. Current tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' 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 under the Income Tax Act, 1961.

Current tax is measured using tax rates and tax laws enacted during the reporting period together with any adjustment to tax in payable in respect of previous years.

b. Deferred tax

Deferred tax is recognized 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 under Income Tax Act, 1961.

Deferred tax liabilities are recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognized.

Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

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 the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement are in the form of unused tax credits and are accordingly grouped under Deferred Tax Assets..

c. Current and deferred tax for the year

Current and deferred tax are recognised in the 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.

1.20 Events after reporting period

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

1.21 Segment Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the company. The CODM is responsible for allocating resource and assessing performance of the operating segments of the company. The MD is identified as the CODM.

Segment accounting policies are in line with the accounting policies of the company. In addition, the specific accounting policies have been followed for segment reporting as under:

The Company has identified two business segments viz. Aerospace, Naval and Power System Batteries and Lead Acid Batteries. Revenue and expenses have been identified to respective segments on the basis of operating activities of the enterprise. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable revenue and expenses.

Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocable assets and liabilities.

Inter segment revenue / expenditure – Not Applicable.

Geographical segment –Not Applicable.

1.22 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

Key Accounting estimates and judgments

1.1 Use of Estimates

The preparation of financial statements in conformity with IndAS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

1.2 Key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

a. Fair value measurement and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

b. Useful life of Property, Plant and Equipments

The Company reviews the estimated useful lives of Property, plant and equipment at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

c. Actuarial valuation

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

d. Claims, Provisions and Contingent Liabilities

The Company has ongoing litigations with various tax and regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No.2 Property Plant and Equipment

₹ in lakhs

Description	Gross Carrying Value			Depreciation			Net Block		
	As at 01.04.2019	Additions during the year	Deletions/ Adjustment	As at 31.03.2020	As at 01.04.2019	Additions during the year	Deletions/ Adjustment	As at 31.03.2020	As at 31.03.2019
Land	1987.82	-	-	1987.82	-	-	-	1987.82	1987.82
Building	348.44	11.12	-	359.56	44.51	15.67	-	299.38	303.93
Plant & Equipment	1161.76	10.78	-	1172.54	303.82	89.79	-	778.92	857.94
Electrical Installation	26.93	-	-	26.93	18.87	1.72	-	6.34	8.06
Office Equipment	17.63	2.76	-	20.39	6.13	2.21	-	12.05	11.50
Computers	-	11.81	-	11.81	-	2.48	-	9.33	-
Furniture & Fixtures	1.07	0.82	-	1.89	0.42	0.20	-	1.27	0.65
Vehicles	14.83	8.45	-	23.28	10.53	3.91	-	8.84	4.30
TOTAL	3558.48	45.74	-	3604.22	384.28	115.98	-	500.26	3174.20

(i) All the above assets are owned by the company.

(ii) Paripassu first charge on all Land & Building, Plant & Machinery and all other immovable fixed assets of the company in favour of Banks

₹ in lakhs

Description	Gross Carrying Value			Depreciation			Net Block		
	As at 01.04.2018	Additions during the year	Deletions/ Adjustment	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deletions/ Adjustment	As at 31.03.2019	As at 31.03.2018
Land	1987.82	-	-	1987.82	-	-	-	1987.82	1987.82
Building	346.95	1.49	-	348.44	29.47	15.04	-	303.93	317.48
Plant & Equipment	1155.64	6.12	-	1161.76	208.71	95.11	-	857.94	946.93
Electrical Installation	26.93	-	-	26.93	12.58	6.29	-	8.06	14.35
Office Equipment	9.08	8.55	-	17.63	4.03	2.10	-	11.50	5.05
Furniture & Fixtures	1.07	-	-	1.07	0.29	0.13	-	0.65	0.78
Vehicles	14.83	-	-	14.83	5.57	4.96	-	4.30	9.26
TOTAL	3542.32	16.16	-	3558.48	260.65	123.63	-	384.28	3281.67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Note No.2 (a) Intangible Assets under Development

₹ in lakhs

Description	Gross Carrying Value			Depreciation			Net Carrying Value		
	As at 01-04-2019	Additions during the year	Deletions/ Adjustment	As at 31-03-2020	As at 01-04-2019	Additions during the year	Deletions/ Adjustment	As at 31/03/2020	As at 31.03.2019
Intangible Assets under Development	14.20	-	-	14.20	-	-	-	14.20	14.20
TOTAL	14.20	-	-	14.20	-	-	-	14.20	14.20

₹ in lakhs

Description	Gross Carrying Value			Depreciation			Net Carrying Value		
	As at 01-04-2018	Additions during the year	Deletions/ Adjustment	As at 31-03-2019	As at 01-04-2018	Additions during the year	Deletions/ Adjustment	As at 31.03.2019	As at 31.03.2018
Intangible Assets under Development	14.20	-	-	14.20	-	-	-	14.20	14.20
TOTAL	14.20	-	-	14.20	-	-	-	14.20	14.20

Intangible Assets under Development represents the cost incurred for development of software



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

3 Investments

₹ in lakhs

Particulars	No. of Shares	Face Value	As at 31.03.2020	As at 31.03.2019
Non Current Investments				
A. Investments in Equity Instruments - at Fair Value through Other Comprehensive Income				
Quoted Equity Shares:				
Ponni Sugars (Erode) Limited	382	10	0.52	0.51
Seshasayee Paper and Boards Limited*	51645	2	53.68	96.27
*(Previous Year - 10329 shares of Rs.10 each)				
Unquoted Equity Shares:				
SPB Projects and Consultancy Limited	45000	10	4.51	4.51
GPC Technologies Limited	1500	10	-	-
Esvin Advanced Technologies Limited	830	10	-	-
Total			58.71	101.29
Aggregate amount of Quoted investments - at Cost			1.33	1.33
Aggregate amount of Quoted Investments - at Market Value			54.20	96.78
Aggregate amount of Unquoted Investments - at Cost			4.74	4.74

4 Loans

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured - Considered good		
Electricity Deposits	18.55	24.07
Total	18.55	24.07

5 Other Non Current Assets

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Deposit - Export Credit Guarantee Corporation	1.10	1.21
Advance Income Tax (Net of provision)	44.08	38.00
Total	45.18	39.21

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

6 Inventories

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Raw Materials and Components	1269.73	1155.17
Less: Provision for Impairment	33.12	-
	1236.61	1155.17
Work In progress *	1404.89	1121.56
Less: Provision for Impairment	6.32	-
	1398.57	1121.56
Finished Goods	148.87	137.57
Less: Provision for Impairment	5.89	-
	142.98	137.57
Stores and Spares	64.51	68.03
Less: Provision for Impairment	8.36	-
	56.15	68.03
Loose Tools	17.33	10.59
Less: Provision for Impairment	-	-
	17.33	10.59
Total	2851.64	2492.92
Details of Finished goods		
Aero Space, Naval and Power System Batteries	128.25	122.67
Lead Acid Storage Batteries	14.73	14.90
Total	142.98	137.57

Refer Note No.1.10 for basis of valuation

* Work in Progress includes cost of development work for customer ₹ 117.12 lakhs

7 Trade Receivables

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured		
a) Considered good	918.35	1662.27
b) With significant increase in Credit risk but considered good	-	-
c) Doubtful	3.94	506.48
	922.29	2168.75
Allowance for doubtful receivables	3.94	506.48
Total	918.35	1662.27



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

8 Cash and Cash Equivalents

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Cash and Cash Equivalents		
Balance with Banks	0.97	0.35
Cash in hand	1.85	1.44
In Deposit accounts with original maturity of less than 3 months	-	60.00
Total	2.82	61.79

9 Bank Balances other than cash and cash equivalents

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Financial Assets - Bank Balances other than Cash and cash Equivalents		
Fixed Deposits with Banks		
Deposits with original maturity for more than 12 months *	90.70	85.70
Unpaid Dividend	0.44	0.45
Total	91.14	86.15

*Deposits with banks held as a security by banks - ₹ 90.70 Lakhs. Principal ₹ 50.00 Lakhs.

10. Loans

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured and considered good		
Telephone Deposits	0.28	0.28
Deposit - Others	4.01	4.41
Rental Deposit	12.01	12.21
Total	16.30	16.90

11. Current Financial Assets - Others

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Interest Receivable	0.04	0.03
Duty Draw Back Receivable from Customs	-	12.89
Total	0.04	12.92

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

12. Advance Income Tax (Net of provision)

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured Considered Good		
Advance Income Tax (Net of provision)	29.47	14.70
Total	29.47	14.70

13. Non Financial Assets - Other Current Assets

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured Considered Good		
Advances to Suppliers and Services	97.80	107.10
Prepaid Expenses and Insurance	145.96	83.51
Balance with GST	7.00	0.03
GST receivable	45.84	11.23
VAT Paid	7.90	15.00
Material Receivable from Customers	24.00	111.49
Total	328.50	328.36

14. Share Capital

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Authorised Capital		
7500000 (31.03.2019- 7500000) Equity Shares of ₹ 10 each	750.00	750.00
Issued,Subscribed and Fully paid up shares		
1792768 (31.03.2019 - 1792768) Equity shares of ₹ 10 each	179.28	179.28
Total	179.28	179.28

a) Reconciliation of Shares outstanding at the beginning and at the end of the reporting period
Equity shares

₹ in lakhs

Particulars	As at 31.03.2020		As at 31.03.2019	
	Nos.	Value	Nos.	Value
At the beginning of the year	1792768	179.28	1792768	179.28
Issued during the year	-	-	-	-
Outstanding at the end of the year	1792768	179.28	1792768	179.28

b Terms / rights attached to Equity Shares:

The Equity shares of the company having par value of ₹ 10 per share rank pari passu in all respects including voting rights, dividend entitlement and repayment of capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

c Details of Shareholders holding more than 5% of shares

Name of Shareholder	As at 31.03.2020		As at 31.03.2019	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
Seshasayee Paper and Boards Limited	282911	15.78	282911	15.78
Life Insurance Corporation of India	173630	9.69	239000	13.33
Time Square Investments (P) Limited	165463	9.23	165463	9.23
Ponni Sugars (Erode) Limited	100000	5.58	100000	5.58
Minal Bharat Patel	95253	5.31	31684	1.77

d Capital Management

The Company follows conservative capital management with the objective of maximising shareholders' value. For the purpose of company capital management, capital includes issued capital and all other equity reserves attributable to the share holders of the company. The Company has been funding its growth and working capital requirements through a balanced approach of internal accruals and external debt from the banks and long term loans from companies. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt component of the Company.

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Equity	2375.68	1861.99
Debt	3232.19	3805.70
Cash and Cash Equivalents	93.96	147.94
Net debt	3138.23	3657.76
Total Capital + Debt	5513.91	5519.75
Net debt to Capital Ratio	0.57	0.66

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

15. Other Equity

₹ in lakhs

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained Earnings		
Balance as on 1st April, 2019	3.00	783.35	200.00	600.98	95.37	1682.70
Add:						
Profit for the year	-	-	-	560.19	-	560.19
Net gain/(loss) on remeasurement of defined benefit plans (Net of tax)	-	-	-	(3.91)	-	(3.91)
Net gain/(loss) on fair valuation of investments in equity shares	-	-	-	-	(42.58)	(42.58)
Income Tax Expenses on Fair valuation of investment in equity instruments through OCI					-	-
Balance as on 31st March, 2020	3.00	783.35	200.00	1157.26	52.79	2196.40

Capital Redemption Reserve

This represents the Reserves created on redemption of preferential shares and can be utilized for issue of Bonus shares.

Securities Premium:

This represents the premium collected on issue of Equity shares and can be utilized for the purposes stated under Section- 52 of the Company's Act 2013.

General Reserve:

This Reserve is created from time to time by transferring profits from the retained earnings and this being a free reserve enhances the net worth of the company.

16. Long Term Borrowings

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Unsecured:		
Loans from Others	612.34	542.60
Loans from Related Parties	421.18	405.09
Total	1033.52	947.69

Terms of Repayment

The long term borrowings from companies is repayable at the end of 5 years from the date of receipt along with interest at the rate of 12% p.a.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Repayment Schedule:

₹ in lakhs

Year of Repayment	Principal	Interest	Total Repayment
2020 - 2021	12.00	7.20	19.20
2021 - 2022	590.00	348.97	938.97
2022 - 2023	80.00	48.00	128.00
2023 - 2024	100.00	60.00	160.00
Total	782.00	464.17	1246.17

The amortised cost of the borrowings is taken at fair value on the date of transition to Ind AS and thereafter interest accounted at the EIR of 10%.

17. Deferred Tax Liabilities/(Asset)

₹ in lakhs

Particulars	Balance as on 01.04.2019	Recognised in P&L during the year	OCI 2019-20	Balance as on 31.03.2020
Deferred Tax Liability on account of:				
Differences in WDV of PPE as per Books and Income Tax	191.84	(38.63)	-	153.21
Loans from Companies measured at amortised cost	9.41	(7.03)	-	2.38
Fair Value of Land adopted as deemed cost	399.22	(0.46)	-	398.76
DTL on gain on fair valuation of Investments	-	-	-	-
Total Deferred Tax Liability	600.47	(46.12)	-	554.35
Deferred Tax Asset on account of:				
Disallowances under Sec. 43B and Other Disallowances	14.66	(2.32)	-	12.34
Unabsorbed Losses and allowances under Income tax Act 1961 *	707.21	(236.28)	-	470.93
Provision for Impairment of Inventories/Trade Receivables & others	128.94	(112.29)	-	16.65
Remeasurement of defined benefit plans	4.59	-	1.16	5.75
MAT Credit Entitlement	16.13	(16.13)	-	-
Total Deferred Tax Asset	871.53	(367.02)	1.16	505.67
Net Deferred Tax Liability	(271.06)	320.90	(1.16)	48.68

* Refer Note No.37(B)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

18. Provisions

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for Warranty *	6.90	10.77
Provision for Leave Benefits	26.56	17.52
Total	33.46	28.29

* Based on the experience in the past and the data available, it is estimated that no further provision for warranty is required.

19. Other Non Current Liabilities

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Advances from Customers	149.16	173.48
Total	149.16	173.48

20. Short Term Borrowings

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Secured Loans		
Working Capital Borrowings from Banks		
Cash Credit Loan	2198.68	2563.01
Bills Purchased	-	295.00
Total	2198.68	2858.01

Working Capital Borrowings from Banks are secured by :

- Paripassu first charge on all stocks of Raw Materials, Finished Goods, Stock in Process, Stores, Spares and Moveable assets of the Company including Book Debts.
- Paripassu first charge on all Immovable Fixed Assets of the Company.
- Lien on Fixed Deposits (including interest) aggregating to ₹ 90.70 Lakhs.

21. Trade Payables

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
a) Total Outstanding dues of micro enterprise and Small enterprise	209.33	299.20
b) Total Outstanding dues of creditors other than micro enterprise and small enterprise	509.67	1108.73
Total	719.00	1407.93

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
i) Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year (but within due date as per the MSMED Act)		
a) Principal amount due to micro, small & Medium enterprise	185.35	273.17
b) Interest due on above	23.98	26.03
ii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006	-	-
iii) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	25.14	-
iv) Interest accrued and remaining unpaid as at year end	49.13	-
v) Further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise	-	-
vi) Further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise	-	-

22. Other Current Liabilities

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Current Maturities of Long term borrowings	18.06	95.79
Employee benefits payable	90.80	147.01
Interest accrued and due	27.08	27.08
Unpaid Dividends *	0.45	0.45
Others	1.13	1.60
Total	137.52	271.93

* No amount is due and outstanding to be credited to Investor Education and Protection fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

23. Non Financial Liability - Other Current Liabilities

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Advance received from customers	675.13	670.84
GST/Vat	0.26	25.19
Tax Deducted at Source	9.41	15.20
Statutory Liabilities	-	2.90
Others	1.19	0.90
Total	685.99	715.03

24. Short Term Provisions

₹ in lakhs

Particulars	As at 31.03.2020	As at 31.03.2019
Provision for Employee Benefits	15.42	26.73
Provision for Warranty	12.84	8.97
Provision for Inventory	53.70	-
Provision for Liquidated Damages	15.20	-
Total	97.16	35.70

25a. Revenue from Sale of Products

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Aerospace, Naval and Power System Batteries		
Silver Zinc Batteries & Cells	6032.17	4071.91
Nickel Cadmium Cells	81.35	405.60
Lead Acid Batteries		
Lead Acid Batteries	2.99	107.91
Total	6116.51	4585.42
Disclosures relating to Revenue from Contract with Customers		
Gross Revenue from Customers	6124.37	4595.09
Less: Liquidated Damages	7.86	9.67
Revenue as per Statement of Profit and Loss	6116.51	4585.42
a) Geographical Region		
Domestic	6092.29	4394.30
Export	24.22	191.12
Total	6116.51	4585.42
b) Type of Customers		
Government / Government Undertaking	4976.70	3784.35
Others	1139.81	801.07
Total	6116.51	4585.42

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

25b. Other Operating Revenues

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Other Operating Revenues	32.71	76.27
Total	32.71	76.27

26. Other Income

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest Income		
- Bank Deposits	7.21	8.70
- Others	1.71	3.02
Dividend Income from Equity Investments measured at FVTOCI	2.07	1.55
Exchange Difference (Net)	5.74	-
Miscellaneous Income	0.07	0.07
Total	16.80	13.34

27. Cost of Materials consumed

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Silver	1027.90	614.90
Copper	50.13	18.85
Lead	0.46	75.69
Others	319.50	393.66
Components of Various Descriptions	1408.29	1076.84
Total	2806.28	2179.94

28. Changes in Inventories of Finished Goods and Work in Progress

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Inventory at the end of the year		
- Work In progress	1398.56	1121.56
- Finished Goods	142.98	137.57
	1541.54	1259.13
Inventory at the beginning of the year		
- Work In progress	1121.56	1003.32
- Finished Goods	137.57	168.91
	1259.13	1172.23
(Increase) / Decrease in Inventory	(282.41)	(86.90)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

29. Employee Benefits

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Salaries, wages and Bonus	1003.20	915.48
Contribution to Provident and Other Funds (Refer Note 1.12)	44.09	44.23
Staff welfare Expenses	80.93	67.83
Total	1128.22	1027.54

30. Finance cost

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Interest on Borrowings (EIR)	460.01	456.38
Other Borrowing cost	96.39	90.29
Interest on delayed payment of Statutory dues	9.95	5.91
Total	566.35	552.58

31. Other Expenses

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Consumption of Stores and Spares	73.88	54.87
Power and Fuel	125.25	106.10
Repairs and Maintenance		
- Plant and Machinery	23.00	17.57
- Buildings	19.62	8.66
- Others	42.01	31.81
Selling expenses	88.84	96.08
Expenditure on scientific Research	55.18	56.20
Travelling and Conveyance	88.80	83.20
Payment to Auditors (Refer Note: 34)	15.51	19.54
Professional and Legal Charges	89.74	106.67
Testing Charges	45.70	44.21
Miscellaneous Expenses	200.14	167.73
Provision for Bad/Doubtful debts	3.94	10.00
Bad Debts written off	506.48	-
Claims and Liquidated Damages	25.21	16.06
Reversal of Provision for Bad/Doubtful Debts	(506.48)	-
Provision for Impairment of LAB Inventory	53.69	-
Exchange Loss	-	2.83
Total	950.51	821.53

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

32. Tax Expense

(A) The major components of Income Tax expense for the year are as under: ₹ in lakhs

Particulars	Year 2019-20	Year 2018-19
Deferred Tax comprises:		
Liability on account of depreciation	(11.02)	(11.24)
Asset - Sec 43B Disallowances and other Temporary differences	94.77	53.62
Asset - Losses carried forward	119.15	(29.45)
Liability - Relating to earlier years	(9.11)	-
Impact on account of exercise of option U/s.115BAA of Income Tax Act,1961*		-
- MAT Credit Write off	16.13	-
- DTA write off on account of Rate Difference	110.97	-
Total Tax Expense	320.90	12.93

*Refer Note No.37(B)

(B) Reconciliation of Tax expense and the accounting profit for the year is as under:

Particulars	Year 2019-20	Year 2018-19
Applicable income tax rate in India applicable to the Company	22.88%	26.00%
Profit Before Tax	881.09	56.56
Tax expenses on Profit Before Tax at the Applicable income tax rate	201.60	14.71
Tax effect of the amounts which are not deductible /(not taxable) in calculating taxable income		
Tax on difference in Depreciation Between Books and Income Tax	11.02	11.24
Tax on Disallowance u/s 43B (Net of earlier year disallowances allowed during the year) and other temporary Differences	(94.77)	(53.62)
Tax on Permanent Differences	1.30	(1.78)
Tax on of Brought forward Losses Set off	(119.15)	29.45
Current Tax for the Year	-	-
Effective rate of tax	0.00%	0.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(C) Taxes on items of OCI

Particulars	Year 2019-20	Year 2018-19
A Items that will not be reclassified to Statement of Profit and Loss		
(i) Income tax expense on remeasurement benefit of the defined benefit plans	1.16	5.10
(ii) Income Tax Expenses on Net Fair Value Gain/(Loss) on investment in equity instruments		
B Items that will be reclassified to Statement of Profit and loss	-	-
Taxes on items of OCI	1.16	5.10

33. Payment to Auditors

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
- Audit Fees	8.00	8.00
- GST Audit Fees	1.00	-
- Tax Representation	2.00	2.00
- Limited Review Fees	1.50	4.50
- Tax Audit Fees	1.00	3.00
- Reimbursement of Expenses	2.01	2.04
Total	15.51	19.54

34. Contingent Liabilities and Commitments

₹ in lakhs

Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(a) Counter Guarantees and Commitments on Letters of Credit *	-	-
(b) Estimated amount of contracts remaining to be executed on capital accounts not provided for	7.40	9.91
(c) Claims made by the customers not recognised by the company	-	3.56

*Silver supplied by Government ₹ 246.46 lakhs is secured by Bank Guarantees ₹ 246.46 lakhs is not included in Inventories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

35 (A) : Category - wise classification of Financial Instruments

₹ in lakhs

Particulars	Refer Note	Non Current		Current	
		As on 31.03.2020	As on 31.03.2019	As on 31.03.2020	As on 31.03.2019
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in Quoted Equity Shares	3	54.20	96.78	-	-
Investments in Unquoted Equity Shares	3	4.51	4.51	-	-
		58.71	101.29	-	-
Financial Assets measured at amortised cost					
Security Deposit	4 & 10	18.55	24.07	16.30	16.90
Trade Receivables	7	-	-	918.35	1662.27
Cash and Cash Equivalents	8	-	-	2.82	61.79
Other Balances with Banks	9	-	-	91.14	86.14
Interest Receivable	11	-	-	0.04	12.92
		18.55	24.07	1028.65	1840.02
Financial Liabilities measured at amortised cost					
Long term Borrowings	16	1033.52	947.69	-	-
Loans repayable on demand - Cash Credit	20	-	-	2198.68	2858.01
Trade Payables	21	-	-	719.00	1407.93
Unpaid/Unclaimed Dividend	22	-	-	0.45	0.45
Others	22	-	-	137.07	271.48
		1033.52	947.69	3055.20	4537.87

1. The fair value of quoted investment in quoted equity shares measured at quoted price on the reporting date.
2. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
3. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.
4. Investment in equity shares are held as promoter and not held for disposal and are therefore classified as Fairvalue Through Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

35 (B) : Fair value Measurements

(i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

As at 31st March, 2020

₹ in lakhs

Financial Assets / Financial Liabilities	Fair value as at 31.03.2020	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income				
Investments in quoted equity shares (Refer Note 3)	54.20	54.20	-	-
Investments in unquoted equity shares - Other Entities (Refer Note 3)	4.51	-	-	4.51

As at 31st March, 2019

₹ in lakhs

Financial Assets / Financial Liabilities	Fair value as at 31.03.2019	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through other comprehensive income				
Investments in quoted equity shares (Refer Note 3)	96.78	96.78	-	-
Investments in unquoted equity shares - Other Entities (Refer Note 3)	4.51	-	-	4.51

(ii) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements area reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

35 C : Financial Risk Management- Objectives and Policies

The company's financial liabilities comprise mainly of viz., working capital borrowings from banks, bills payable, inter corporate loans from companies, trade payables and other payables. The company's financial asset comprises mainly cash equivalents, other balances with banks, trade receivables, other receivables and investments.

The Company has financial risk exposure in the form of viz., market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarizes the exposure to the financial risks.

1) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: Currency risk and other price risk. The financial instruments affected by market risk include rupee term loan and loans & advance.

a) Interest Rate Risk exposure

The Company does not have any Long Term Loans from Financial Institutions. The Company is having Working Capital facility limit of ₹ 2700 lakhs facility with Banks. The company also discounts its receivables to meet its short term fund requirements. The interest rate is @ 12.50% depending upon the change in MCRL Rate. Interest on loans from companies is at a fixed rate of 12% and hence there is no interest risk on the loan.

Interest Rate Sensitivity analysis

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure at the end of the reporting period. The interest rates for the Company are floating rate and hence the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points +/- 0.50% fluctuation in interest rate is used for disclosing the sensitivity analysis.

₹ in lakhs

Particulars	Impact on Profit before tax
Interest rates – increased by 50 basis points	(13.50)
Interest rates - decreased by 50 basis points	13.50

The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant.

The increase/decrease in interest expense is chiefly attributable to the Company's exposure to interest rates on is variable rate of borrowings.

b) Foreign currency risk exposure

The Company imports Silver Bullion, Silver Foil, Magnesium Sheets, other raw materials and Stores and spares for which payables are denominated in foreign currency. The Company is exposed to foreign currency risk on these transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

In respect of batteries, exports are made against advances received or against confirmed LCs of usance period not exceeding 30 days. The company is having Receivable of USD 20,850 equal to ₹ 15.73 Lakhs as on 31.03.2020.

2) Credit Risk

The credit risk refers to risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, bank balances, other balances with banks other receivables.

The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counterparties are public sector banks.

The Company sells its products of Aerospace Naval and Power System Batteries to Defence Customers where the payment terms are definite. The Defense Organisation of Government of India and payments are all received as per the terms of the contracts. The risk is restricted to the Liquidated damages clause for late supplies as per the contract terms and there is no irrevocable credit loss risk.

The Lead Acid Batteries Division is sells its products through Private Labeling arrangements. Customer pays 70% of its order value through opening LC for procuring raw materials. Balance 30% payments received after 90 days of credit and it is also protected to the extent of raw materials received.

3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidity risk by –

- (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds, and
- (ii) Making available the funds from realizing timely maturities of financial assets to meet the obligations when due.

The management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Also, the company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities and monitoring balance sheet liquidity ratios. Further, liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

36 Impairment Assessment of PPE

The LAB facility operations were suspended during the year due to highly competitive market coupled with unremunerative prices and volatility in the price of key materials. Considering the overall economic recession owing to Covid-19, pandemic the restart of the operations in the coming year looks doubtful. Consequently, impairment provision of ₹ 53.69 Lakhs is recognized in respect of inventories based

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

on technical estimate made by the management. However, no impairment provision is considered necessary in respect of PPE as the carrying value of PPE as per books is less than the recoverable value of ₹ 1196 lakhs as assessed by Independent Chartered Engineers .

37 (A) Deferred Tax Assets

Based on the orders on hand for Aero Space, Naval and Power System Batteries as well as increased defense procurements expected in the opinion of the management, it is probable that the company will have sufficient profits against which the unused tax losses can be utilized and accordingly deferred tax assets on account of unused tax losses are carried forward in the Balance Sheet.

37 (B) The company has elected to exercise the option permitted under Section 115 BAA of the Income Tax Act, 1961 introduced by The Taxation Laws (Amendment) Act, 2019.

Accordingly, no provision for current tax is made there being no taxable income after set off of brought forward allowances.

The company has restated DTL/ DTA at the rates prescribed in that section. Consequently, the unutilised MAT credit of ₹16.13 lakhs, the tax impact on the additional depreciation forfeited ₹ 36.90 lakhs and the tax impact of the change in rate on the balance of DTL/DTA ₹ 74.07 lakhs is included in the Tax expense for the for year ended 31st March 2020.

38 Information on Related party Transactions As Required by Ind AS 24 - Related Party Disclosure for the year ended 31st March 2020

A. Related Party as per Companies Act, 2013

Name	Relationship
Time Square Investments Private Limited	As per Sec.2(76) of Companies Act, 2013

B. Key Managerial Personnel

	Name	Relationship
i.	Dr. G A Pathanjali	Managing Director
ii.	Mr. M Ignatius	Director (Operations)
iii.	Mr. R Swaminathan	Chief Financial Officer
iv.	Mr. S V Raju	Company Secretary
v.	Board of Directors	
	Name	Designation
	Mr. N Gopalaratnam	Chairman
	Mr. A L Somayaji	Director
	Cmde R P Prem Kumar	Director
	Mr. M Natarajan	Director
	Mrs. Lalitha Lakshmanan	Director
	Dr. Vijayamohanan K Pillai	Director
	Mrs. Jayashree Ajit Shankar	Director (Nominee of LIC)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Terms and Conditions of transactions with related parties:

The company has obtained loan from Time Square Investments for ₹ 367 Lakhs which is repayable at the end of 5 years in 2023 along with Interest at the rate of 12%

Particulars	Year 2019-20	Year 2018-19
Loan outstanding beginning of the year	367.00	267.00
Loan Received during the year	175.00	100.00
Loan Settled during the year	205.00	-
Loan Outstanding	337.00	367.00
Interest for the year	46.67	38.09
Interest Payable on Inter Corporate Loans	95.43	73.15

Repayment year	Principal	Interest	Total Repayment
2020-2021	7.00	4.20	11.20
2021-2022	150.00	90.00	240.00
2022-2023	80.00	48.00	128.00
2023-2024	100.00	60.00	160.00
Total	337.00	202.20	539.20

(a) Remuneration to Managing Director and Key Managerial Personnel :

₹ in lakhs

Current Year 2019-20	Dr. G A Pathanjali	Mr. M Ignatius	Mr. R Swaminathan	Mr. S V Raju
Short term employee benefits	33.90	12.50	14.65	7.80
Post Employment benefits (gratuity) & Long term benefits (Superannuation fund)	2.74	-	-	-
Contribution to provident Fund	2.16	-	0.37	-
Total	38.80	12.50	15.02	7.80
Previous Year 2018-19	Dr. G A Pathanjali	Mr. M Ignatius	Mr. R Swaminathan	Mr. S V Raju
Short term employee benefits	29.40	-	10.44	4.20
Post Employment benefits (gratuity) & Long term benefits (Superannuation fund)	2.74	-	-	-
Contribution to provident Fund	2.16	-	0.28	-
Total	34.30	-	10.72	4.20

(b) Sitting Fees to Directors:

₹ in lakhs

Particulars	Year 2019-20	Year 2018-19
Sitting fees	3.40	3.20
Total	3.40	3.20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

39. Earnings per Share

₹ in lakhs

Particulars	Year 2019-20	Year 2018-19
Profit after Tax	560.19	43.63
Weighted average no of Shares	1792800	1792800
Basic earnings per share (₹)	31.25	2.43
Diluted earnings per Share (₹)	31.25	2.43

40. Offsetting of Financial Assets and Financial Liabilities

₹ in lakhs

Particulars	Year 2019-20	Year 2018-19
Trade Payable to MSMED Vendor	56.76	54.83
Deposits in lien to MSMED Vendor	30.00	35.00
Net Liability in Sundry Creditors - MSMED	26.76	19.83

41. Disclosures relating to Provisions

₹ in lakhs

Particulars	Provisions for Warranties		Provision for Liquidated Damages	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Opening Balance	19.74	19.74	-	22.12
Additions	-	-	15.20	-
Utilisations	-	-	-	-
Reversals	-	-	-	22.12
Closing Balance	19.74	19.74	15.20	-

42. Employee Benefits

(i) Defined Contribution Plans:

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 28.36 Lakhs (Year ended March 31, 2019 ₹ 28.58 Lakhs) for Provident Fund contributions and ₹ 2.70 Lakhs (Year ended March 31, 2019 ₹ 2.97 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(ii) Defined Benefit Plans:

Gratuity (Funded)

In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity, the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

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

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

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

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

Particulars	Post Employment Benefit - Funded plan	
	As at 31/03/2020	As at 31/03/2019
(i) Changes in Defined Benefit Obligation		
Present Value of Opening Balance	182.67	167.75
Current Service Cost	9.04	9.92
Interest Cost	12.23	11.76
Actuarial (Gain)/Loss	2.33	18.46
Benefits paid	(43.13)	(25.23)
Present Value - Closing Balance	163.13	182.67
(ii) Changes in the Fair Value of Plan Assets		
Opening Balance	211.69	192.54
Expected Return	16.10	15.32
Actuarial (Gain)/Loss	(2.74)	(1.15)
Contributions by employer	30.74	30.21
Benefits paid	(43.13)	(25.23)
Closing Balance	212.66	211.69
(iii) Amounts recognised in the Balance Sheet (as at year end)		
Present Value of Obligations	163.13	182.67
Fair Value of Plan Assets	212.66	211.69
Net Asset /(Liability) recognised	49.53	29.02
(iv) Expenses recognised in the Profit and Loss account statement.		
Current Service Cost	9.04	9.92
Interest on obligation	(3.88)	(3.56)
Actuarial (Gain)/Loss recognised during the period	-	-
Total included in "Employee benefit expense"	5.17	6.36

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	Post Employment Benefit - Funded plan	
	As at 31/03/2020	As at 31/03/2019
(v) Expenses recognized in Other Comprehensive Income		
Remeasurement on the net defined benefit liability		
- Actuarial Gain and Losses arising from changes in demographic adjustment	(0.43)	(0.13)
- Actuarial Gain and Losses arising from changes in financial Assumption	9.50	(0.10)
- Actuarial Gain and Losses arising from changes in experience adjustment	(6.74)	18.69
Return on plan assets	(2.74)	(1.15)
Net cost in Other Comprehensive Income	5.07	19.61
Asset information		
- Insurer managed	100%	100%
Principal actuarial assumptions		
Mortality	Indian assured Lives Mortality (2012-2014)	
Discount rate (%)	6.56%	7.59%
Future Salary increase (%)	5%	5%
Expected Rate of return of plan assets (%)	7.59%	7.58%
Expected average remaining working lives of employees (years)	10.00	9.00
Expected contribution	20.00	20.00

The Company pays contributions to the insurer as determined by them. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Particulars	31.03.2020	31.03.2019
Discount Rate		
- 0.5% Increase	4.05	8.74
- 0.5% Decrease	(4.42)	(9.77)
Salary Growth Rate		
- 0.5% Increase	4.04	9.02
- 0.5% Decrease	(3.77)	(8.20)

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 5.00 Lakhs (Previous year 2019 ₹ 10.00 Lakhs).

43. Segment Reporting

Factors used to identify Reporting Segments:

The company has the following reporting segments, which are its reporting segments. These segments offer different types of batteries to different types of customers and are managed separately because they require different technology and production process. Operating segment disclosures are consistent with the information provided to and reviewed by the Chief Operating Decision Maker.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

Reportable Segment	Products offered
Aerospace, Naval and Power System Batteries	Silver Zinc Batteries are manufactured in this segment, the customers being the defence ministry of Indian Government
Lead Acid Batteries	Batteries for commercial application is manufactured in this segment

The measurement principles of segment are consistent with those used in Significant Accounting Policies.

There is no Inter-Segment transfer.

₹ in lakhs

	Particulars	Year 2019-20			Year 2018-19		
		Silver Zinc	LAB	Total	Silver Zinc	LAB	Total
A.	Segment Revenue	6142.63	6.12	6148.75	4534.68	127.01	4661.69
B.	Segment Results	1648.89	(191.52)	1457.37	900.49	(281.62)	618.87
C.	Specified Amounts included in Segment Results						
	(i) Depreciation	34.08	81.90	115.98	35.44	88.19	123.63
D.	Reconciliation of Segment Result with Profit After Tax						
	Segment Results	1648.89	(191.52)	1457.37	900.49	(281.62)	618.87
	Add/Less:						
	Interest Income			7.21			11.72
	Finance Cost			(566.35)			(552.58)
	Dividend Received			2.07			1.55
	Income Tax Expenses			(320.90)			(12.93)
	Other Unallocable Expenses net of Unallocable Income			(19.21)			(23.00)
	Total of Unallocable Items			(897.18)			(575.24)
	Profit after tax as per Statement of Profit and Loss			560.19			43.63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

	Particulars	As at 31.03.2020			As at 31.03.2019		
		Silver Zinc	LAB	Total	Silver Zinc	LAB	Total
E.	Other Information						
	Segment Assets	6350.75	987.94	7338.69	6728.13	1091.55	7819.68
	Unallocable Assets			140.16			483.19
	Total Assets			7478.85			8302.87
	Segment Liabilities	4960.42	64.11	5024.53	6264.91	69.39	6334.30
	Unallocable Liabilities			78.64			106.58
	Total Liabilities			5103.17			6440.88
	Provision for impairment - Inventories			53.69			-

F. Revenue from External Customers:

Two customers contribute to more than 10% of the revenue of Aerospace, Naval and Power Systems Segment and One customer contributes to more than 10% of the revenue of Lead Acid Batteries Segment.

Due to temporary suspension of Lead Acid Battery operations during the year, the previous year figures are not comparable.

44 COVID-19 Impact

Consequent to Covid-19 pandemic, the Central Government proclaimed a nationwide lockdown since 24th March 2020 and the State Government also followed suit. Hence the company had to suspend its operations and resumed normal operations from 20th May 2020, upon partial relaxation of Lock down norms.

Besides the loss in production suffered during lockdown, the company had to withhold despatch and billing of finished goods as Government accredited Labs that remained closed could not do the inspection. This in turn affected the turnover and profit leading to Working Capital Constraints.

While so, the Government has *suo moto* extended delivery schedule for all defence suppliers and on the supply side most of the key vendors have confirmed supplies as per schedule. Therefore, in the opinion of the management, no provision towards contractual obligations or impairment losses is considered necessary at present. Further on evaluation of the impact on the carrying amounts of Property, Plant and equipment, inventories, receivables and other current assets, impairment loss of ₹ 53.69 lakhs is recognized on Lead Acid Batteries Plant Inventories .

However, the company would be reviewing the impact on a continuous basis as the pandemic is yet to be brought under control.

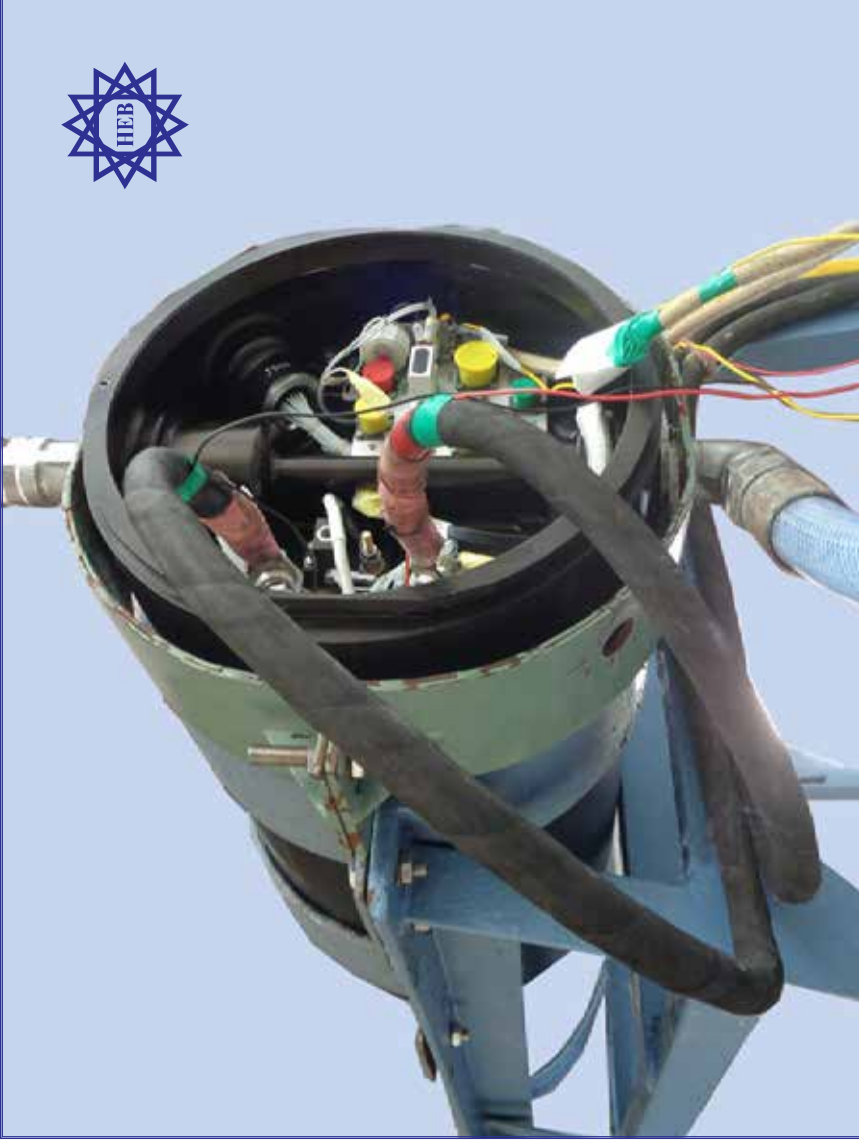
45 Authorisation for issue of Financials

The financial statements have been authorised for issue by the Board of Directors at the Board Meeting held on 27th June, 2020.

Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the Year	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Income	3691.08	5611.85	6674.73	3164.77	3281.88	2294.71	4817.86	5983.13	4675.03	6166.02
Total Expenditure	3347.67	4903.15	6021.40	3409.67	3580.24	2927.36	4154.17	4801.19	3942.26	4602.60
PBIDT	343.41	708.70	653.33	(244.89)	(298.36)	(632.65)	663.69	1181.94	732.77	1563.42
Finance Cost	316.71	489.05	441.24	582.38	616.91	547.85	417.40	590.27	552.58	566.35
Depreciation	169.86	165.02	160.98	150.49	153.69	122.23	132.01	128.64	123.63	115.98
Profit before exceptional items	-	-	-	-	(1068.96)	(1302.74)	114.28	463.03	56.56	881.09
Exceptional items	-	-	-	-	639.69	242.59	-	-	-	-
PBT	(143.16)	54.63	51.11	(977.77)	(429.27)	(1060.15)	114.28	463.03	56.56	881.09
Tax	(98.96)	(15.52)	(14.51)	(355.23)	(148.13)	(403.85)	(200.32)	134.57	12.93	320.90
PAT	(44.19)	39.11	36.60	(622.54)	(281.14)	(687.98)	(86.05)	328.46	43.63	560.19
Other Comprehensive Income	-	-	-	-	-	-	52.90	12.69	(7.04)	(46.49)
Total Comprehensive Income	-	-	-	-	-	-	(33.15)	341.16	36.59	513.70
EPS (₹)	(2.47)	2.18	2.04	(34.73)	(15.68)	(38.38)	(4.80)	18.32	2.43	31.25
Cash EPS (₹)	7.01	11.38	11.02	(26.32)	(7.11)	(31.56)	5.51	25.50	9.33	37.72
Dividend %	-	-	10	-	-	-	-	-	-	-
As at year end										
Gross Block	3546.23	3577.14	3600.08	3638.12	3591.81	3596.08	5572.15	5601.24	5617.39	5663.12
Net Block	2212.10	2090.57	1954.96	1842.51	1655.12	1537.16	3381.23	3107.14	3174.20	3103.95
Loan Funds	2605.68	2457.73	3040.49	3744.34	3719.48	2775.20	2704.95	2592.14	2858.01	2198.68
Net Worth	1780.55	1819.66	1835.28	1212.75	915.03	227.06	1484.23	1825.39	1861.98	2375.68
Book Value per Share	99.32	101.50	102.37	67.65	51.04	12.67	14.56	101.82	103.86	132.51



Sea Water Activated Battery for Naval applications