

Intimation to Shareholders of HBL Power Systems Limited

We have been receiving queries from shareholders on the status of various initiatives mentioned in last annual report. For the benefit of all the shareholders and other interested parties we would like to inform them of the steps taken / further developments on the same.

- Generate demand in target export markets for 2V-VRLA batteries
 - Our team is working towards increasing the exports of these batteries. However, there is no material development on the same to date. We plan to continue our efforts towards the same.
- Secure approval for PLT batteries for army vehicles (for use at high altitudes)
 - The product has been approved by the Army after extensive trials. Currently the Army is internally working on completing various formalities for procuring the batteries on a regular basis.
- Secure maiden order for TCAS (Train Collision Avoidance System)
 - The Indian Railways had called for tenders for around 1,200 Kms and we have participated in the same. Our bid was declared as L2 and so we expect to receive approximately 25% of the project. However, the Indian Railways is in discussion with the L1 bidder which is causing the delay in awarding the contract
- Promote TMS (Train Management System) among other divisions of Indian Railways
 - The Eastern Railways had called for tender for which we had submitted our bid. Post this authority has made some changes in the tender and so it had to be reissued causing a delay. They have re-issued the tender with changes and we already have submitted our bid. We are currently waiting for the outcome of the tender process.
 - The Company had also participated in a tender for TMS in Dedicated Freight Corridor where an MNC was the prime bidder, but they were not successful in the same.
- Pursue development of drive train solution for e-buses
 - We are currently working on a solution that will be viable without subsidy in some applications. This is currently in a development/proto type building phase
- Make stride in development of new radio frequency based communication system
 - Post the successful delivery of Digital Control Harness (DCH) for around 7,000 armoured vehicles of the Indian Army, the company has received a repeat order from Ordnance Factory Board, for supplying new systems in FY19 along with other small order on regular basis for the same.
- Tenders for supply of rockets and artillery fuses to the Indian Army
 - The bids were made in June 2018 and the Private sector industries expected that the technical evaluation could be completed by Dec 2018 and samples required by March 2019. However, the Army has not even completed the technical evaluation yet. This delay was not anticipated.
- High Dependency on hugely competitive Telecom battery market
 - Currently the telecom industry is going through tough times which has resulted in lower capex by telecom players and in turn has impacted the Telecom battery market. This has resulted in stiff competitive scenario amongst the telecom battery suppliers leading to competitive / aggressive pricing and lower profitability

A. J. Rasad



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Responding to Shareholders' queries, Dr. A J Prasad, Chairman and Managing Director added:

The Company has been aware of the need for new products and new markets and has been conducting product development based on its engineering skills in several areas. All these efforts are expected to lead to commercial sales about two years from now.

On the operations front, the Company is happy to report that even during the current challenging economic scenario, we have been able to sustain our Credit Ratings, reduce our Debt and continue with our spend on Product Development which will strengthen the Company going forward.

Further, the promoter group have been doing what is called "creeping acquisition" of shares of the Company from the open market and has steadily increased their shareholding in the Company. The promoters hope that this conveys their confidence in the Company's growth prospects."

Place: Hyderabad

Date: August 24, 2019

A. J. Prasad



For HBL Power Systems Limited

Dr A.J. Prasad, CMD

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