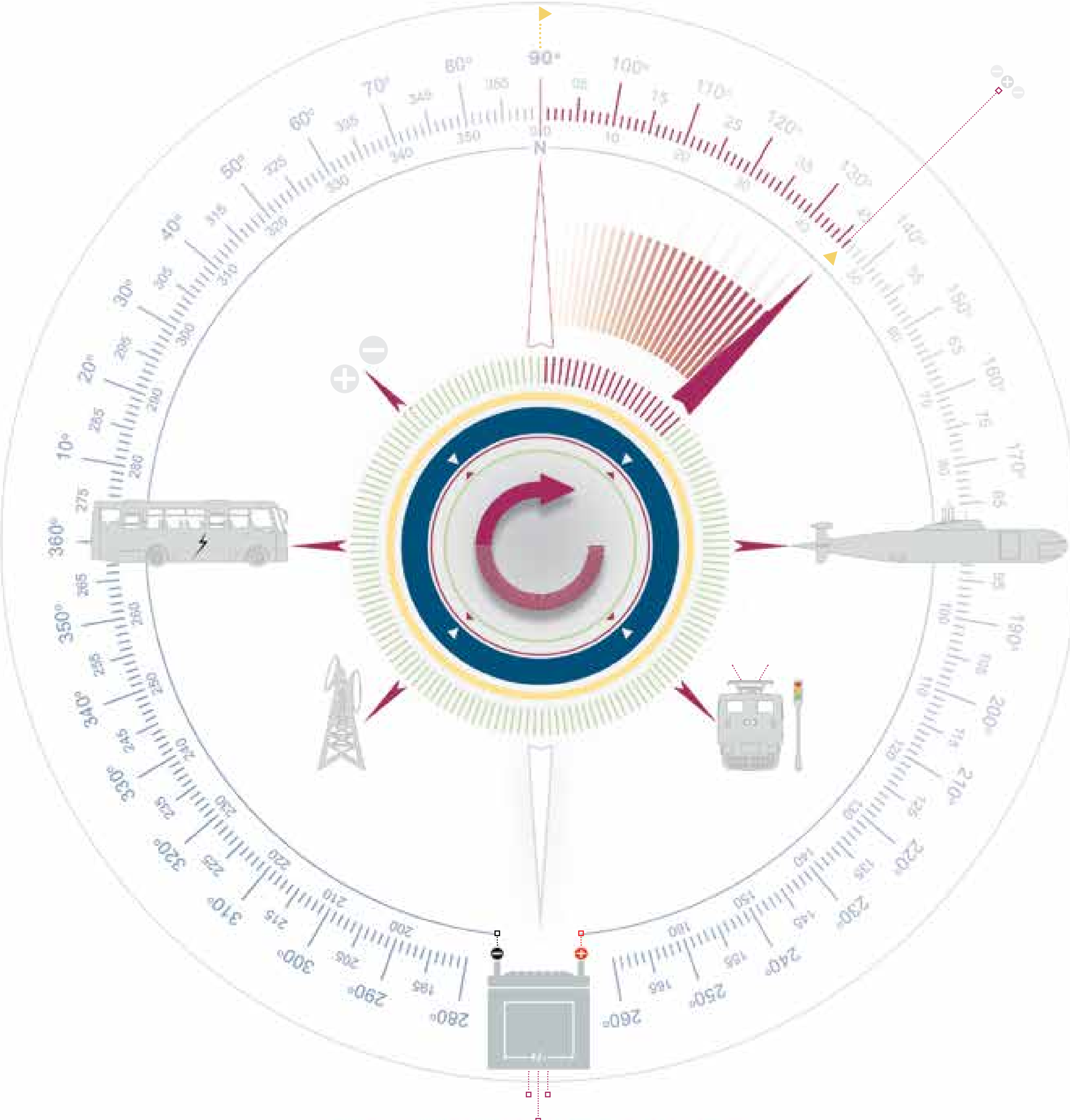
HBL®



REALIGN

HBL POWER SYSTEMS LIMITED

ANNUAL REPORT 20**19-20**

Contents

GOING against the tide may have its moment of glory. But it's going with the tide and navigating carefully that makes real progress happen.

When you encounter a barrier, it's not always about combating it, that works. Sometimes it's wiser to take a step back, re-evaluate your options and reorient your approach that helps continue your journey.

At HBL, some business verticals have become less attractive in the recent past. The prospects of our large user sector dulled, even as competitive intensity in our space increased. This, in turn, diminished the demand for our products. Our resources remained constrained as well.

We have and will continue to persevere, through each of these impediments, but with the clear understanding that a readjustment of our priorities is in order.

In the midst of all this, Covid-19 became the metaphorical road block that aggravated what was already a challenging environment. This pandemic would, without doubt, adversely impact the economic and business prospects for this year and probably the next. Which called for a reflective pause on our part -

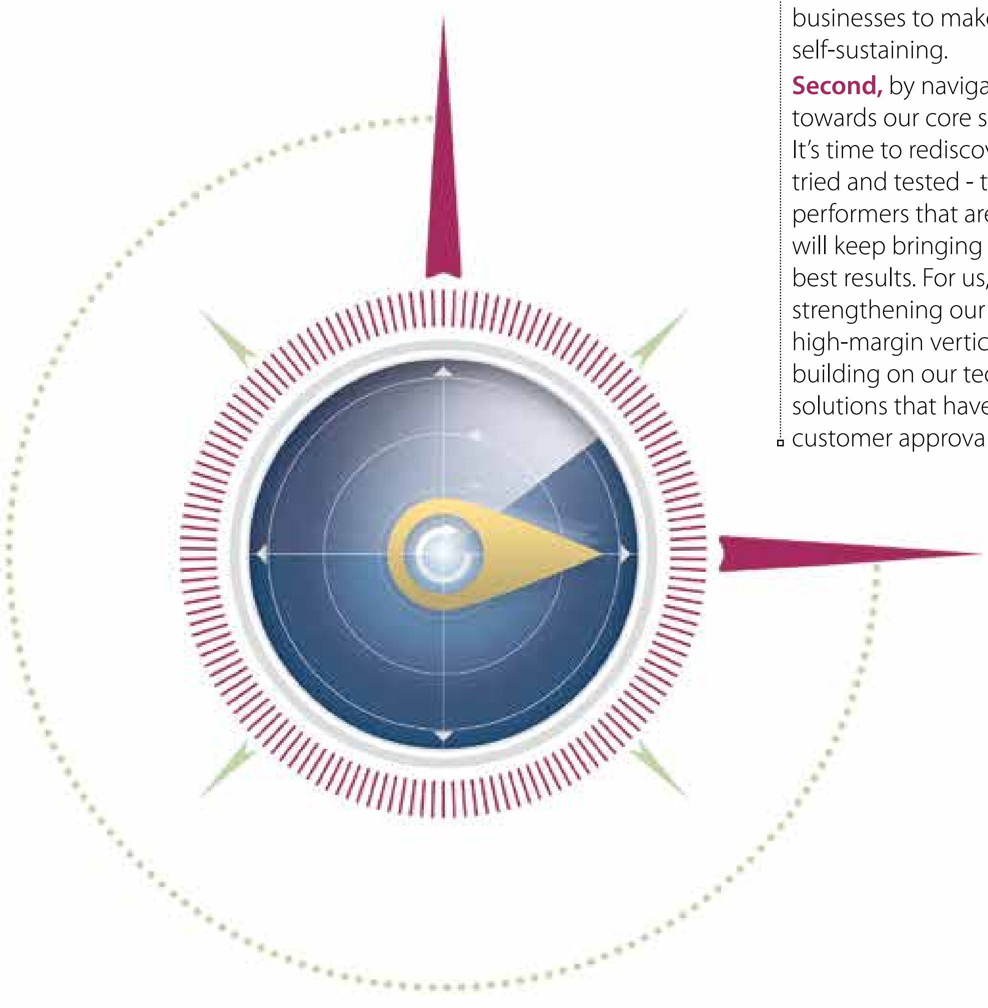
How do we proceed from here?

First, by pruning what's less beneficial. The superfluous will have no place in the business landscape of tomorrow. For us, this would entail recalibrating our exposure in less-attractive businesses to make them self-sustaining.

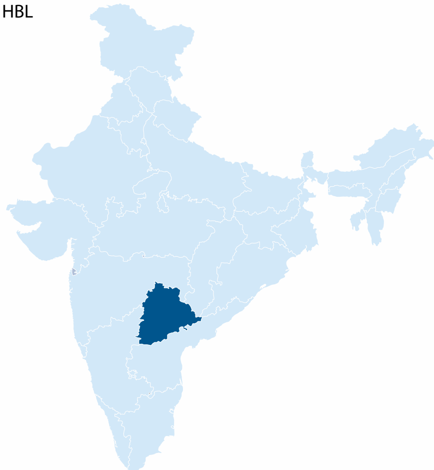
Second, by navigating towards our core strengths. It's time to rediscover the tried and tested - the solid performers that are and will keep bringing in the best results. For us, that's strengthening our existing high-margin verticals and building on our technology solutions that have secured customer approvals.

And third, by refocusing on niche opportunities that hold the most potential. We will continue to identify the possibilities, evaluate the risks, and conserve our resources to support these ventures. For us, this would mean exploring new avenues.

In other words, now is the time to balance the self-sustaining and return generating and, prioritise our resources accordingly. To re-adjust our efforts and plans while staying true to our core philosophies. To flow with the tide while working our way around the challenges and coming out on the other side, successful.



Now is our time to **realign...**



THE Hyderabad-headquartered manufacturer of industrial and specialised batteries, and provider of electronic solutions has been living on the ethos of **'Make in India'** since its inception and leveraging its in-house technology for a host of applications. The business has three verticals - Batteries, Electronics & Defence.

Batteries

Lead-acid
- Telecom
- Railways
- UPS
- Power & Industries

Nickel Cadmium (Ni-Cd)
- Oil & Gas
- Power
- Railways
- Aviation

Electronics

- Industrial electronics
- Rail signalling
- Defence electronics
- DC Motors and Controllers

Defence

- Batteries
- Ammunition

Distinctiveness

Batteries

Large Indian enterprise offering specialised batteries used in various industrial applications, under one roof.

World's second-largest manufacturer of Nickel-Cadmium batteries with Pocket Plate, Sintered Plate, and Fibre Plate technologies.

Electronics

Pioneered the Train Collision Avoidance System (TCAS) for the Indian Railways.

Developed Train Management System (TMS) for the Indian Railways - a first-time effort by the private sector.

Defence

Large supplier of batteries for various defence applications.

Revenue contribution

Batteries	Electronics	Defence
80%	9%	8%

5
Manufacturing facilities

80+
Global reach

1,700
Team size

Vision

To organise India's engineering talent into a globally competitive business, whether in manufacturing or services. Our choice is to be in businesses with technological challenges/engineering intensity.

Values

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

Management focus

Sharpen focus on the high-return business verticals - Electronics and Defence

Explore technology driven futuristic opportunities - lithium ion batteries, DC motors and controllers, and artillery fuses

Create a resource base to support new business verticals

Make currently less-attractive business self-sustaining

Our vertically integrated facilities

VIZIANAGARAM - Near Visakhapatnam, Andhra Pradesh **Product line:** 2V / 12V - VRLA and Tubular Gel batteries

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

NANDIGAON - Near Hyderabad, Telangana **Product line:** 2V/12V - PLT and Tubular flooded batteries

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

SPECIAL ECONOMIC ZONE - Visakhapatnam, Andhra Pradesh **Product line:** Ni-Cd batteries

DEVELOPMENT CENTRE - Hyderabad, Telangana **Activities:** Product development initiatives

HBL is truly living up to building an **Atmanirbhar Bharat**, plugging technology gaps and making products that cater to areas featuring high on the Government's priorities namely indigenisation of Defence capabilities, safety of Railway operations and reliable energy solutions.

Dear shareholders,

ANOTHER eventful year has passed by and we are happy to share our thoughts with you yet again on our performance and prospects through this Annual Report.

Our performance in 2019-20

Financial year 2020 turned out to be an engaging and challenging year. It brought with it a new wave of opportunities and successes, even as existing challenges continued to test our resilience and perseverance. The general adverse economic environment was not the only impediment facing us. The decline in the performance of the telecom sector continued unabated.

Since telecom batteries account for a major share in our revenue, decline in demand from the beleaguered telecom sector impacted our business. As such, revenue declined to ₹ 1,077 crore in 2019-20 from ₹ 1,261 crore in 2018-19; net profit dropped from ₹ 25 crore to ₹ 22 crore over the same period.

We continued to monetise our surplus assets which helped in optimising our

HBL successfully completed field tests for its PLT batteries installed in heavy duty military vehicles of the Indian Army for all-terrain usage. The Company remains confident of receiving the stamp of approval soon.

debt levels (debt-equity ratio at 0.09x as on March 31, 2020) leading to considerable saving in interest cost. Moreover, this provides the required financial strength to the organisation to meet the prevailing challenges.

Even though the financial numbers were not upto the mark, the year was very exciting, as we made excellent progress in our transformation journey.

In the electronics space, we won the first order for our TCAS solution from the South Central Railway to be installed over 350 kms of track and 30 locomotives.

In the defence vertical, we received our first contract from the Indian Navy to manufacture and supply Type I (Kilo class) submarine batteries. We also secured prestigious, large-value export orders for Thermal batteries.

In the batteries space, the traction for Pure Lead (PLT) thin plate batteries for Data Centre UPS applications was particularly encouraging. We also enjoyed a strong order flow for Nickel Cadmium Pocket Plate (NCPP) battery business from domestic customers; profits earned from this product vertical assisted the battery group to exceed the annual profit plan, despite a shortfall in revenue.

These accomplishments, although relatively small from a revenue contribution perspective, are crucial as they promise to open profitable growth vistas going forward.

In keeping with this reality, we are sharpening our focus on niche technology-based solutions (our core strength) while pruning our exposure to currently lesser-attractive business spaces.

In addition, we will create new product verticals within our niche businesses that will strengthen our business profitability over the medium term. In doing so, we will continue to stay firm to our articulated goal of maximising Returns from Resources deployed.

Our areas of immediate focus

Within all our business verticals there are niche products in which we have seen reasonable traction in the recent past and continue to show immense potential over the coming years.

Having secured approvals from regulatory agencies, we will work single-mindedly on transforming these fledgling products into key growth drivers over the coming years.

Electronics: With safety moving higher on the Indian Railways' priority list, TCAS and TMS solutions are expected to witness significant traction over the coming years.

In TCAS solutions, we now hold an enviable position. In addition to securing an order for deployment, we received the RDSO approval for using TCAS for train speeds up to 160 kmph. Further, our product is at an advanced stage of testing for its deployment in auto-signaling sections - we are hopeful of securing the approval in the current year. This would position HBL as a prime Indian enterprise with a tried-and-tested product in this space.

Having demonstrated our capabilities in TMS solutions, we are now vying for more business opportunities in this space. Furthermore, the Indian Railways have recently announced a budget approval of ₹ 2000 crore for installing TMS projects in various other sections which include the provision for Centralised Traffic Control (CTC). HBL, currently the only Indian company with this technology, is implementing CTC in its ER-Sealdah project.

Defence: Having built credibility with the Defence forces as a reliable supplier of technology solutions, we will work to leverage this association. Securing orders for manufacture and supply of Type I (Kilo class) submarine batteries and the Varunasthra Torpedo batteries for the Indian Navy further cements our position as the largest supplier of specialised batteries. In addition, it unlocks export opportunities for these products.

Batteries: Being positioned as the preferred supplier of NCPP batteries for domestic users, we will focus on sustaining the momentum achieved in 2019-20. We have received approvals for our batteries from key overseas end-users which should generate new business. Even as we continue to scout for global opportunities, we will enhance our share with our domestic customers.

In the lead-acid battery space, PLT batteries are another exciting area. In addition to the healthy volumes in 2019-20, we are confident of

positioning PLT batteries as a preferred product in data center applications. We are expanding the product range to cater to the burgeoning demand from the data centre space.

We have also received approvals from major UPS OEMs and consultants for our AGM-VRLA batteries. This will provide a solid impetus to scale up our presence in the UPS space; we are enhancing our UPS capacity gradually to meet the growing demand.

We would be pruning our exposure, in the telecom battery space owing to the irrational competitive environment, picking only select opportunities that meet our business criteria. The consolidation of lead-acid battery manufacturing capabilities at our Vizianagaram facility is progressing well and should be completed in the current year.

In the years to come, our upcoming businesses should balance the Company's business portfolio, reducing our dependence on telecom batteries.

Our growth levers for tomorrow

While prospects in the near-term appear challenging, as a future focused organisation, we are making heartening progress in developing niche solutions that will sustain our business over the medium/ long-term.

Electric vehicles: We have developed high-efficiency motors, using indigenous materials that can be used for traction application in electric vehicles. Currently, these motors use materials which can be imported

We have developed high-efficiency motors, using indigenous materials that can be used for traction application in electric vehicles. Currently, these motors use materials which can be imported only from China.

only from China. We are working on integrating these components into an electric drive train kit that can be installed on intra-city commercial vehicles like buses and trucks.

Our products are at an advanced stage in the approval cycle.

New battery solutions: This will continue to be an area of focus for HBL owing to our ability to develop and deploy cutting-edge technologies and deliver relevant products. In 2019-20, we signed a Technology Transfer Agreement with NSTL (Naval Science and Technological Laboratory) for manufacturing Lithium Ion batteries for Defence applications. We are making healthy progress in developing lead carbon batteries. We are also augmenting our capabilities around lithium ion battery solutions for energy storage solutions and e-vehicle applications.

In addition, we progressed well on the development of new LWT (Light Weight Torpedo) and HWT (Heavy Weight Torpedo) batteries for the Indian Navy; these advanced and complex products are scheduled for completion by FY21 and FY22 respectively. With these, HBL is well poised to be a reliable supplier of specialised batteries.

Defence segment: The Indian Army has activated its 2018 tender for artillery fuses. We have been asked to supply samples for field trials and qualification. We remain hopeful of establishing a meaningful presence in this space over the coming years.

Niche solutions: We have developed Battery Monitoring and Management Systems for various mission-critical applications that include railways (on-board battery monitoring), data centers (back-up batteries) and electric vehicles (traction batteries). We received our first ground-breaking order from New York City Transit Authority for installation of this solution in their metro trains. This is a big step towards establishing a strong footing in this business space over the medium-term.

The bottomline is... HBL is truly living up to building an Atmanirbhar Bharat, plugging technology gaps and making products that cater to areas featuring high on the Government's priorities namely indigenisation of defence capabilities, safety of the railway operations and reliable energy solutions.

Our outlook for 2020-21

Fiscal 2020-21 will be particularly challenging wherein we expect all business verticals to report a stable or subdued performance. Covid related shutdowns and demand slowdown have led to significant demand and supply constraints.

Our focus for the year would be to closely watch our business environment, optimise our cost structure and monetise further the remaining surplus assets to deleverage the organisation. This would assist the Company to garner funds, as and when required, for investing in niche product and business verticals that hold immense promise of delivering better returns going forward.

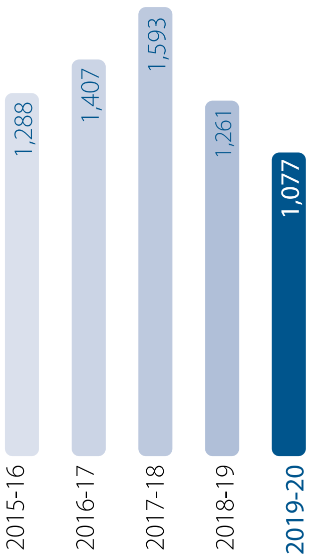
In closing, we take the opportunity to thank the entire team for its passion and dedication to our customers and our business. We express our sincere gratitude to our fellow Directors for their commitment and professionalism in paving the Company's long-term path. Our thanks to all other stakeholders, who continue to be our all weather partners. We also place on record our deep appreciation to all our loyal and valuable shareholders for their continued confidence and support.

It's your confidence that has brought us this far, it is this energy that will accelerate us into a new orbit.

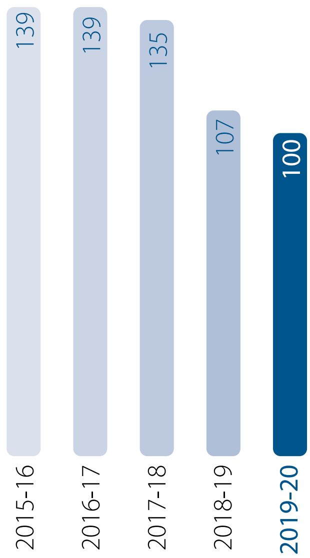
Warm regards,
The Management Team

Key performance indicators

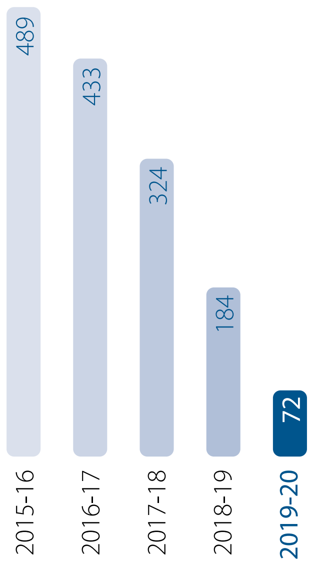
Revenues (₹ crore)



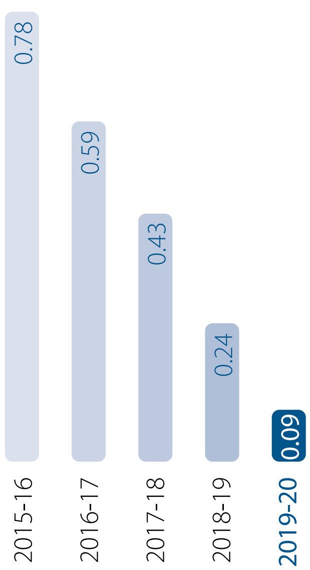
EBITDA (₹ crore)



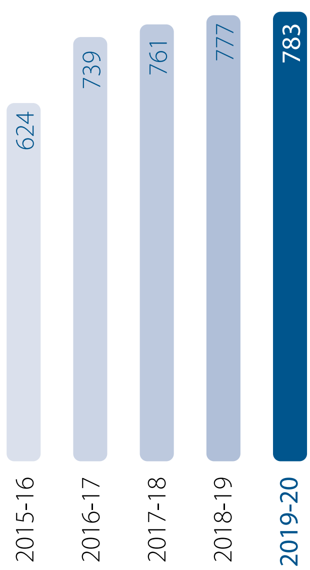
Net Debt (₹ crore)



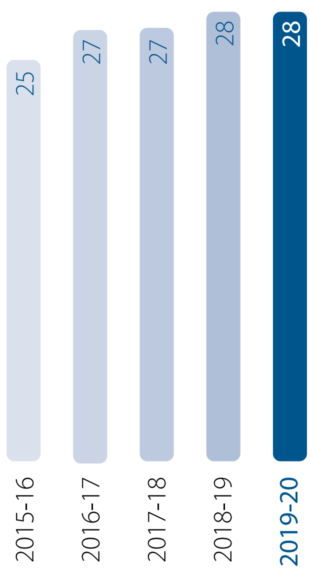
Debt-equity (x)



Networth (₹ crore)



Book value (₹ / Share)



Business highlights

Batteries

Secured large PLT orders of about 70MW for data centers; the Company is expanding its product range to cater to the growing data center demand.

Delivered large capacity NCPP battery systems for Floating Liquefied Natural Gas (FLNG) facility in Mozambique, Africa.

Supplied NCPP batteries worth US$3 million for the Qatar football stadium to host the 2022 FIFA World Cup.

Electronics

Obtained RDSO approval for TCAS to be deployed for train speed up to 160 kmph.

Received approvals for battery chargers from Distribution Code Review Panel of Oman and Abu Dhabi Water and Electricity Authority.

Developed a new range of high-efficiency motors, which do not use any imported raw materials, for electric drive train solutions.

Defence

Received a contract for manufacture and supply of Type I (Kilo class) submarine batteries for the Indian Navy.

Secured the manufacture and supply contract from Bharat Dynamics Limited for Varunastra torpedo batteries for the Indian Navy.

Signed a technology transfer agreement with the Naval Science & Technological Laboratory (NSTL) for manufacture of lithium ion batteries for various defence applications.

0.81	148	783
Earnings per share (₹)	Net Cash from Operations (₹ crore)	Networth (₹ crore)

An overview of the economy

A continued sluggishness in global business environment weighed on the Indian economy too, pulling its Gross Domestic Product (GDP) down to an 11-year low of 4.2% in 2019-20 from 6.1% a year ago. It consequently widened the government's fiscal deficit to 4.6% of GDP, outstripping the Budget projection of 3.8%.

A rebound in the farm sector and a sharp spike in government spending helped the ailing economy. While agriculture growth almost doubled to 4% over the previous year, spending in administration, defence and other services saw a double-digit growth of 10% - up from 9.4% in 2018-19.

But the disturbing reality was a sharp decline in all three components of demand - consumption, investments and exports - into the negative territory. Gross Fixed Capital Formation (GFCF), which indicates the level of investment activity in the economy, was down to less than 30% of real GDP. Compared to 2018-19, GFCF saw a contraction of 2.8%, highlighting the deeper problems underlying the slowdown.

In this reign of darkness, there was a flash of silver lining when India emerged as the fifth-largest economy in the world with a gross GDP of US$2.94 trillion, and jumped 14 places on the World Bank's Ease of Doing Business 2020 index to 63rd spot in 2019-20. Foreign direct investment (FDI) in India grew by 13% to a record US$49.97 billion in 2019-20 against US$44.36 billion in 2018-19.

The Indian economy received an unexpected blow when the Covid-19 outbreak sent the whole world to the edge at the end of March 2020. The Indian government enforced one of the longest and the strictest lockdowns in the world to contain the spread of the disease. It triggered severe demand-supply shocks and nixed the economy's incipient recovery with further job losses across sectors.

However, the history of Indian civilisation is marked by instances of remarkable resilience. Experts strongly believe that this too shall pass, and the economy will begin to rebound, though gradually, once the lockdowns are lifted, breathing fresh life into people and their livelihood.

BUSINESS
VERTICAL - 01

Batteries

THE battery division is the flagship revenue vertical for HBL. What makes it unique is the multiple technologies deployed at the manufacturing facilities which position the Company as one of the largest suppliers of batteries for industrial applications.

The Company manufactures a wide range of lead-acid batteries at its two fully-integrated facilities in Andhra Pradesh and Telangana which cater to the Telecom, UPS, Railways, Solar and Power sectors.

The Telecom batteries, the mainstay for the vertical, continued to suffer under a gloom prevailing in the telecom sector. The challenging industry environment, coupled with delay in merger of two large tower entities and revival of state-owned telecom entities - BSNL and MTNL, have extended the slowdown in demand for batteries for almost two years. An undesirable battery pricing scenario prevailed through the year, making the cost of doing business in this sector unattractive temporarily. Under the circumstances, HBL adopted a calibrated strategy of being selective in accepting business, though it led to a reduction in business share.

The Company is consolidating its lead acid battery manufacturing operations at Vizianagaram, Andhra Pradesh, which had progressed as planned for most part of 2019-20 but suffered delays owing to the lockdown on account of Covid-19. Now, with the government lifting the lockdown systemically, the Company is hopeful of completing the consolidation process.

The Company has made considerable progress in its 12V AGM VRLA batteries meant for UPS applications. Under Digital India Mission, HBL supplied more than 100,000 batteries for broadband connectivity and V-Satellite link. It secured approvals from major UPS OEMs and consultants which will drive volumes going forward. Considering the growing opportunities over the horizon, HBL is enhancing its UPS capacity in a phased manner.

A further boost came from the Indian Railways, which has shown a preference for VRLA batteries; this choice has reduced the battery vendor base for the Indian Railways. For HBL, it has considerably improved business volumes with the Indian Railways. The Company secured the Research Design and Standards Organization (RDSO) approval for 24V-500Ah and 110V-300Ah VRLA batteries for new applications.

Moreover, HBL has successfully supplied battery power back-up solution to railway coaches manufactured by Siemens for use in Germany. This is an important watermark to the Company's quality standards.

Pure Lead Thin Plate (PLT) batteries have been another major business driver for HBL. The traction in Data Centre UPS application for PLT batteries has been encouraging. The Company secured large orders of about 70MW for data centres. HBL is confident of positioning its PLT batteries as a preferred product in data centre applications because of its superior high-rate discharge performance and considerable savings in capex/opex for the end-user.

HBL is expanding its PLT product range to cater to the growing data centre demand. It also strengthened its private label association with Cummins. While business with Cummins for PLT batteries has been on the rise, the two enterprises have begun exploring new avenues to expand the application horizon for the product.

Although the demand for batteries for renewable energy (solar) applications remained subdued because of restricted government spending on account of state and central elections in 2019, HBL continued to be a preferred vendor for tubular gel batteries for solar and micro and mini grid (ESS). It supplied large quantities of tubular gel batteries for solar based telecom towers in the North Eastern States of India during the year under review.

To expand product variant for Energy Storage Solutions (ESS), the Company is developing a lead carbon variant of VRLA battery, which is undergoing series of tests at its lab. The Company also possesses capabilities to manufacture Li-ion batteries for ESS.

The Company's domestic business for Nickel Cadmium Pocket Plate (NCPP) batteries witnessed strong order flow and sales execution in 2019-20. Being the most preferred vendor in India, HBL secured large orders for supplies to GAIL - Pipeline projects during the year. The performance of NCPP export business was also extremely satisfying.

HBL delivered six large-capacity battery systems for Floating Liquefied Natural Gas (FLNG) facility in Mozambique, Africa. It also supplied batteries worth US$3 million for the Qatar football stadium which will host the 2022 FIFA World Cup. The Company secured several key overseas end-user and EPC integrator approvals for NCPP product that will generate business in the years to come.

Despite the economic woes, prospects for the domestic NCPP battery division look healthy for the current year. While domestic order flow continues to be stronger, export demand is slowing down on account of the Covid-19 pandemic and stress in global crude prices.

Medium-term outlook for key user sectors

Telecom

Advantage India

Robust demand

India is one of the largest data consumers globally. It has the highest usage per smartphone at an average of 9.8GB per month.

India ranks second in terms of number of telecommunication subscriptions, internet subscribers and App downloads* globally.

Attractive opportunities

With 70% of the population staying in rural areas and with rural subscribers forming 43.69% of the total telephone subscribers as of January 2020, India's rural market will drive growth in the coming years.

Policy support

The Government of India has unveiled the National Digital Communications Policy, 2018 in September 2018. The policy aims to attract US$100 billion worth of investment and generate 4 million jobs in the sector by 2022.

The Government of India launched the National Broadband Mission with an aim to provide Broadband access to all villages by 2022.

Increasing investment

Expenditure on telecom infrastructure and services by the Government of India grew six-fold to ₹ 60,000 crore (US$8.31 billion) between 2014 and 2019.

*NOTE: *COMBINED IOS APP STORE AND GOOGLE PLAY*

India is currently the world's second-largest telecommunications market with a subscriber base of 1.20 billion and has registered strong growth in the last decade and a half. The Indian mobile economy is growing rapidly and will contribute substantially, about 8%, to India's Gross Domestic Product (GDP), according to a report prepared by GSM Association (GSMA) in collaboration with Boston Consulting Group (BCG).

Although the telecom sector is expected to remain lacklustre in the near-term, its prospects over the medium term appear promising.

Revenue from the telecom equipment sector is expected to grow to US$ 26.38 billion by 2020. The number of internet subscribers in the country is expected to double by 2021 to 829 million and the overall IP traffic is expected to grow four-fold at a CAGR of 30% by 2021. The Indian Government is planning to develop many smart cities, and IoT will play a vital role in developing these cities. The National Digital Communications Policy 2018 envisaged attracting investment worth US$100 billion in the telecommunications sector by 2022. App downloads in India is expected to increase to 37.21 billion in 2022.

Data consumption in India is setting new global records. From data consumption of 12 GB data per month on an average in 2019, data consumption is estimated to reach 25 GB per month in 2025. This explains the estimated steep climb in the valuation of Jio Platforms (JPL), the parent company of Reliance Jio Infocomm, which is set to jump 66% to US$110 billion by FY22 from around US$66 billion now. Data consumption in India is expected to be the next big revolution over the medium term. Moreover, this trend is laying the turf for the advent of the superior 5G technology.

A typical 5G base station consumes up to twice or more the power of a 4G base station. According to Huawei data on RRU/BBU needs per site, the typical 5G site has power needs of over 11.5 kilowatts, up nearly 70% from a base station deploying a mix of 2G, 3G and 4G radios.

These factors will lead to an increased power consumption and resultant demand for back-up power solutions.

Data Center

Since being introduced in India in mid-2010, data centres have been growing in importance as more and more organisations drive demand for hybrid cloud and multi-cloud computing capabilities. With growing digital consumption patterns such as online gaming, e-education, streaming, e-commerce, total internet hits etc. are expected to see a huge demand for data centres.

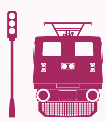
Further, the policy impetus such as National E-commerce Policy, Personal Data Protection Bill, Data Centre Parks and digital initiatives by the Indian Government will accelerate the demand.

The country's data centre capacity is set to grow 2x by 2025. The Indian data centre sector is expected to see 431 MW (IT power load) capacity additions during 2020-24. This would require a total design power capacity addition of ~713 MW. Based on the industry benchmark of US$ 4 million per MW, this would require an investment of US$ 4.6 billion over the next five years. This investment excludes land costs.

According to various industry estimates, the data centre outsourcing market in India, currently pegged at close to US$2 billion, is projected to record a CAGR of 25% to reach US$5 billion by the financial year 2023-24.

The industry seems to be on a stream to exceed the forecast as reported by various industry commentators and marketers. It is estimated that an investment of around US$10 billion is expected to happen in the data centre space in the near future.

Railways



Advantage India

Growing demand

Increasing urbanisation and rising income (both urban and rural) is driving growth in the passenger segment.

Attractive opportunities

Freight traffic is set to increase significantly due to rising investment and private sector participation.

Higher investment

Rail infrastructure will see an investment of ₹ 50 lakh crore (US$715.41 billion) by 2030.

Railway infrastructure investment is expected to increase from US$58.96 billion in 2013-17RE to US$124.13 billion by 2018-22E.*

Policy support

The government has increased the scope of PPP beyond providing maintenance and other such supporting roles. PPP is being utilised in areas such as re-development of stations, building private freight terminals and private container train operations

NOTE: *As per CRISIL infrastructure Yearbook 2017, RE-revised Estimates, E-Estimates, PPP-Public Private Partnership

The Indian Railways is among the world's largest networks, spread over 1,23,236 km with 13,452 passenger trains and 9,141 freight trains carrying 23 million passengers and 3 million tonnes (MT) of freight every day across 7,349 stations. India's railway network is recognised as one of the largest railway systems in the world under a single management.

The Government of India has focused on investing in railway infrastructure by making investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains.

The Indian Railway network is growing at a healthy rate. In the next five years, the Indian Railway market will be the third largest, accounting for 10% of the global market. The Indian Railways is targeting to increase its freight traffic to 3.3 billion tonnes by 2030 from 1.1 billion tonnes in 2017.

In one of the most path breaking strategic shifts, the Indian Railways, for the first time in decades, has invited proposals to allow private companies to run 151 modern passenger trains over 109 Origin Destination (OD) pairs of routes. The objective of this initiative is to introduce modern technology rolling stock with reduced maintenance, reduced transit time, boost job creation, provide enhanced safety, and provide world class travel experience to passengers.

Metro rail (subway) systems are also bringing about vast changes in Indian cities at a breath-taking pace. Over the past 5 years, metro projects totalling 877 km were put in the pipeline in 27 cities, of which 400 km have been laid and the work on the remaining sections is underway. Moreover, metro rail networks stretching over 1,500 km, including Rapid Rail Transit System (RRTS) projects, are being proposed to be laid over the next 5 years with an investment of ₹ 3 trillion, across various cities, according to the Union Housing and Urban Affairs Ministry of India.

BUSINESS
VERTICAL - 02

Electronics

THE electronics business vertical is an important portfolio for HBL that promises to drive business profitability over the medium term. The optimism around this vertical is based on the reality that the Company has little competition in the solutions it offers. With these solutions being developed in-house, the Company enjoys the flexibility to customise them for tailored applications. HBL has created three sub-verticals - Railways Electronics, Industrial Electronics and Electric Mobility - under this division to ensure adequate attention to each segment.

Railways Electronics

HBL has developed two solutions that address the burning issue of safety - a high-priority area for the Indian Railways.

1) Train Collision Avoidance System (TCAS): HBL has secured an order in FY19, for installing TCAS over 350 kms of track and 30 locomotives through a tender from the South Central Railway. The execution is expected to be completed by July 2021. HBL has also received the stringent RDSO approval for deploying TCAS for train speeds of up to 160 kmph. Approval for deployment of TCAS in auto-signalling sections is in an advanced stage and is expected to be received in Q3 FY21.

After more than a decade of patient and painstaking efforts, TCAS is now ready for deployment on the entire Indian Railways network. More projects for TCAS deployment across India are expected to be announced in the near-term with the railways going all out to upgrade its network safety. During 2019-20, the Company made important investments in ramping up the infrastructure and capabilities to enhance productions and productivity.

2) Train Management System (TMS): As the Company progressed well on executing the TMS project for the Eastern Railway in Sealdah Division, bagged in 2018-19, it is ready to participate in larger projects.

What is indeed heartening is that the Indian Railways has announced a budget approval of ₹ 2,000 crore for more TMS projects that include the provision for Centralised Traffic Control (CTC). HBL is implementing CTC in the ER-Sealdah project and is currently the only Indian company to have this technology.

The Indian Railways has accepted the TCAS and TMS as new-age signalling solutions suited to the Indian context. With an increased focus and growing investment towards signalling, the demand for these solutions is expected to increase. The government's focus on 'Atmanirbhar Bharat' is expected to facilitate HBL in capitalising on emerging signalling opportunities by leveraging its niche TCAS and TMS solutions.

Industrial Electronics

Fiscal 2019-20 was an important milestone for this segment as it received approvals for its in-house developed battery chargers from Distribution Code Review Panel from foreign regulatory agencies. The approving authority in Oman cleared these products for deployment in electricity distribution projects in the country. The Abu Dhabi Water & Electricity Authority has also given the approval for use of these products in its projects.

During the fiscal, the Company made significant progress in developing Battery Monitoring and Management Systems for various mission-critical applications for railways (on-board battery monitoring), data centres (back-up batteries) and electric vehicles (traction batteries). It secured the all-important first breakthrough order from the New York City Transit Authority for installation in their metro trains.

FY20 was marked with significant improvement in delivery performance of battery chargers along with increased investment in R&D in automation. It will simplify many engineering tasks for customised charger projects. It will also help develop a platform technology for making customised chargers within 6 to 8 weeks as against 12 weeks lead time it takes now.

Electric Mobility

Permanent magnet motors used in electric vehicles are made of critical raw materials like rare earth magnets - more than 90% of the world's reserves of these raw materials are available only in Chinese controlled territories. To make electric vehicles a sustainable solution, HBL developed an alternate technology for high-efficiency motors used in traction application in electric vehicles. The raw material for this is available in India.

The Company has successfully developed the motors and controllers. It is working on integrating these components into an electric drive train kit that can be installed on intra-city commercial vehicles like buses and trucks. HBL hopes to secure the regulatory approvals, in the coming years, for these vehicles as it may become a game changer in India's aspiration towards a cleaner world.

Medium term outlook

The Indian Railways has created a reserve fund called The Rashtriya Rail Sanraksha Kosh (RRSK) with a corpus of ₹ 1 lakh crore for spend on safety over a period of 5 years starting 2017-18.

The Indian Railways has also formulated a programme for planned upgradation of the signalling system for improving safety, line capacity as well as to run trains at a higher speed. The project will be implemented following approval from the Niti Aayog, Extended Board for Railways (EBR) and sanction of Cabinet Committee on Economic Affairs (CCEA) at a cost of ₹ 77,912 crore.

The upgradation project will include Automatic Train Protection System, Train Collision Avoidance System (TCAS), Long Term Evolution based Mobile Train Radio Communication System, Remote Diagnostic and Predictive Maintenance System, Electronic Interlocking System, and Centralised Traffic Control System or Train Management System (TMS).

BUSINESS
VERTICAL - 03

Defence

THE defence vertical of HBL is a vanguard in battery manufacturing for the defence sector. It manufactures specialised batteries for use in niche defence applications like fighter aircraft, unmanned aerial vehicles, submarine propulsion, light weight and heavy weight torpedoes, battle tanks, missiles and artillery fuses.

Fiscal 2019-20 was an important period for the Company in terms of growth and achievements which promise an uptick in business momentum.

While the domestic revenue stayed largely flat, exports gained traction with more than 70% jump. The standout feature for 2019-20 was bagging of orders that would drive the business for next two years.

HBL received a large order for manufacture and supply of the Varunasthra Torpedo batteries for the the Indian Naval forces.

The Company secured a sizeable contract to manufacture and supply Type I (Kilo class) submarine batteries to the Indian Navy. This contract is particularly important as it opens a world of new opportunities.

The Company bagged a contract for development and supply of Type-II (HTW class) submarine battery to the Indian Navy.

An important highlight was the execution of a technology transfer agreement with the Naval Science & Technological Laboratory for the manufacture of lithium ion batteries for defence applications. This, too, will open new opportunity vistas over the coming years.
On the export front, the Company obtained prestigious, large-value orders for thermal batteries which should help accelerate exports in the current year.
The Company continued to pursue opportunities for artillery fuses. The Indian Army has activated its 2018 tender for supply of artillery fuses. HBL has been asked to submit samples for testing and qualification. The Company made considerable progress towards developing the LWT (Light Weight Torpedo) and HWT (Heavy Weight Torpedo) batteries for the Indian Navy, which is expected to be completed by FY21 and FY22, respectively.

As part of the Indian Defence Budget Allocation, the government has apportioned ₹ 1.18 lakh crore as capital outlay for 2020-21. The simmering tension on the China borders has forced the government to hasten procurement of indigenous supplies. These realities promise to provide interesting opportunities for companies, small and large, catering to the defence forces over the coming years.

The Ministry of Defence (MoD) has recently released the draft Defence Procurement Procedure (DPP) 2020. The new draft DPP is in line with the Government's long-running targets to boost indigenous defence capability and reduce reliance on imports under its 'Make in India' initiative and the 'Atmanirbhar Bharat' vision. The draft DPP 2020 proposes higher levels of local content and new multipliers in defence offsets. The intent of the new DPP is to further promote indigenous design capability and higher localisation, both of which, if implemented effectively, could potentially increase the role of the domestic industry, especially the private sector, in defence production.

Quality management

QUALITY is an inherent part of the HBL culture, reflected in its products that continue to deliver superior performance across applications. This is also reflected in the approvals which the Company has secured from quality-respecting institutions and enterprises in India and across the globe.

HBL is approved by FAA and EASA for the supply of on-board batteries for Boeing, Airbus and Bombardier aircrafts. Moreover, the increasing acceptance of its products by the Indian Defence forces and various global enterprises bears testimony to the Company's passion for quality.

The Company's long-term commitment to quality is demonstrated by its certifications like ISO 9001 - 2015, ISO 14001 - 2015, Intertek EU Product Compliance Certificate, ISO 22167-2017 - IRIS - Rev 3 (Railway business) and AS 9100D (Aviation, Space and Defence Organisations) and EASA regulation.

To inculcate a culture of quality at the ground level, the Company has deployed globally accepted quality management tools such as Quality Circles, 5S and Six Sigma. It has encouraged team members to undertake training and certification course for 5S and Six Sigma. These efforts are helping to transform quality from a shopfloor practice into an organisational culture.

Human resources

HUMAN capital is the biggest resource in the HBL coffers. For it is their innovative spirit, nurtured over the years, that has enabled the Company to be a technology leader in its business spaces.

The recruitment policy at HBL is structured to make its talent pool the brightest and fittest in an increasingly dynamic marketplace. The HR team has devised a framework to constantly upgrade and sharpen the skills of this invaluable asset.

The team consists of about 1,700 members, including 300+ engineers, who remain focused on identifying technology gaps and developing innovative and relevant solutions that facilitate in spotting new business opportunities.

The HR policy is devised to build a smarter workforce that stays tuned to the rapidly evolving business dynamics and infuse a culture of adaptability to changes, agility to work fast, and an affinity to grow.

HBL believes in the concept of self-learning. It encourages its team members to identify areas of improvement and knowledge enhancement for sharpening their skill sets and enthusing them to perform better every day.

Internal control & its adequacy

HBL maintains a system of well-established practices and procedures for effective internal control of operations and other allied activities. The internal audit function is strengthened in consultation with statutory auditors and the Audit Committee for monitoring compliances and operational aspects. The Company has appointed an independent agency as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. Material controls and systems related issues are brought to the attention of the Audit Committee for periodic reviews. The Company is diligent in adhering to various QMS standards and to standard operating practices in its manufacturing and operating activities.

Key financial ratios

In accordance with the amendments notified in Regulation 17 of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 on 9 May 2018, the details of significant changes in the key financial ratios as compared to the immediately previous financial year are reported hereunder:

Particulars	As at 31st March 2020	As at 31st March 2019	Change	Reason for change
Debtors' turnover	3.09	2.97	4%	
Inventory turnover	3.46	3.67	(6)%	
Interest coverage ratio	3.45	2.74	26%	Improvement owing to reduction in borrowings
Current ratio	2.69	2.10	28%	Improvement owing to reduction in working capital borrowings from banks
Debt equity ratio	0.09	0.24	61%	Improvement owing to reduction in borrowings
Operating profit margin (%)	3.54%	3.74%	(5)%	
Net profit margin (%)	2.08%	1.98%	5%	
Return on Net Worth (%)	2.86%	3.20%	(11)%	

Health, safety & environment

HBL with a strong belief and determination in maintaining a supportive ecosystem, has integrated its economic goals with its environmental objectives. The OHSAS 18001-2007-certified organisation has fostered a culture of strong commitment to environment by strictly adhering to the guidelines laid out by various committees and regulatory authorities.

Health

HBL carries out regular health check-ups for its employees and constant monitoring of the working environment at the shopfloor as well as across the organisation.

Safety

If human capital is what matters most to HBL, then it is natural that the Company will care to ensure safety for its employees. The Company constantly monitors and upgrades the various safety measures like fire safety, accident prevention and disaster control mechanisms. HBL's concern for the safety of its people is visible during the Covid-19 pandemic. The Company is strictly maintaining social distancing norms across all its facilities and offices, and following standard operating procedure, including periodical sanitisation. Moreover, the Company has decided to provide financial assistance to all its employees for Covid-19 insurance cover to help them cope with this health scare.

Environment

In sync with the global policy to reduce, reuse and recycle wastes, HBL has always taken a host of initiatives. These include effective treatment of wastes generated at its manufacturing units, adequate sewage water treatment mechanism, and maintenance of zero liquid discharge. Water harvesting points have been selected strategically across the plants to meet its long-term sustainability goals. The Company has created a wide green cover around every manufacturing facility covering about 50% of the land area. It is a commendable move towards reducing its carbon footprint.

Corporate Social Responsibility

SERVING societies is innate in the genes of HBL. Over the years, the Company has created a systematic approach to ameliorate the conditions of the underserved strata of the society.

HBL aims for maximum impacts in its CSR initiatives with a major focus on healthcare, education, sanitation and general wellbeing.

Healthcare

HBL realises that children are the future of the nation. It provides aid to 92 Anganwadi Centres, and supports 1,926 children in the age group of 3-5 years. The Company organises voluntary medical camps periodically to counsel students and ensure their mental and physical wellbeing.

Education

HBL believes that women are the backbone of the society. The Company actively works towards supporting education for girls by providing various scholarships. It supports pre-primary and primary education by providing learning materials, toys, uniforms and encouraging the students to go for higher education.

Sanitation

A society is healthy when it is clean. HBL conducts programmes and workshops with local communities to inculcate in them the habit of hygiene and sanitation. Initiatives like waste collection and waste management resulted in better health condition and sanitation levels in these communities.

Potable Water

The Company works with the local communities to create and maintain drinking water providing facilities, enabling a safe and healthy environment.

Wellbeing

In order to uplift the underprivileged and special children, HBL supports various groups such as Akshaya Patra Foundation, Anuraag, NICE (Needy Illiterate Children Education) and Jyothi Ashram (an orphan home).

Corporate information

Board of Directors

Executive Directors

Dr. A J Prasad
Chairman & Managing Director

M S S Srinath
Whole Time Director

Kavita Prasad
Whole Time Director

Non-Executive Independent Directors

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

Non-Executive Non-Independent Directors

Ajay Bhaskar Limaye
Abhishek G Poddar

Audit Committee

P Ganapathi Rao
Chairperson

M S S Srinath
Member

Preeti Khandelwal
Member

K V Sriram
Member

Richa Datta
Member

Kavita Prasad
Member

Key Managerial Personnel

Chief Financial Officer
K. Sridharan

Company Secretary
MVSS Kumar

Bankers

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

Statutory Auditors

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

Cost Auditors

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

Registered Office:

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

Registrar and Share Transfer Agent

KFin Technologies Private Limited
(formerly known as Karvy Computershare Private Limited)
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda,
Hyderabad-500 032
Contact Person: Mr. B Srinivas, Deputy Manager
Phone nos. + 91-40-67161530

NOTICE

Notice is hereby given that the Thirty-fourth Annual General Meeting of the members of HBL POWER SYSTEMS LIMITED will be held on Thursday, September 24, 2020 at 4.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

Ordinary business:

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) of the Company for the financial year ended March 31, 2020 together with the reports of the Board of directors and auditors thereon.

2. To confirm the interim dividend of ₹0.20 per equity share declared and paid during for the financial year 2019-20.

3. To declare dividend for the year ended March 31, 2020.

4. To appoint a director in place of Mr. Abhishek G Poddar (DIN: 07143528) who retires by rotation and is eligible for re- appointment.

5. To appoint auditors for the year 2020-21 till the conclusion of the next Annual General Meeting (AGM) and to authorize the Board to fix their remuneration.

   "RESOLVED that pursuant to the provisions of Section 139 and any other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, and on recommendation of the Board of Directors (including Audit Committee of the Board), M/s. Rao & Kumar, Chartered Accountants, Visakhapatnam (ICAI Firm Registration No. 03089S) who were appointed as statutory independent auditors of the Company at the 31st Annual General Meeting (AGM) held in 2017 and hold office for a period of five years until the conclusion of the 36th AGM of the Company to be held in the year 2022, be and are hereby ratified to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on such remuneration and reimbursement of out of pocket expenses (if any) as may be determined by the Board of Directors of the Company."

Special business:

6. **Re-appointment of Dr. Aluru Jagadish Prasad as Chairman and Managing Director of the Company for a further period.**

   To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

   "RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee, pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions if any including enactments, and Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, approval of the members of the Company be and is hereby accorded for appointment of Dr. Aluru Jagadish Prasad (DIN:00057275) as Chairman and Managing Director of the Company for a period of 5 years, with effect from October 01, 2020 to September 30, 2025 on the following remuneration, terms and conditions as detailed below:

   I. Basic Salary:

   ₹60 lakhs per annum and other allowances as per Company policy, and Perquisites as below.

   II. Perquisites:

   a) House Rent Allowance or Provision of House Accommodation subject to a maximum monthly rent at 60% of basic salary, over and above 10% payable by the Managing Director.

      The Expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax Rules, 1962. This shall however subject to ceiling of 10% of the salary.

   b) Leave Travel Allowance: Actual Traveling Expenses incurred for self and dependents, not exceeding one-month basic salary for every year of service.

   c) Medical Reimbursement: Membership or the Subscription paid to any hospital and /or doctors schemes or and insurance company in India and all hospital and medical expenses incurred for self and family subject to ceiling of one month's salary in a year.

d) Club Fees: Fees of clubs subject to maximum of two clubs, excluding admission and the life membership fees.

e) Personal Accident Insurance: Actual premium borne by the company.

f) Company's Contribution to Provident and Superannuation fund to the extent of these either singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed half month's salary for each completed year of service.

g) Encashment of Leave at the end of the tenure will not be included in the computation of perquisites.

h) The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of a car with driver for use on company's business and telephone usage including mobile phone will not be considered as perquisites.

III. Commission :

Subject to the overall limits laid down in Section 197 of the Companies Act, 2013 and rules made thereunder, 5% Commission to be paid as percentage of the Profit of the Company for the year. Notwithstanding anything mentioned above, wherein any financial year during the currency of tenure of the Managing Director, the company has no profit or its profit are inadequate it may pay the Managing Director remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration under Section II of Part II of Schedule V of the Companies Act, 2013 including any amendment thereof.

IV. Other Terms:

The Appointment is subject to determination by giving three month notice by either party and other rules and regulation of the Company.

IV. Nature of Duties:

Dr A J Prasad shall carry out such functions, exercise such powers and perform such duties as the Board shall, from time to time, in their absolute discretion determine and entrust to him.

Unless otherwise stipulated, for the purpose of this resolution, the perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

The limits stipulated in this resolution are the minimum limits and the Board may in its discretion revise the remuneration from time to time within the permissible limits stipulated in the Companies Act 2013.

RESOLVED FURTHER THAT Dr AJ Prasad, Chairman and Managing Director shall be entitled to reimbursement of actual travelling, boarding, lodging, entertainment and any incidental expenses in India or abroad, incurred by him in connection with Company's business purposes.

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

7. Appointment of Mr. MSS Srinath as President of the Company

To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of sections 188(1), 188(1)(f) of the Companies Act, 2013 read with Companies (Meeting of Board and Its Powers) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013 including statutory modification(s) or re- enactment thereof for the time being in force and as may be enacted from time to time, the consent of members be and is hereby accorded to the appointment of Mr. MSS Srinath w.e.f. September 01, 2020 holding office or place of profit, as President of the Company who is related to Dr. A J Prasad, Chairman and Managing Director and Mrs. Kavita Prasad, Director of the Company as per terms and conditions mentioned below:

I. Basic Salary :

₹36 lakhs per annum and other allowances as per Company policy, which includes perquisites as below.

II. Perquisites:

a. House rent allowance or Provision of house accommodation subject to maximum monthly rent at 40% of the basic salary.

b. Salary of a driver appointed by the appointee for engaging on official duties will be reimbursed by the Company.

c. Leave travel allowance: Actual traveling expenses incurred for self and dependents, not exceeding one month's basic salary for every year of Service.

d. Reimbursement of medical expenses incurred by self and dependents not exceeding ₹15,000/- for every year of service.

e. Annual leave with Salary as per the rules of the Company.

f. Company's contribution to provident fund and gratuity as per the rules of the Company.

g. Provision of a car for the use of Company's business and telephone at residence (including usage of mobile phone) will not be considered as perquisites.

IV. Nature of Duties:

Mr. MSS Srinath shall carry out such functions, exercise such powers and perform such duties as the Board and the Chairman and Managing Director shall, from time to time, in their absolute discretion determine and entrust to him.

Unless otherwise stipulated, for the purpose of this resolution, the perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

RESOLVED FURTHER THAT the Nomination & Remuneration Committee/Board of Directors has the liberty to alter and vary such remuneration in accordance with the provisions of the Companies Act, 2013, to effect change in designation and responsibilities of Mr. MSS Srinath holding office or place of profit, within the maximum limit approved by the shareholders

RESOLVED FURTHER THAT Mr. MSS Srinath shall be entitled to reimbursement of actual travelling, boarding, lodging, entertainment and any incidental expenses in India or abroad, incurred by him in connection with company's business purposes.

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

For and on behalf of the Board

MVSS Kumar
Company Secretary

Place: Hyderabad
Date : August 14, 2020

Notes:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 6 and 7 of the notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also annexed.

3. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form

and Attendance Slip are not annexed to this Notice.

4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body resolution/authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said resolution/authorization shall be sent to the Scrutinizer by email through its registered email address to cs.gvinay@gmail.com with a copy marked to einward.ris@kfintech.com.

5. The Register of Members and Share transfer books of the Company shall remain closed from September 18, 2020 to September 24, 2020 (both days inclusive). The Company has fixed September 17, 2020 as the 'Record Date' for determining entitlement of members to final dividend for the financial year ended March 31, 2020, if approved at the AGM.

6. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made on September 17, 2020 as under:

   i. To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as of the close of business hours on September 17, 2020.

   ii. To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as of the close of business hours on September 17, 2020.

7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, KFin Technologies Private Limited for assistance in this regard.

8. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with KFin Technologies Private Limited in case the shares are held by them in physical form.

9. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to KFin Technologies Private Limited in case the shares are held by them in physical form.

10. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to KFin Technologies Private Limited in case the shares are held in physical form.

11. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin Technologies Private Limited, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

13. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 23, 2020 through email on investor @hbl.in. The same will be replied by the Company suitably.

14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/ shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.

15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.hbl.in/investor, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL https://www.kfintech.com

16. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

17. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ KFin Technologies Private Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to einward.ris@kfintech.com by 11:59 p.m. IST on September 17, 2020. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on September 17, 2020.

18. The Board of Directors has appointed CS Vinay Babu Gade (MS No.A20592 and COP: 20707), as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The result of E-voting will be declared after the date of Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.hbl.in and on the website of Kfintech.com within two days of the passing of the resolutions at the 34th Annual General Meeting of the Company on Thursday, September 24, 2020 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

19. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

20. Instructions for e-voting and joining the AGM are as follows:

Notes for e-AGM Notice

1. In compliance with applicable provisions of the Companies Act, 2013 read with aforesaid MCA circulars the 34th Annual General Meeting of the company being conducted through Video Conferencing (VC) herein after called as "e-AGM".

2. e-AGM: Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.

3. Pursuant to the provisions of the circulars of AMC on the VC/OVAM(e-AGM):

a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required

b. Appointment of proxy to attend and cast vote on behalf of the member is not available.

c. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

4. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

5. Up to 1000 members will be able to join on a FIFO basis to the e-AGM.

6. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

7. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

Instructions for the Members for attending the e-AGM through Video Conference:

1. Attending e-AGM Video confrenece : Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at https://emeetings.kfintech.com" and click on the "video conference" and access the shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected.

2. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.

3. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

4. Further Members will be required to allow Camera, if any, and hence 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.

6. AGM Questions prior to e-AGM: Shareholders who would like to express their views/ask questions during the meeting may log into https://emeetings.kfintech.com/ and click on "Post your Questions" may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that, members questions will be answered only, the shareholder continue to hold the shares as of cut-off date benpos. The post the questions shall commerce on September 21, 2020 9.00 AM and closes on September 23, 2020 at 5.00 PM.

7. Due to limitations of transmission and coordination during the Q&A session, the company may dispense with the speaker registration during the e-AGM conference.

8. Speaker Registration during e-AGM session: In case of decision to allow the Q&A session in the meeting, meeting may log into https://emeetings.kfintech.com/ and click on "Speaker Registration" by mentioning the demat account number/folio number, city, email id, mobile number and submit. The speaker registration shall commerce on September 21, 2019 (09.00 AM IST) and ends September 23, 2020 (05.00 PM IST).

Instructions for members for e-Voting during the e-AGM session:

1. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page

2. Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

3. Only those shareholders, who are present in the e-AGM and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the e-AGM.

Remote Voting through electronic means

In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the Listing Regulations, the Company is providing facility of remote e-voting facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on September 17, 2020 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by KFin Technologies Private Limited or to vote at the e-AGM. Person who is not a member as on the cut-off date should treat this notice for information purposes only.

i. The details of the process and manner for remote e-voting are given below:

i. Initial password is provided in the body of the email.

ii. Launch internet browser and type the URL: https://evoting.karvy.com in the address bar.

iii. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin Technologies Private Limited for e-voting, you can use your existing User ID and password for casting your votes.

iv. After entering the details appropriately, click on LOGIN.

v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

vi. You need to login again with the new credentials.

vii. On successful login, the system will prompt you to select the EVENT i.e. HBL Power Systems Limited.

viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.

ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at cs.gvinay@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BAL_EVENT No.'

xii. Members can cast their vote online from September 21, 2020 (9.00 a.m.) till September 23, 2020 (5.00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.

xiii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual available at the 'download' section of https://evoting.karvy.com or call KFin on 1800 345 4001 (toll free).

EXPLANATORY STATEMENT

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 6

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its meeting held on June 22, 2020, recommended re-appointment of Dr Aluru Jagadish Prasad as Chairman and Managing Director for a further period of five (5) years with effect from October 01, 2020 to September 30, 2025.

The resolution seeks the approval of the members in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) for the appointments of key managerial personnel.

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

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

ITEM NO. 7

The provisions of section 188(1) of the Companies Act, 2013 Act that govern the Related Party Transactions require a Company to obtain prior approval of the Board of Directors and in certain cases approval of the shareholders also required.

Section 188(1)(f) of the Companies Act, 2013 provides for the related party's appointment to any office or place of profit. The Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee, at their meeting held on August 14, 2020 had approved the appointment of Mr. MSS Srinath w.e.f. September 01, 2020 as President of the Company, whose present term as Executive Director ends on August 31, 2020, subject to approval of the shareholders by way of special resolution.

The details of the remuneration payable to Mr. MSS Srinath is given in the resolution no. 07. As per section 188(1) (f) of the Companies Act, 2013, your Directors recommends the resolutions for your approval.

Dr. A J Prasad, Chairman and Managing Director and Mrs. Kavita Prasad, Director, being relatives are deemed to be interested or concerned in the concerned resolution.

For and on behalf of the Board

MVSS Kumar
Company Secretary

Place: Hyderabad
Date: August 14, 2020

ANNEXURE TO EXPLANATORY STATEMENT

I. General Information:

1. Nature of Industry: The Company is engaged in designing, development and manufacture of specialized batteries and DC systems in India and other engineering products. With over three decades of its experience in this field, the Company offers a wide range of batteries and associated electronics providing its customers, custom built solutions to meet critical requirements. The Company operates from different manufacturing facilities and regional offices across India.

2. The Company has commenced its commercial activity in the year 1977.

3. The Company is in existence for over 3 decades hence, clause 3 of General Information is not applicable.

4. Financial Performance (based on audited financial statements):

(₹ in Crores)

S.No	Financial Year	Paid-up Capital	Sales	Profit before Tax	Profit after Tax	Dividends (as % of paid up capital)
1	31.03.2016	25.30	1288.36	32.77	19.43	25
2	31.03.2017	27.72	1529.86	50.07	35.61	25
3	31.03.2018	27.72	1624.11	52.24	29.66	25
4	31.03.2019	27.72	1257.20	40.05	25.11	30
5	31.03.2020	27.72	1077.09	37.63	24.07	Interim 20% Final: 10 % recommended

5. Export performance (based on audited financial statements):

(₹ in Crores)

Financial Year Particulars	March 2016	March 2017	March 2018	March 2019	March 2020
Export sales	173.68	173.94	167.58	182.83	191.70

6. There is no Foreign Investment or Foreign Collaboration.

II. Information about the appointees:

1. Background Details : Dr. A.J. Prasad is the promoter and Chairman & Managing Director of the Company. Dr. Prasad is B.Tech from IIT, Khargpur, MS in Management from MIT, USA, Doctorate in International Business from Columbia University, USA.

2. Past Remuneration paid to Dr. Aluru Jagadish Prasad : (₹ in lakhs)

Financial Year	Salary	Commission	Total
2019-20	103.35	110.03	213.38
2018-19	96.15	101.59	197.74
2017-18	96.00	191.27	287.27

3. Recognition or Awards

   Appointee has rich and extensive experience in international business management and operations, which is steering strength for the development of the Company.

4. Job Profile and Suitability:

   Dr. A J Prasad is engaged in overall management of the company with specific focus on new products, organizational development and promotion of export sales.

5. Proposed Remuneration:

   The remuneration is as mentioned in notice and approved by the members of the Company at the Annual General Meeting held on September 29, 2015.

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

   The Company is a medium sized engineering Company and in view thereof, the remuneration proposed and approved by the members at the 29th Annual General Meeting held on September 29 2015 is considered to be reasonable and is within the scale of remuneration payable as per than Schedule XIII of the Companies Act, 1956 and also Schedule V of the Companies Act, 2013 and rules made thereunder, is well in comparison with the remuneration payable to managerial personnel in the industry.

7. Pecuniary relationship directly or indirectly with the company:

   There is no pecuniary relationship of the managerial personnel with the Company indirectly other than the approved remuneration.

III. Other Information:

Inevitable market conditions are the key factors for inadequacy in profits. However, the present special resolution is proposed as an abundant caution to enable the Company to pay remuneration within the limits of Schedule V of the Companies Act, 2013 and rules made thereunder.

IV. Disclosures :

1. The Board has taken required steps to inform the shareholders about the remuneration of Managerial Person.
2. Disclosure in the Corporate Governance Report is attached in the relevant section of this report.

For and on behalf of the Board

MVSS Kumar
Company Secretary

Place: Hyderabad
Date: August 14, 2020

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

Name of the appointee	Mr. Abhishek G Poddar	Dr. Aluru Jagadish Prasad
DIN	07143528	00057275
Category	Non-Executive Non-Independent Director	Chairman and Managing Director
Date of Birth	20.01.1982	03.11.1945
Date of appointment / re-appointment	10.08.2018	20.08.1986 Previous appointment was w.e.f 01.10.2015 for five years
Qualification(s)	Chartered Accountant (CA) ; CFA,USA. Graduate in Commerce from Narsee Monjee College, Mumbai University	B Tech from IIT (Kharagpur); MS in Management from MIT, USA, Doctorate in International Business from Columbia University, USA.
Brief profile and expertise in specific functional area	Around 16 years of combined experience in private equity investing and investment banking. Before joining BanyanTree in 2011, he was with Motilal Oswal Private Equity (MOPE).He led a team for five members for tracking the oil and gas industry in the Asia-Pacific geography research unit. He worked for a year at Citibank with their Financial Institutions Group focusing on credit rating analysis for FIG trades.	Overall management of the company with specific focus on product development and promotion of export sales.
Chairman/ Member of Committees of the Board of Companies of which he is a director	NIL	NIL
Shareholding as on 31.03.2020 (Equity)	NIL	0.87%
Last remuneration drawn	NIL	96.15 lakhs
Relationship with other Directors/KMP etc.	No relation	Relative of Directors, Mrs. Kavita Prasad and Mr. MSS Srinath
Meetings of Board attend in 2019-20	Two	Five

For and on behalf of the Board

MVSS Kumar
Company Secretary

Place: Hyderabad
Date: August 14, 2020

DIRECTORS' REPORT

Dear Members

Your Directors take pleasure in presenting the 34th Annual Report for the financial year ended on March 31, 2020. The standalone financial performance is presented below prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended.

(₹ in Lakhs)

Sl.	Particulars	2019-20	2018-19
1	Revenue from Operations	1,07,709.15	1,26,133.75
2	Other Income	1,643.57	1,280.76
3	Total Income	1,09,352.72	1,27,414.51
4	Total Expenditure	1,06,080.08	1,24,073.71
5	Earnings before interest, depreciation and tax (EBIDTA)	9,484.24	10,835.67
6	Finance Costs	2,187.06	3,059.66
7	Depreciation & Amortization expenses	4,024.54	4,435.21
8	Profit before Exceptional items and Tax	3,272.64	3,340.80
9	Exceptional Items – Income / (Expenses)	(490.28)	(664.45)
10	**Profit before tax (PBT)**	3,763.46	4,005.25
11	Provision for tax & Deferred tax adjustment	1,356.19	1,494.35
12	Other comprehensive income (net)	(168.69)	(24.65)
13	**Total Comprehensive Income for the Period (PAT)**	2,238.58	2,486.25
14	Earnings Per Share (Diluted EPS of Rupees)	0.81	0.90
15	Proposed Dividend (on share of ₹1 each)	10%	30%
16	Interim dividend declared and paid	20%	-

Performance review 2019-20

Performance during 2019-20 was subdued due to continued challenges in the market place in Telecom segment, both on volumes and prices, impacting the sales and profitability. Further, preventive lock down measures were imposed during the last two weeks of March 2020 to curb spread of Covid-19; and this lead to complete stoppage of operations and shipments to customers at peak time. These reasons collectively had a bearing on the sales revenue, which was nearly 15% lower than previous year. The Company took measures for cash conservation and cost reduction to maintain adequate liquidity with reduced borrowings, leading to lower finance costs. These measures helped to sustain same level of profit as last year despite registering lower sales. The Company continued to monetize nonproductive assets which helped to augment cash flows.

Impact of Covid-19

Commencing from middle of March 2020, the Covid-19 pandemic has had an impact on the entire business environment in the country and the world over, including affecting the personal lives of the people. The pandemic in India caused significant disturbances and slow-down of the normal activity resulting in interruptions in production, supply chain and sales. Adhering to the Central and State Govt guidelines, our factories and offices were completely shut down from the beginning of the financial year until mid May 2020. Operations resumed with strict adherence to Government guidelines on preventive healthcare measures in mid May. We continued to face challenges in mobilising the manpower requirements and operations gradually ramped up in the first quarter. The operations of the Company have been severely impacted by the various Covid-19 pandemic related developments, like many others. The effect is being felt in the financial year 2020-21 more specifically in the April-June 2020 quarter. We have taken austerity measures to effect cost reductions in these difficult times and are monitoring the situation very carefully to make necessary adjustments needed to keep the financial condition healthy for the rest of the year.

Dividend

During the reporting financial year interim dividend of 20% (ie ₹0.20 paise per equity share of ₹1 each fully paid up) was declared and paid. Your Directors are pleased to recommend a final dividend of 10% (ie ₹0.10 paise per equity share of ₹1 each fully paid up) for the Financial Year 2019-20 subject to the approval of the members at the ensuing Annual General Meeting. The proposed final dividend will absorb ₹277.19 lakhs.

Subsidiaries, Associate and Joint Venture Companies (as on March 31, 2020)

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

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

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

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

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

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

Joint Venture Company

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

Your Company holds a 40% stake in GBC. A petition filed for liquidation (winding up) of GBC was filed in 2017 before a Commercial Court in Saudi Arabia. The petition was declined and we are in consultation with the legal counsel for filing a fresh appeal for liquidation (winding up) of GBC as the accumulated losses are nearly 75% of its Capital. As per Saudi Arabian laws, in a situation like this, such Company is terminated by force of law. We have made provision in our books for diminution of 100% value of these investments. GBC financial statements have not been available for including them in the consolidated financial statements of the Company.

Material Changes and Commitments

No material changes and commitments have occurred after the closure of the FY 2019-20 on March 31, 2020, till the date of this report which would affect the financial position of your Company except due to Covid-19 pandemic related lockdown and consequent financial impact on Company's operations.

Directors' Responsibility Statement

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

i. in preparation of the annual accounts, the applicable Ind AS accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies as per Ind AS and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, cost, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-20.

Directors and Key Managerial Personnel (KMP)

Mr. Abhishek G Poddar (DIN 07143528) retires by rotation and is eligible for re-appointment. Your Board recommends his reappointment.

The Board recommends re-appointment of Dr Aluru Jagadish Prasad (DIN:00057275) as Chairman and Managing Director. Dr. Prasad plays a very vibrant part in the Company. He brings in great expertise in strategic business operations and management. His leadership over the years consistently helped the Company in innovation and performance delivery.

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

Number of meetings of the board

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

Board evaluation

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

Policy on Directors' appointment and remuneration and other details

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

Audit committee

The details pertaining to composition of Audit Committee are included in the Report on Corporate Governance, which forms part of this report. Powers and role of the Audit Committee are included in Corporate Governance Report. The Board of Directors has accepted all the recommendations of the Audit Committee placed at respective meetings.

Risk Management

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

Internal Financial Controls

Pursuant to Section 134 of the Companies Act 2013, the Directors state that the Board, through the operating management has laid down Internal Financial Controls to be followed by the Company and such policies and procedures were adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically. To the best of their knowledge and ability and inputs provided by various assurance providers confirm that such financial controls are adequate with reference to the size and operations of the Company and no reportable material weakness or deficiency in the design or operation of internal financial controls was observed.

Particulars of loans, guarantees and investments

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

Transactions with related parties

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

Corporate social responsibility

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

Extract of Annual Return

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

Information regarding employees and related disclosures

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

S. No	Category	No.of complaints filed during the financial year	No.of complaints pending as on end of the financial year
1	Child labor / forced labor/ involuntary labor	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

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

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

1. It is mandatory for every new joiner to undergo a program on 'Prevention of Sexual Harassment ' during induction program.

2. The Internal Complaints Committee is trained by external agency when the committee members are on-boarded to the committee.

3. Policy of 'Prevention of Sexual Harassment' at workplace is available on internet for HBL employees to access as and when required.

4. The 'Prevention of Sexual Harassment' policy is placed in conspicuous places for better visibility and communication of the policy. The posters are also displayed in regional languages at all HBL offices.

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

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

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

Particulars of employees

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

Employee Name	Dr. AJ Prasad	Mr. Suresh Kalyan	Mr. MVV Vidyasagar
Particulars			
Total remuneration CTC (₹ lakhs)	₹103.35 lakhs and commission ₹110.03 lakhs	₹161.20 lakhs	₹75.06 lakhs
Designation and Nature of Duties	Chairman and Managing Director	Chief Operating Officer (COO)	President – Electronics Group
Qualification / Experience (years)	B. Tech from IIT, Khargpur, MS in Management from Massachusetts Institute of Technology USA, Doctorate in International Business from Columbia University, USA.	BSc. Chartered Accountant 31	BE (Electrical & Electronics) 35
Date of commencement of employment	Promoter of the Company	17.11.2014	01.04.2011
Age (years)	74	56	56
Last employment held before Joining the Company	Administrative Staff College of India	Amara Raja Batteries Limited, Hyderabad, as President – Finance	Director(Operations) at Axiom Consulting Ltd.

a. The ratio of the remuneration of each Non-Executive director to the median remuneration of the employees of the Company for the financial year: Not Applicable as none of the Non-Executive was paid any remuneration.

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

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Dr. A J Prasad, Chairman and Managing Director	No change
Mr. MSS Srinath, Whole-Time Director	No change
Mrs. A Kavita Prasad, Whole-Time Director	No change
Mr. MVSS Kumar, Company Secretary	No change

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

d. The number of permanent employees on the rolls of Company: 1,731 (as at 31 March 2020)

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

Aggregate remuneration of key managerial personnel (KMP) in 2019-20	₹ lakhs	244.99
Commission on profits to CMD		110.03
Revenue 1	₹ lakhs	1,07,709
Remuneration of KMPs	as % of revenue	0.33
Remuneration of KMP	as % of PBT	9.43

f. Comparison of remuneration of each the key managerial personnel (March 31, 2020):

(₹ in Lakhs)

Name of the KMP	Designation	Remuneration	Commission on profit	Total
Dr. AJ Prasad	Chairman and Managing Director	103.35	110.03	213.38
MSS Srinath	Executive Director	54.87	-	54.87
Kavita Prasad	Executive Director	36.00	-	36.00
K Sridharan	Chief Financial Officer	33.84	-	33.84
MVSS Kumar	Company Secretary	16.93	-	16.93
	Total:	**244.99**	**110.03**	**355.02**

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

Only commission on net profits was paid to Chairman and Managing Director in addition to the monthly remuneration.

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

Disclosure requirements

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

Vigil Mechanism / Whistle blower policy

The Company has formulated a vigil mechanism /whistle blower policy to provide a vigil mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and the Regulation 22 of the SEBI (LODR) Regulations, 2015\.

Deposits from public

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

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the Annexure hereto.

Corporate Governance

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

Statutory Auditors

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

The Report given by M/s. Rao & Kumar, Chartered Accountants on the financial statements of the Company for the year 2019-20 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act. Therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Companies Act, 2013.

Cost Auditors

Your Board has appointed M/s K. Narashima Murthy & Co., Hyderabad, Cost Accountants (FRN 000042) as Cost Auditors of the Company for conducting the audit of cost records of the Company. Your Board, on recommendation of the Audit Committee, proposes to re-appoint them as Cost Auditors for 2020-21, subject to the approval from Central Government.

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

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

Secretarial Auditors

CS Kamal Saboo has been proposed to be reappointed (CP No: 20802), Practicing Company Secretary as a Secretarial Auditor for the financial year 2019-20 and his secretarial audit report is attached to this Report in Annexure IV. There are no qualifications, adverse comments and observations in the secretarial audit report for the year 2019-20.

Cautionary Statement

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

Acknowledgements

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

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

For and on behalf of the Board

Dr. A J Prasad
Chairman and Managing Director

Place: Hyderabad
Date : June 22, 2020

ANNEXURE ON
Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo for the Financial Year 2019-2020.

A. Conservation of Energy: Energy saving devices such as re-cycling of heat and use of alternate sources of energy like solar energy/fuel oil are being implemented wherever possible.

B. Technology Absorption: We have in-house R&D facilities. We may avail the Consultancy Services from overseas experts for strengthening our technology, as and when needed. We are in the process of absorbing the technology so developed and improved further.

C. Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

	Particulars	2019-20	2018-19
1	**Value of Imports (on accrual basis)**		
	Raw Materials, Components & Spares	8,803.77	11,654.61
	Capital items/ Equipment	476.27	214.28
2	**Expenditure in Foreign Currency**		
	Commission	159.40	132.12
	Traveling expenses	438.74	949.65
	Professional charges	94.42	245.30
	Marketing expenses	293.88	276.77
	Advances & Others	129.54	336.19
	Total	10,396.01	13,808.92
3	**Foreign Exchange Earnings (on accrual basis)**		
	Export sales	19,176.26	18,282.92
	Services	24.89	20.38

For and on behalf of the Board

Dr. A J Prasad
Chairman and Managing Director

Place: Hyderabad
Date : June 22, 2020

ANNEXURE I

Form No. AOC-2

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

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

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

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2019-20.

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

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

(i) Entities

Name of the related party	Nature of relationship
SCIL Infracon Private Limited	Wholly owned subsidiary – Dormant Company
HBL Germany, GmbH	Wholly owned subsidiary
HBL America Inc, USA	Wholly owned subsidiary
Gulf Batteries Company Limited, KSA	.Joint venture company
Naval Systems and Technologies Private Limited	Associate company
Barclays Wealth Trustees India Private Limited - Trusetee for Aluru Family Private Trust	**.Holding 50.39% shareholding in the Company

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

(ii) Key Managerial Personnel

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

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

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

d. Date(s) of approval by the Board, if any: For entities mentioned in table (a)(i) above, necessary approval was obtained at the 33rd Annual General Meeting of the Company held on September 26, 2019. In respect of the related parties covered in table (a)(ii) approval of the Board was obtained as per the provisions of section 188 of the Act and rules made thereunder.

e. Amount paid as advances, if any: Nil

ANNEXURE II

ANNUAL REPORT ON CSR ACTIVITIES

The standard of HBL' CSR programs is "Enablement". Enablement results in people to lead reasonably an improved life. The Company's focus areas are Education and Skill Development, Health and Wellness and Environmental Sustainability. The Company's contribution concentrates on actions where it can meaningfully participate through the best available channels to achieve the purpose. In addition, HBL also join hands with entities, NGOs and Government.

The communities that the Company chooses are economically backward, and consist of marginalized groups (like women, children and aged) and differently abled. In addition, the Affirmative Action programs of the Company in India are directed towards SC/ST communities as defined by the Government of India. The Company's CSR activities made a difference to the society and the efforts of the Company were well appreciated in various press clippings. The projects undertaken by the Company are within the broad framework of Schedule VII of the Companies Act, 2013 as amended from time to time.

Composition of CSR committee:

The Company has a CSR committee comprising of directors, CA. P Ganapathi Rao, Chairperson of the Committee. Mr. MSS Srinath, Mrs. Kavita Prasad, Mrs. Preeti Khandelwal, Mr. K V Sriram and Mrs. Richa Datta are the members.

Prescribed CSR expenditure:

The Company has been spending on CSR focused programmes which have been approved by the CSR Committee and the Board. A budget of ₹120.00 lakhs for FY 2019-20 was approved by the CSR Committee and the Board of Directors. Against the approved budget, the Company spent ₹115.68 lakhs during the reporting period as per the statement below, which was higher than the minimum required spending being ₹100.00 lakhs under the Companies Act, 2013 for the financial year 2019-20.

(₹ in Lakhs)

Sl	CSR Project	Project area	Spent directly	Spent through agencies	Total
1	Health and Education : Eradicating poverty, hunger, malnutrition, health and pre-school education for children below six years age	Shameerpet , Narsaraopeta, Tumkunta	35.02	1.20	36.22
		Nandigaon & Bhoothpur	21.92	0.48	22.40
		Vizianagaram and VSEZ	41.12	5.00	46.12
2	Water: Providing safe drinking water to school children	Shameerpet , Narsaraopeta, Tumkunta	0.35	-	0.35
		Nandigaon & Bhoothpur	0.85	-	0.85
		Vizianagaram and VSEZ	0.04	-	0.04
3	Health: Promoting preventive health care through medical camps	Shameerpet , Narsaraopeta, Tumkunta	0.02	-	0.02
		Nandigaon & Bhoothpur	0.01	-	0.01
		Vizianagaram and VSEZ	0.03	-	0.03
4	Livelihood: Providing livelihood enhancing skills, empowering women and youth	Shameerpet , Narsaraopeta, Tumkunta	0.06	-	0.06
		Nandigaon & Bhoothpur	0.03	-	0.03
		Vizianagaram and VSEZ	0.05	-	0.05
5	Education: Promoting quality of education for children by providing (required facilities (Soft and Hard	Shameerpet , Narsaraopeta, Tumkunta	0.88	-	0.88
		Nandigaon & Bhoothpur	0.40	-	0.40
		Vizianagaram and VSEZ	0.30	-	0.30

Sl	CSR Project	Project area	Spent directly	Spent through agencies	Total
6	Gender equality: Promoting education and gender equality through assisting finance to girl child and under privileged children	Shameerpet , Narsaraopeta, Tumkunta	1.28	-	1.28
		Nandigaon & Bhoothpur	0.04	-	0.04
		Vizianagaram and VSEZ	0.06	-	0.06
7	To provide financial assistance to the projects related to setting up old age .homes/orphanages and such other facilities for senior citizens		-	2.10	2.10
8	To provide financial assistance to the projects related to skills development .for differently abled and livelihood enhancement		-	1.80	1.80
9	Rural development projects - Village Development		-	2.64	2.64
	Grand Total		**102.46**	**13.22**	**115.68**

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

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

ANNEXURE III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 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: L40109TG1986PLC006745

ii. Registration Date: 29.08.1986

iii. Name of the Company: HBL POWER SYSTEMS LIMITED

iv. Category / Sub-Category of the Company: Company Limited by shares / Indian Non-Government Company

v. Address of the registered office and contact details:
8-2-601, Road No.10, Banjara Hills, Hyderabad-500034, Telangana
Tel: 91 40 2335 5575, Fax: 91 40 2335 5048
Email: contact @hbl.in Website: www.hbl.in

vi. Whether listed company: Yes

vii. Name, address and contact details of Registrar and Transfer Agent, if any
KFin Technologies Private Limited (formerly Karvy Computershare Private Limited)
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.
Tel : +91 040 67161530
E-mail : mailmanager@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacture of batteries, Power Electronics and Spun concrete products	272	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Relevant Section
1	SCIL Infracon Private Limited ## Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015	U45400TG2007PTC054295	WOS	100%	2(87)
2	HBL America Inc. USA	Not applicable	WOS	100%	2(87)
3	HBL Germany GmBH, Germany	Not applicable	WOS	100%	2(87)
4	Naval Systems and Technologies Pvt Ltd. Plot 563, Road 31, Jubilee Hills Hyderabad-500 033	U31403TG2006PTC051006	Associate	41%	2(6)
5	Gulf Batteries Co. Ltd, KSA	Not applicable	Joint Venture	40%	2(6)

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

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

a. Category-wise Share holding

Category	Category of Shareholders	No. of Shares held at the end of the year i.e. 31.03.2019				No. of Shares held at the end of the year i.e. 31.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	PROMOTERS									
1.	INDIAN									
a.	Individual /HUF	1,94,05,073	38,830	1,94,43,903	7.01	2,05,39,681	-	2,05,39,681	7.41	+0.40
b.	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	13,70,73,231	-	13,70,73,231	49.45	13,98,03,916	-	13,98,03,916	50.44	+0.99
d.	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)		**15,64,78,304**	**38,830**	**15,65,17,134**	**56.46**	**16,03,43,597**	**-**	**16,03,43,597**	**57.85**	**+1.39**
2.	FOREIGN									
a.	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
b.	Bodies Corporate	-	-	-	-	-	-	-	-	-
c.	Institutions	-	-	-	-	-	-	-	-	-
d.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter and Promoter Group (A)		**15,64,78,304**	**38,830**	**15,65,17,134**	**56.46**	**16,03,43,597**	**-**	**16,03,43,597**	**57.85**	**+1.39**
B	PUBLIC SHAREHOLDING									
1	Institutions									
a.	Mutual Funds	72,00,000	-	72,00,000	2.60	40,67,819	-	40,67,819	1.47	-1.13
b.	Financial Institutions /Banks	7,12,207	4,000	7,16,207	0.26	4,04,840	4,000	4,08,840	0.15	-0.11
c.	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
d.	Venture Capital Funds	2,68,42,240	-	2,68,42,240	9.68	2,68,42,240	-	2,68,42,240	9.68	-
e.	Insurance Companies	-	-	-	-			-		-
f.	Foreign Institutional / Portfo-lio Investors	16,28,459	-	16,28,459	0.59	16,32,855	-	16,32,855	0.59	-
g.	Foreign Venture Capital Investors	2,89,83,735	-	2,89,83,735	10.46	2,89,83,735	-	2,89,83,735	10.46	-
h.	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i.	Others	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)		**6,53,66,641**	**4,000**	**6,53,70,641**	**23.58**	**6,19,31,489**	**4,000**	**6,19,35,489**	**22.34**	**-1.24**
2	Non- Institutions									
a.	Bodies Corporate	54,18,226	2,000	54,20,226	1.96	36,83,660	2,000	36,85,660	1.33	-0.63
b.	Individuals									
i.	Individuals holding nominal share capital upto `.2 lac	3,91,09,210	27,64,944	4,18,74,154	15.11	4,04,22,546	25,43,844	4,29,66,390	15.50	+0.39
ii.	Individuals holding nominal share capital in excess of `2 lac	28,16,340	-	28,16,340	1.02	35,95,647	-	35,95,647	1.30	+0.28
c.	Others	51,96,451	-	51,96,451	1.87	46,68,163	-	46,68,163	1.68	-0.19
Sub-Total (B) (2)		5,25,40,227	27,66,944	5,53,07,171	19.95	5,23,70,016	25,45,844	5,49,15,860	19.81	+0.32

Category	Category of Shareholders	No. of Shares held at the end of the year i.e. 31.03.2019				No. of Shares held at the end of the year i.e. 31.03.2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Public Shareholding Group (B)		11,79,06,868	27,70,944	12,06,77,812	43.54	11,43,01,505	25,49,844	11,68,51,349	42.15	-0.15
C. Shares held by Custodians and against which depository Receipts have been issued		-	-	-	-					-
GRAND TOTAL (A)+(B)+(C)		27,43,85,172	28,09,774	27,71,94,946	100	27,46,45,102	25,49,844	27,71,94,946	100	-

b. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2019			Shareholding at the end of the year i.e. 31.03.2020			% Change during the year
		No. of Shares	% of total Shares	% of Shares Pledged	No. of Shares	% of total Shares	% of Shares Pledged	
1.	Dr. A J Prasad	24,25,243	0.87	0.00	24,25,243	0.87	0.00	-
2.	Mrs. Kavita Prasad	91,24,123	3.29	0.00	95,06,077	3.43	0.00	+0.14
3.	Advay Bhagirath Mikkilineni	39,17,600	1.41	0.00	39,17,600	1.41	0.00	-
4.	Mr. MSS Srinath	19,06,920	0.69	0.00	19,06,920	0.69	0.00	-
5.	Mikkilineni Deeksha	20,31,187	0.73	0.00	20,31,187	0.73	0.00	-
6.	Mrs. A Uma Devi	38,830	0.01	0.00	7,52,654	0.27	0.00	+0.26
7.	Barclays Wealth Trustees India Private Limited - Trusetee for Aluru Family Private Trust	13,69,51,231	49.41	0.00	13,96,81,916	50.39	0.00	+0.99
8.	Barclays Wealth Trustees India Private Limited - Mikkilineni Family Private Trust	1,22,000	0.04	0.00	1,22,000	0.04	0.00	-
	Total	**1,56,17,134**	**56.46**	**0.00**	**16,03,43,597**	**57.85**	**0.00**	**+1.39**

c. Change in Promoters' Shareholding

SL No	Name of the Shareholder	Beginning of the year		Date and nature of change	Increase/ Decrease		Cumulative	
		No. of Shares	% of Total Shares		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1	Mrs. Kavita Prasad	91,24,123	3.29	Acquired on various days.	+3,81,954	+0.14	95,06,077	3.43
2	Barclays Wealth Trustees India Private Limited - Trustee for Aluru Family Private Trust	13,69,51,231	49.41	Acquired on various days.	+23,70,685	+0.98	13,96,81,916	50. 39
3	Uma Devi Aluru	38,830	0.01	Acquired on various days	+7,13,824	0.26	7,52,654	0.27

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

Sl No	Top 10 Shareholders The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on Permanent Account Number (PAN) of the shareholder.	Shareholding as at 01.04.2019		Cumulative Shareholding as at 31.03.2020	
		No. of shares	% of total shares	No. of shares	% of total shares
1	Banyantree Growth Capital, L.L.C.	2,89,83,735	10.46	2,89,83,735	10.46
2	Oman India Joint Investment Fund	2,68,42,240	9.68	2,68,42,240	9.68
3.	IDFC Sterling Value Fund	58,00,000	2.09	34,67,819	1.25
4.	Bharat Taparia	10,90,000	0.51	10,90,000	0.39
5.	Investor Education And Protection Fund Authority	9,72,210	0.35	9,72,210	0.35
6.	The Emerging Markets Small Cap Series of the DFA	6,27,675	0.23	6,27,675	0.23
7.	IDFC Tax Advantage (ELSS) Fund	14,00,000	0.22	6,00,000	0.22
8.	Ganesh Srinivasan	5,00,000	0.18	5,00,000	0.18
9.	Chandra Sekhar Reddy Sura	-	0.00	4,70,307	0.17
10.	Viraj Impex Private Limited	4,20,000	0.12	4,20,000	0.15

e. Shareholding of Directors and Key Managerial Personnel:

Sr.No.	Beneficiary Account no	Name of the Shareholder	Date	As at 01.04.2019		Cumulative as at 31.03.2020	
				shares	% shares	Shares	% holding
1	IN303559-10011800	Dr. A J Prasad	01.04.2019	24,25,243	0.87		
			31.03.2020			24,25,243	0.87
2	IN303559-10001640	Mr. MSS Srinath	01.04.2019	19,06,920	0.69		
			31.03.2020			19,06,920	0.69
3	IN303559-10001666	Mrs. Kavita Prasad	01.04.2019	91,24,123	3.29		
			31.03.2020			95,06,077	3.43

f. Indebtedness: Indebtedness of the Company including interest outstanding / accrued but not due for payment as at 31.03.2020.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness In lakhs
Indebtedness at the beginning of the financial year				
i. Principal Amount	2,191.73	31.49		2,223.22
ii. Interest due but not paid				
iii. Interest accrued but not due	13.90			13.90
Total (i+ii+iii)	**2,205.63**	**31.49**		**2,237.12**
Change in indebtedness during the financial year				
- Addition	612.97	-	-	612.97
- Reduction	-1,867.92	-31.49	-	(1,899.41)
Net Change	**950.68**		**-**	**950.68**
Indebtedness at the end of the financial year				
i. Principal Amount	942.71	31.49	-	942.71
ii. Interest due but not paid				-
iii. Interest accrued but not due	7.97	-	-	7.97
Total (i+ii+iii)	**950.68**	**31.49**	**-**	**950.68**

g. Remuneration of Directors and Key Managerial Personnel

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

₹ In lakhs

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total
		Dr. A J Prasad	Mr. MSS Srinath	Mrs Kavita Prasad	
1	Total Salary (₹)	103.35	54.87	36.00	194.22
2.	Commission on profit (₹)	110.03	-	-	110.03
	Total	**213.38**	**54.87**	**36.00**	**304.25**

(ii). Remuneration to other Directors:

Fee for attending board / committee meetings: Independent Directors	Amount (₹) Gross
CA. P Ganapathi Rao	1,50,000.00
Mr. K V Sriram	1,70,000.00
Mrs. Richa Datta	30,000.00
Mr. M C Mohan	10,000.00
Total	**3,60,000.00**

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

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total (₹ in Lakhs)
		MVSS Kumar Company Secretary	K. Sridharan Chief Financial Officer	
	Total Salary	16.93	33.84	50.77

h. Penalties / Punishment/ Compounding of Offences: There were no penalties, punishment or compounding of offences during the year ended March 31, 2020.

ANNEXURE IV

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to section 204(1) of Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 (hereinafter called the "Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 and were made available to me, according to the provisions of:

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

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

III. The Depositories Act, 1996 (as amended by the Finance Act, 2017) and the regulations and bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (as amended from time to time);

V. Compliance report with respect to Securities and Exchange Board of India Act, 1992 ('SEBI Act'), various listing and other Regulations prescribed by SEBI have been covered in my Annual Secretarial Compliance Report dated June 01, 2020, copy of which is annexed to this report as Annexure B, issued for the financial year ended March 31, 2020 pursuant to SEBI circular No. CIR/CFD/CMD1/27/2019 dated Feb 08, 2019 and therefore specific comment under this para has not been made separately.

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

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

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

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

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

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

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

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

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

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

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

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

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

Adequate notice was given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance to all Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

I further report that, based on the review of the compliance reports submitted by the management of the Company, I am of the opinion that there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Place: Hyderabad
Date : June 22, 2020

Kamal Saboo
Company Secretary in Practice
ACS No.: 20902, CP No.: 20802
UDIN: A020902B000366126

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

ANNEXURE – 'A'

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records and books of account of the Company.

5. Wherever required, I have obtained management representation about the compliance of laws, rules, regulations, guidelines and happening of events, etc.

6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, guidelines, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date : June 22, 2020

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

ANNEXURE – 'B'

Secretarial compliance report of HBL Power Systems Limited for the year ended March 31, 2020

(Note: This is Annual Compliance report is issued on June 01, 2020 pursuant to SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated March 19, 2020)

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

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

a. all the documents and records made available to me and explanation provided by HBL Power Systems Limited ("HBL"/"the listed entity"),
b. the filings/ submissions made by the listed entity to the stock exchanges,
c. website of the listed entity,
d. any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2020 ("Review Period") in respect of compliance with the provisions of :
i. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
ii. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

I. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
II. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
III. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
IV. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
V. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
VI. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
VII. Securities and Exchange Board of India(Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013;
VIII. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and based on the above examination, I hereby report that, during the Review Period:

a. The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:- No such instances
b. The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder in so far as it appears from my examination of those records.
c. No action has been taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.
d. The listed entity has taken the following actions to comply with the observations made in previous reports: Not Applicable

Name of the PCS: Kamal Saboo
ACS No.:20902 CP No. :20802
UDIN: A020902B000306869

Place: Hyderabad
Date: June 22, 2020

REPORT ON CORPORATE GOVERNANCE
FOR THE YEAR 2019-20

I. Corporate Governance and Company's philosophy:

Progress of a commercial enterprise, among other aspects, is built on effective Corporate Governance practices. The Company's philosophy on corporate governance directs business policies and protects fiscal responsibility, ethical business operations and fairness towards regulators, employees, customers, vendors, investors and the society at large.

HBL has adopted a Code of Conduct for its employees including the Executive Directors. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013 ("the Act"). The Company's corporate governance philosophy has been further strengthened through the regular updates to the Board based on the regulatory prescriptions which includes Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code").

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

Details of HBL's board structure and the various committees that constitute the governance structure of the organization are covered in detail in this report.

II. Board of Directors

- As on March 31, 2020, the Board of Directors of your Company comprises of an Executive Chairman and Managing Director, two Executive Directors, seven non-executive directors (i.e. 70% of Board) of which five are independent directors with two woman independent directors (i.e. 40%). Out of the total number of Board members 3 are women directors (i.e. 30%). The company is in compliance with the requirements of Section 149 of the Companies Act 2013 (the Act) and Regulation 17 of the SEBI Listing Regulations. The Company has an appropriate composition and size of the Board. Information is made available to the members of the Board and Board Committees to enable them to discharge their fiduciary duties.
- None of the directors on the Board holds directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2020 have been made by the directors. None of the directors is related to each other except Dr. A J Prasad, Mrs. Kavita Prasad and Mr. MSS Srinath.
- Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.
- The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. Five Board meetings were held during the reporting period and the gap between two meetings did not exceed one hundred twenty days. Necessary quorum was present for all the meetings. The said meetings were held on May 30, 2019; August 13, 2019; November 14, 2019, February 10, 2020 and February 18, 2020.

- The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and at the last Annual General Meeting (AGM) and the number of directorships and committee chairmanships/memberships held by them in other public limited companies as on March 31, 2020 are given below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Name of the Director	Category #	Board meetings attendance during the year	Attendance at last AGM held on September 26, 2019	Directorships in other Public Companies @		Committee positions held in other Public Companies	
				Chairman	Member	Chairman	Member
Dr. A J Prasad Chairman and Managing Director (DIN: 00057275)	PED	5	Yes	-	-	-	-
Mr. MS S Srinath Executive director (DIN:00319175)	ED	5	Yes	-	-	-	-
CA. P Ganapathi Rao (DIN: 00089685)	NEID	4	Yes	-	-	-	-
Mrs. Preeti Khandelwal (DIN: 00027999)	NEID	3	No	-	-	-	-
Mr. Ajay Bhaskar Limaye (DIN: 02762738)	NENID	3	No	-	-	-	-
Mr. K V Sriram (DIN: 00073911)	NEID	5	Yes	-	2	-	-
Mrs. Richa Datta (DIN: 08084501)	NEID	1	No	-	-	-	-
Mrs. Kavita Prasad Executive director (DIN:00319292)	ED	5	No	-	-	-	-
Mr. M C Mohan (DIN: 00633439)	NEID	2	No	-	-	-	-
Mr. Abhishek G Poddar (DIN:07143528)	NENID	2	No	-	2	-	-

Note:

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

@ Directorship in other public entities excluding this company.

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

- Information mentioned in Part A of Schedule II of the SEBI Listing Regulations was placed before the Board for its consideration wherever applicable during the reporting period.

- During the reporting period a meeting of the Independent Directors was held on February 10, 2020 for review of performance of Non-Independent Directors, Chairman and the Board as a whole.

- Status on compliance of applicable laws was periodically reviewed by the Board.
- Details of equity shares of the Company held by the directors as on March 31, 2020 are given below. The Company has not issued any convertible instruments.

Name	Category	No of equity shares of ₹1 each	% of holding
Dr. A J Prasad	Chairman and Managing Director	24,25,243	0.87
Mr. MSS Srinath	Executive Director	19,06,920	0.69
Mrs. Kavita Prasad	Executive Director	95,06,077	3.43

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

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

III. Committees of the Board

(1) There are four statutory committees of the Board as on March 31, 2020, details of which are as follows:

Name of the Committee	Category and composition		Major terms of reference	Other details
Audit Committee	Name	Category*	Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act. • Oversight of financial reporting process. • Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval. • Evaluation of internal financial controls and risk management systems. • Recommendation for appointment, remuneration and terms of appointment of auditors of the Company. • Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.	• Five meetings of the Audit Committee were held during the year and the gap between two meetings did not exceed one hundred and twenty days. • Committee invites head of the finance function, representatives of the statutory auditors, cost and internal auditors, as it considers appropriate, to be present at its meetings. • The Company Secretary acts as the Secretary to the Audit Committee. • The previous AGM of the Company was held on September 26, 2019 and was attended by CA P. Ganapthi Rao, Chairman of the Audit Committee.
	CA. P. Ganapathi Rao (Chairperson)	NEID		
	Mrs. Preeti Khandelwal	NEID		
	Mr. MSS Srinath	ED		
	Mr. K. V. Sriram	NEID		
	Mrs. Richa Datta	NEID		
	Mrs. Kavita Prasad	ED		

Name of the Committee	Category and composition		Major terms of reference	Other details
Nomination and Remuneration Committee	Name	Category*	Committee is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act. • Recommends to the Board its composition and the set up and composition of the committees. • Recommends to the Board the appointment / re-appointment of Directors and Key Managerial Personnel (KMP). • Carry out evaluation of every director's performance and support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors. • Recommends to the Board the Remuneration Policy for directors, executive team, Key Managerial Personnel, as well as the rest of employees. • Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning. • Oversee familiarization programmes for directors.	Nomination and Remuneration Committee met once during the year. • The Company does not have any Employee Stock Option Scheme. • Details of Performance Evaluation Criteria and Remuneration Policy are provided in this report.
	CA. P. Ganapathi Rao (Chairperson)	NEID		
	Mrs. Preeti Khandelwal	NEID		
	Mr. K. V. Sriram	NEID		
	Mrs. Richa Datta	NEID		
Stakeholders Relationship Committee	Name	Category*	Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act. • Consider and resolve the grievances of security holders. • Consider and approve issue of share certificates, transfer and transmission of securities, etc.	Three meetings of the Stakeholders' Relationship Committee were held during the year. • The Company has always valued its customer relationship. This philosophy has been extended to investor relationship. The Committee focuses on servicing the needs of various stakeholders viz., investors, analysts, brokers and the general public. • Details of investor complaints and the Compliance Officer are provided in this report.
	CA. P. Ganapathi Rao (Chairperson)	NEID		
	Mrs. Preeti Khandelwal	NEID		
	Mr. K. V. Sriram	NEID		
	Mrs. Richa Datta	NEID		
	Mr. MSS Srinath	ED		
	Mrs. Kavita Prasad	ED		
Corporate Social Responsibility (CSR) Committee	Name	Category*	Committee is constituted in line with the provisions of Section 135 of the Act. • Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act. • Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy. • Monitor the CSR Policy.	Three meetings of the CSR Committee were held during the year.
	CA. P. Ganapathi Rao (Chairperson)	NEID		
	Mrs. Preeti Khandelwal	NEID		
	Mr. MSS Srinath	ED		
	Mr. K. V. Sriram	NEID		
	Mrs. Richa Datta	NEID		
	Mrs. Kavita Prasad	ED		

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

(2) Stakeholder Relationship Committee – Other details

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

MVSS Kumar, Company Secretary

HBL Power Systems Limited

8-2-601, Road 10, Banjara Hills, Hyderabad– 500034

Ph: 040-23355575, fax No. 040-23355048

Email: investor@hbl.in

b. Details of investor complaints :

S. No	Subject description	Opening balance as on April 01, 2019	Received during the Year					Resolved during the year	Closing balance as on March 31, 2020
			Q1	Q2	Q3	Q4	Total		
1	Change/correction of address	0	19	13	6	6	44	44	0
2	Non receipt of dividend warrants	0	15	12	24	17	68	68	0
3	Correspondence/query - NSDL operations	0	8	0	0	0	8	8	0
4	Loss of securities / request for issue of duplicate	0	17	7	3	2	29	29	0
5	Receipt of documents for issue of dup securities	0	5	3	2	2	12	12	0
6	Non receipt of securities	0	2	3	3	0	8	8	0
7	Non receipt of annual reports	0	0	13	1	0	14	14	0
8	Stock Exchanges Complaints	0	0	0	1	0	1	1	0
9	SEBI Complaints	0	0	0	0	1	1	1	0
	Total	**0**	**66**	**51**	**40**	**28**	**185**	**185**	**0**

(3) Nomination and Remuneration Committee - other details

The Nomination and Remuneration Committee of the Company is empowered to review the remuneration of the Chairman and Managing Director and the Executive Directors, retirement benefits to be paid to them, recommending on the amount and distribution of commission based on criteria fixed by the Board and approved by the members, if any.

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

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

a. Directors' remuneration for the year 2019-20

(₹ in lakhs)

Name of the Director	Designation	Remuneration paid	Commission Paid	Total
Dr. A J Prasad	Chairman and Managing Director	103.35	110.03	213.38
Mr. MSS Srinath	Executive Director	54.87	-	54.87
Mrs. Kavita Prasad	Executive Director	36.00	-	36.00
Total		**194.22**	**110.03**	**304.25**

Mrs. Kavita Prasad, Executive Director (who is a relative of the Chairman and Managing Director and Mr. MSS Srinath, Executive Director) has been paid ₹7.73 lakhs as rental charges for a premises owned by her, which was leased by the Company.

b. Independent Directors were paid sitting fees for the board meetings in 2019-20.

Name of Directors	Board meetings	Committee meeting (for all)	Sitting fees paid
CA. P Ganapathi Rao	4	10	1,50,000.00
Mrs. Preeti Khandelawal	3	4	NIL*
Mr. K V Sriram	5	12	1,70,000.00
Mrs. Richa Datta	1	2	30,000.00
Mr. M C Mohan	2	NA	10,000.00
Total			**3,60,000.00**

* Mrs. Preeti Khandelwal, Non-Executive Independent Director, consented not to take sitting fee for the meetings of the Board and Committees.

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

(i) Number of committee meetings

Name of the Committee	Audit Committee	Nomination and Remuneration committee	Stakeholders Relationship Committee	CSR Committee
Number and dates of meetings	Five meetings held on 30.05.2019; 13.08.2019; 14.11.2019; 10.02.2020. and 18.02.2020	One meeting held on 30.05.2019	Three meetings held on 09.05.2019; 24.05.2019 and 17.06.2019	Three meetings held on 30.05.2019; 13.08.2019 and 10.02.2020

(ii) Attendance record

Name of the Committee	Audit Committee	Nomination and Remuneration committee	Stakeholders Relationship Committee	CSR Committee
Mr. MSS Srinath	5	-	3	3
CA. P Ganapathi Rao	4	1	3	2
Mrs. Preeti Khandelwal	3	-	-	1
Mr. K V Sriram	5	1	3	3
Mrs. Richa Datta	1	-	-	1
Mrs. Kavita Prasad	5	-	3	3

IV. General Meetings

(1) (a) Annual General Meetings:

Date	Venue	Time
September 26, 2017	Federation of Telangana and AP Chambers of Commerce & Industry, Red Hills, Hyderabad-500 004, Telangana State	4.00 pm
September 27, 2018		
September 26, 2019		

(b) Extraordinary General Meeting:

No extraordinary general meeting was held during the financial year 2019-20.

(c) Special Resolutions:

Following five special resolutions were passed by the Company in its previous AGM held on September 26, 2019.

1	Amendment to Memorandum of Association.
2	Adoption of Articles of Association in line with Companies Act, 2013
3	Appointment of Mr. P Ganapathi Rao as an Independent Director for a further period of five years
4	Appointment of Mrs. Preeti Khandelwal as an Independent Director for a further period of five years
5	Authorization to Board of Directors to enter into related party transactions.

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

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

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

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

Particulars	Amount in lakhs
Statutory audit	35.00
Certifications	12.00
Total (excluding GST)	47.00

V. Other disclosures

Particulars	Legal requirement	Details
Related party transaction	Regulation 23 of the SEBI Listing Regulations and as defined under the Act	All transactions entered into with related parties as defined under the Companies Act, 2013 and rules made thereunder and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business. These have been approved by the audit committee from time to time. However, there are no material related party transactions during the year that have conflict of interest of the Company.
Details of Non - compliance by the Company	Schedule V(C) 10(b) to the SEBI Listing Regulations	There were no cases of non-compliance during the last three financial years.
Whistle blower policy and vigil mechanism	Regulation 22 of SEBI Listing Regulations	The Company has a general Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company. The same is available on the website of the company at http://hbl.in/whistle-blower-policy.pdf

Subsidiary Companies	Regulation 24 of SEBI Listing Regulations	As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to make certain disclosures of "material subsidiaries" of the Company in corporate governance. In terms of Regulation 16(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. Since the Company does not have any material subsidiary, requirement of disclosure does not arise. However, the financial statements of the subsidiaries are available on the website of the company at http://hbl.in/investors-continue.php.
Code of conduct	Regulation 17 of SEBI Listing Regulations	The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2019. The Annual Report of the Company contains a certificate by the Chief Executive Officer and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management. The code is made available on the website of the company at http://hbl.in/reports/code_of_conduct_directors.pdf.
Dividend distribution policy	Regulation 43A of the SEBI Listing Regulations	Dividend is paid on the recommendation of the Board of Directors and approval of the members in their meeting. The policy is made available on the website of the company at http://hbl.in/reports/dividend distribution policy.pdf.
Risk management	Non-mandatory	The Board has been very meticulous in making aware all the members about the potential hazards that the company can be exposed to. It is this meticulous functioning and close monitoring that the Company has a distinct advantage of reducing the hazards be it a business or financial risk or legal and statutory risk or a management risk. In fact the very philosophy of the corporate governance vouches the effort in imparting the right education and management practices at functional level to review Company's risk mitigation strategies relating to identified key risks as well as the processes for monitoring and mitigating such risks.
Non-mandatory requirement	Non-mandatory	The Company has not adopted the non-mandatory requirements as specified in C(10)(d) Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) Act, 2013	Non-mandatory	Details have been disclosed in the Directors' Report

VI. Means of communication

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

VII. General shareholder information

1.	Forthcoming Annual General Meeting - Date, Time & Venue	September 24, 2020 at 4.00 PM The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the notice of this AGM.
2.	Financial year	2019-20
	Financial reporting:	
	First quarter ending 30/06/19	August 13, 2019
	Half-year ending 30/09/19	November 14, 2019
	Third quarter ending 31/12/19	February 10, 2020
	Forth and Audited annual results	Standalone and Consolidated : June 22, 2020
3.	Dates of book-closure	18.09.2020 to 24.09.2020 (both days inclusive)
4.	Dividend recommended (subject to approval of shareholders at AGM)	Interim Dividend: @ 20% on equity share capital declared on February 18, 2020. Final Dividend : @ 10% equity share capital – recommended.
5.	Registered office and Secretarial office	8-2-601, Rd. No.10, Banjara Hills, Hyderabad- 500 034 Contact person: Company Secretary Phone: 040-2335 5575, Fax: 040-2335 5048 E-Mail: contact@hbl.in; investor@hbl.in
6.	Registrars for Electronic Transfer and Physical Transfer of Shares	KFin Technologies Private Limited (formerly known as Karvy Computershare Private Limited) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032 Contact Person: Mr. B Srinivas, Deputy Manager Phone nos. + 91-40-67161530 E-mail : mailmanager@karvy.com
7.	Plant locations	1. Aliabad, Shameerpet, RR Dist., TS 2. Nandigoan, Kothur, Mahabubnagar Dist., TS 3. Seripally, Bhoothpur, Mahabubnagar Dist., TS 4. Kandivalasa, Posapatirega, Vizainagaram, AP 5. VSEZ, Visakhapatnam, AP 6. Thumkunta, Shameerpet, RR Dist, TS 7. Narsaraopeta, AP
8.	Listing on Stock Exchanges	BSE Limited (BSE)
		National Stock Exchange of India Limited (NSE)
9.	Stock Code	BSE: 517271 and NSE: HBLPOWER
	ISIN number	INE 292B01021
	Corporate Identity Number (CIN)	L40109TG1986PLC006745

VIII. Distribution of shareholding as on March 31, 2020

Shareholder category	No. of shares held	of shares held %
a. Indian promoters and relatives	16,03,43,597	57.85
b. Foreign promoters	Nil	Nil
c. Foreign collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	11,68,51,349	42.15
Total	27,71,94,946	100.00

IX. Distribution Schedule (based on folios, not consolidated on the basis of PAN) as on March 31, 2020 is as follows

S.No	Category	No of Shareholders	of Shareholders %	No. of shares	to total equity %
1	1-5000	44,076	96.70	2,55,45,863	9.23
2	5001- 10000	833	1.83	62,65,426	2.26
3	10001- 20000	362	0.79	51,43,408	1.86
4	20001- 30000	125	0.27	30,96,181	1.12
5	30001- 40000	54	0.12	19,03,448	0.69
6	40001- 50000	33	0.07	15,48,618	0.56
7	50001- 100000	48	0.11	34,65,626	1.25
8	100001& Above	48	0.11	23,02,26,376	83.06
	Total:	**45,579**	**100.00**	**27,71,94,946**	**100.00**

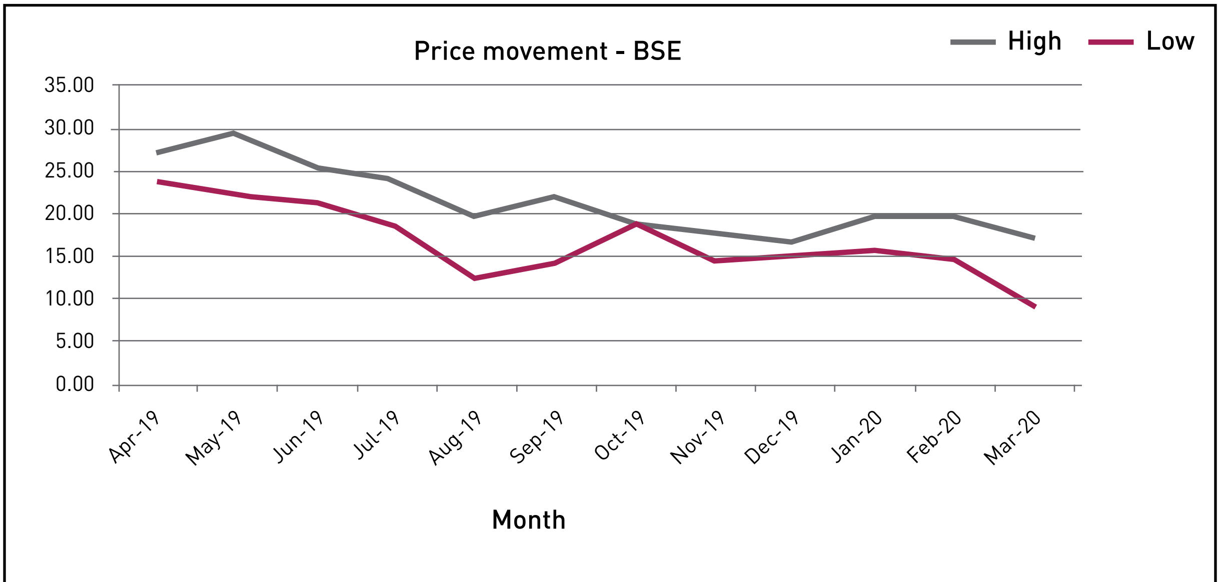
X. Top ten shareholders as on March 31, 2020 (other than promoters / promoters group)

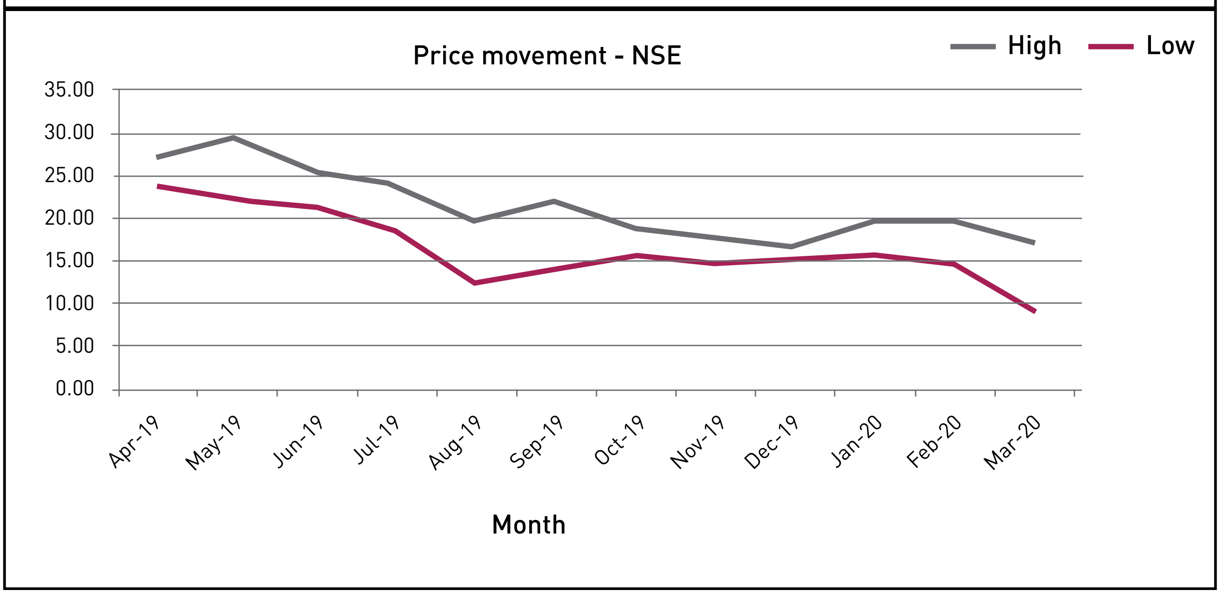
Sl No	.Name of the shareholder Shareholding based on PAN of the Shareholder	No. of Shares	holding %
1	Banyantree Growth Capital, L.L.C.	2,89,83,735	10.46
2	Oman India Joint Investment Fund	2,68,42,240	9.68
3.	IDFC Sterling Value Fund	34,67,819	1.25
4.	Bharat Taparia	10,90,000	0.39
5.	Investor Education And Protection Fund Authority	9,72,210	0.35
6.	The Emerging Markets Small Cap Series of the DFA	6,27,675	0.23
7.	IDFC Tax Advantage (ELSS) Fund	6,00,000	0.22
8.	Ganesh Srinivasan	5,00,000	0.18
9.	Chandra Sekhar Reddy Sura	4,70,307	0.17
10.	Viraj Impex Private Limited	4,20,000	0.15

XI. Stock market price data during 2019-20

Stock market price (high, low based on closing prices) and number of equity shares traded during each month in the year 2019-20 on NSE and BSE:

Month	BSE Limited			National Stock Exchange		
	Price		No. of shares traded	Price		No. of shares traded
	High	Low		High	Low	
Apr-19	27.30	23.70	2,62,079	27.00	23.80	27,60,453
May-19	29.40	22.30	4,58,824	29.25	22.25	35,85,488
Jun-19	25.55	21.30	4,21,659	25.75	21.75	19,86,446
Jul-19	23.95	18.40	5,85,592	23.90	18.90	34,22,711
Aug-19	19.75	12.50	2,96,515	20.00	12.60	29,04,959
Sep-19	21.80	14.15	5,81,302	21.80	13.85	43,53,587
Oct-19	19.05	15.85	3,28,704	19.10	15.50	24,96,021
Nov-19	17.70	14.65	3,54,507	17.85	15.00	28,51,847
Dec-19	16.60	15.00	3,35,126	16.65	14.90	47,22,242
Jan-20	19.60	15.50	2,52,604	19.65	15.70	67,23,227
Feb-20	19.80	14.60	2,90,239	19.50	15.15	26,82,585
Mar-20	17.05	9.15	5,61,626	17.00	9.30	58,28,770





XII. Payment of dividend

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

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

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

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

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

The members who have a claim on dividends and shares already transferred to IEPF in the year 2018, may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

The Company has transferred the balance of unclaimed dividend amount of ₹4,52,701/- for Financial Year 2011-2012 to the Central Government's Investor Education and Protection Fund (IEPF) account on February 05, 2020. We insist the members to claim, as early as possible, the dividend amount remain in the Company's unpaid dividend accounts for the respective years mentioned hereunder. Please note that upon expiry of the statutory period of Seven years as indicated in the last column of the table below, the amount shall be liable for transfer to IEPF, Government of India, thus the entitlement for any such claims would have to be forfeited thereafter.

AGM in which declared	Financial year	Date of declaration	Rate of dividend	Total dividend declared ₹	Unclaimed dividend as on 31.03.2020 ₹	Due for transfer to IEPF
27th	2012-13	28.09.2013	15%	3,79,50,000	3,76,347	04.11.2020
28th	2013-14	27.12.2014	20%	5,06,00,000	5,34,581	02.02.2022
29th	2014-15	29.09.2015	20%	5,06,00,000	5,24,957	05.11.2022
30th	2015-16	29.09.2016	25%	6,32,50,000	6,42,749	05.11.2023
31st	2016-17	26.09.2017	25%	6,93,01,502	6,58,360	02.11.2024
32nd	2017-18	27.09.2018	25%	6,92,98,737	5,78,730	03.11.2025
33rd	2018-19	26.09.2019	30%	8,31,58,484	8,22,780	02.11.2026
Interim	2019-20	18.02.2020	20%	5,54,38,989	3,08,711	26.03.2027

XIII. Share transfer system

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

XVI. Dematerialization of shares and liquidity as on March 31, 2020

Form of existence	Agency	No of Share Holders	No of shares	% of Total Issued Capital
Demat	Central Depositaries Securities Limited	20,340	1,88,87,547	6.81
Demat	National Securities Depositories Limited	23,144	25,57,57,555	92.27
Physical	-	2,095	25,49,844	0.92
	Total	45,579	27,71,94,946	100.00

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.08% of the Company's equity share capital are dematerialised as on March 31, 2020. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 292B01021.

In case of enquiries relating to shareholders accounting records, share transfers, transmissions of shares, change of addresses for physical shares, or non-receipt of dividend warrants, loss of share certificates etc. should be addressed to the Company's offices mentioned above or its Registrars.

There are no outstanding GDRs, ADRs, Warrants or Convertible Instruments etc. as on March 31, 2020

XV. CMD and CFO certification

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

XVI. Compliance certificate

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

XVII. Cautionary statement

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

DECLARATION

As provided under Clause D of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed to the compliance with Code of Conduct for the year ended March 31, 2020.

For and on behalf of the Board
Dr A J Prasad
Chairman & Managing Director

Place: Hyderabad
Date: June 22, 2020

CEO AND CFO CERTIFICATION

We, A J Prasad, Chairman and Managing Director, Mr. K Sridharan, CFO, responsible for the financial functions certify that:

A. we have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

(1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with Ind AS existing accounting standards, applicable laws and regulations.

B. There are to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. we accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. we have indicated to the auditors and the Audit committee

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Dr A J Prasad
Chairman and Managing Director

Mr. K Sridharan
Chief Financial Officer

Place: Hyderabad
Date: June 22, 2020

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

To
The Members of
M/s HBL Power Systems Limited

I have examined all applicable records of HBL Power Systems Limited, for the purpose of certifying compliance of the conditions of Corporate Governance pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Regulation 34(3) of the Listing Regulations for the financial year ended March 31, 2020. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the regulations of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and representation made by the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, for the financial year ended March 31, 2020.

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

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

Kamal Saboo
Company Secretary in Practice
FCS No.: 20902, CP No.: 20802
UDIN: A020902B000366137

Place: Hyderabad
Date: June 22, 2020

STANDALONE
FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HBL Power Systems Limited,
Hyderabad

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone Ind AS financial statements of HBL Power Systems Limited Hyderabad, ("the Company") which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.(hereinafter referred to as " the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its profit, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

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

Key audit matters

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

Key audit matter	Auditor's response
Adoption of Ind AS 116: As described in Note 3.3 to the standalone financial statements, the Company has adopted Ind AS 116 Leases in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has a number of leases with different contractual terms. Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note 3.3 and Note 42.5 to the standalone financial statements.	**Principal audit procedure:** Our audit procedures include the assessment & testing of : • newly introduced processes & controls in respect of the lease accounting standard (Ind AS 116); • Company's identification of leases based on the terms of lease agreement and our understanding of the business; • reasonableness of the discounting rates adopted for computing the lease liabilities; • method of transition and related adjustments, the completeness of the lease data on transition. • the terms of lease with the underlying lease contracts and evaluating the computation of lease liabilities, key estimates for discount rates and the lease term. • presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.

Key audit matter	Auditor's response
Impact of COVID-19 : The onset and rapid propagation of COVID-19 has caused disruptions in the operations of business units, severe restrictions on travel, meetings and access to client locations and other practical difficulties resulting in distance audit / remote audit / online audit. Further, certain relief measures were announced by regulatory authorities to mitigate the burden of meeting timelines and compliance requirements brought about by disruptions and to ensure the continuity of viable businesses. Considering the nature of the restrictions, limitations, regulatory requirements, existing business environment, materiality and their possible impact on the operative effectiveness on the critical control systems and risk of material misstatement the audit requires significant efforts in verification, planning and performing alternative procedures and exercise of more professional skepticism to mitigate identified risks / weakness and ensure compliance with standards on auditing. Further, this is a matter of high importance for the intended users of the financial statement. Considering these aspects, we have considered this as a key audit matter.	**Principal audit procedure:** Though the methodology of conducting audit is likely to undergo a change, the objective of the audit does not change, which requires the auditor to ensure that sufficient and appropriate audit evidence is available with the auditor based on which he is able to express his opinion. In identifying and assessing the risks of material misstatement and operating effectiveness of critical controls through understanding the unit and its environment the following issues had been considered: • operational disruption resulting in any changes to the business model. • employees' absence or work from home. • restrictions on travel. • physical access to Systems, data, documents, officials. • inability to physically verify relevant information, items and records. Specific considerations adopted while conducting distance audit / remote audit / online audit of the unit under current Covid-19 situation : • obtaining the data / documents required for the purpose of conducting the audit in soft copy / scanned format. • seeking information and representations from the management about the current and possible future impact of disruptions to business operations. • requesting for online presence of requisite unit officials. • communications by email and video conference instead of physical mode wherever necessary. • adopting the SOPs under Covid-19 situation and strictly complying with the government regulatory guidelines issued.

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

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

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

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

Responsibilities of management and those charged with governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;

making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

(c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of the written representations received from the Directors as on March 31, 2020, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 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 B", and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

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

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

(h) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For Rao & Kumar
Chartered Accountants
FRN 03089S

Anirban Pal
Partner
M.No. 214919
UDIN No: 20214919AAAABJ6349

Place : Visakhapatnam
Date : June 22, 2020

Annexure - A :

(Referred to in paragraph 1 of 'report on other legal and regulatory requirements' in our report of even date)

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

(b) The management has carried out physical verification of assets in accordance with a designed programme. In our opinion the periodicity of the physical verification is reasonable. No material discrepancies were noticed on such verification.

(c) According to the information and explanations furnished to us and on the basis of our examination of the records of the company and read together with Note no. 4.2 of the financial statements, the details of title deeds of immovable properties not held in the name of the company, for the reasons stated therein the said note, are as follows:

₹ in lakhs

Fixed asset	No. of cases	Gross block as at March 31, 2020	Net block as at March 31, 2020
Freehold land	8	508.84	508.84
Non-factory buildings	2	118.44	75.43
Total	10	627.28	585.27

(ii) The Inventories within the factory premises/stores and at branches have been physically verified by the management during the year and also at the year end. For materials lying with ancillary parties confirmations have been obtained in some cases. In our opinion, the frequency of verification is reasonable. The discrepancies noticed, upon verification, between physical stocks and book records were not material and such differences have been properly dealt with in the books of account.

(iii) As at the year end, there are no outstanding loans granted by the Company to parties covered in the register maintained under Section 189 of the Act. As there are no outstanding loans as at March 31, 2020, Paragraph 3 (iii) (a) to (c) of the Order is considered inapplicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.

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

(vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax (GST) and other statutory dues with the appropriate authorities

(b) According to the information and explanations given to us, the following demands have not been deposited on account of disputes.

Name of the Statute	Nature of the dues and Period to which it relates	Amount ₹ in Lakhs	Forum where the dispute is pending as at March 31, 2020
Excise Act	Duty on irregular availment of CENVAT Credit for 2008-09 to 2013-14 and equivalent amount of penalty.	302.86	CESTAT, Hyderabad
Finance Act	Duty on disproportionate availment & distribution of CENVAT credit & Duty under Works Contract for 2013-14 to 2016-17.	132.48	Commissioner Appeals, Service Tax, New Delhi
GST Act	Transitional Tax Credit in the State of Bihar.	15.41	Commissioner, GST, Patna
Customs Act	Duty and Penalty on alleged wrong classification and claim for exemption	488.70	Tribunal, Chennai.
CST Act	Tax on deemed Exports for the year 2005-06 and 2007-08	71.91	TSVATAT, Hyderabad
CST Act	Tax demand due to non-submission of forms for the years 2010-11 and 2011-12	3.85	CT, Appeals, Lucknow
KVAT Act	Tax on alleged variation in stocks, escaped turnover and reassessments for the years 2010-11 & 2011-12	67.58	Deputy Commissioner Appeals, Ernakulum.
TS VAT Act	Tax on disallowance of input tax credit for the years 2011-12 and 2012-13	5.79	TSAVATAT, Hyderabad
TNVAT Act	Tax alleged ineligible claim for the month of February 2011	46.05	TN Tribunal, Chennai
Haryana VAT Act	Tax on disallowance of input tax credit for the year 2011-12	16.22	JETC Appeals, Faridabad
Jharkhand VAT Act	Free of Cost Supplies for the year 2015-16	10.61	Commissioner of CT, Jharkhand
Entry Tax Telangana	Levy of tax on inter-state movement of goods used in manufacturing for the years from 2012-13 to 2017-18	218.76	ADC, Hyderabad
Entry Tax Andhra Pradesh	Levy of tax on inter-state movement of goods used in manufacturing for the years from 2015-16 & 2017-18	63.68	ADC, Vijayawada
CST Act	Tax on disallowance of exempted exports from 2014-15 to 2017-18	175.68	ADC, Hyderabad
KVAT Act	Tax and penalty demanded for defects in documents of transport	3.02	DCCTAppeals, Ernakulam
KVAT Act	Tax and penalty demanded for defects in documents of transport	3.39	DC Appeals, Thiruvananthapuram
UP VAT Act	Tax and penalty demanded for defects in documents of transport	20.94	High Court, Lucknow
UP VAT Act	Tax and penalty demanded for defects in documents of transport	2.20	DCCT, Kanpur
Income Tax	Tax on disallowance of warranty expenditure for the year 2015-16, Department Second Appeal Pending.	190.57	ITAT, Hyderabad

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

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

(x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or on the Company by its Officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly Paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with them. Accordingly Paragraph 3 of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Rao & Kumar
Chartered Accountants
FRN 03089S

Anirban Pal
Partner
M.No. 214919
UDIN No. 20214919AAAABJ6349

Place: Visakhapatnam
Date: June 22, 2020

Annexure – B

(Referred to in paragraph 2(f) of 'report on other legal and regulatory requirements' in our report of even date)

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

We have audited the internal financial controls over financial reporting of HBL Power Systems Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

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

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

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

For Rao & Kumar
Chartered Accountants
FRN 03089S

Anirban Pal
Partner
M.No. 214919
UDIN No. 20214919AAAABJ6349

Place: Visakhapatnam
Date: June 22, 2020

BALANCE SHEET as at March 31, 2020

(₹ in Lakhs)

Particulars	Note	As at March 31, 2020		As at March 31, 2019	
I) ASSETS					
1 Non current assets					
(a) Property, Plant and Equipment	4	26,891.74		31,098.41	
(b) Capital works in progress	6	446.59		388.36	
(c) Right of use assets		819.44		12.65	
(d) Intangible assets	7	2,422.64		926.13	
(e) Intangible assets under development	8	2,249.84	32,830.25	3,332.75	35,758.30
(f) Financial assets					
(i) Investments	9	342.13		342.13	
(ii) Other financial assets	10	2,323.09		2,942.41	
(g) Other non-current assets	11	19.44	2,684.66	62.83	3,347.37
2 Current assets					
(a) Inventories	12	30,261.13		32,076.05	
(b) Financial assets					
(i) Investments	9	1.02		2.03	
(ii) Trade receivables	13	31,717.56		37,931.57	
(iii) Cash and cash equivalents	14	213.69		939.96	
(iv) Other bank balances	14	3,358.60		2,122.68	
(v) Others	14	1,176.96		1,057.65	
(c) Current tax assets (net)	15	479.49		474.81	
(d) Other current assets	16	2,177.17		1,466.24	
(e) Assets held for sale	5	1,939.33	71,324.95	1,621.41	77,692.40
Total			**1,06,839.86**		**1,16,798.07**
II) EQUITY AND LIABILITIES					
1 Equity					
(a) Equity share capital	17	2,771.95		2,771.95	
(b) Other equity	18	75,508.45	78,280.40	74,940.74	77,712.69
2 Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	19	7.75		640.21	
(ii) Lease liability	19	641.47		-	
(b) Provisions	20	185.41		181.35	
(c) Deferred tax liabilities (net)	21	1,258.14		1,221.43	
(d) Other non current liabilities	22	-	2,092.77	55.92	2,098.91
3 Current liabilities					
(a) Financial liabilities					
(i) Borrowings	23	10,136.09		20,851.12	
(ii) Lease liability	23A	220.12		-	
(iii) Trade payables:					
(a) Total outstanding dues of MESE	24	1,259.13		901.66	
(b) Total outstanding dues to creditors other than MESE	24	7,749.57		6,740.49	
(iv) Other financial liabilities	25	3,028.99		4,772.66	
(b) Other current liabilities	26	2,325.60		2,168.09	
(c) Provisions	20	1,747.19	26,466.69	1,552.45	36,986.47
Total			**1,06,839.86**		**1,16,798.07**

The accompanying notes 1 to 45 form an integral part of this standalone financial statements

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

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAABJ6349

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2020

(₹ in Lakhs)

	Particulars	Note	Year ended March 31, 2020		Year ended March 31, 2019	
	Revenue					
I	Revenue from operations	27		1,07,709.15		1,26,133.75
II	Other income	28		1,643.57		1,280.76
III	**Total income (I + II)**			1,09,352.72		1,27,414.51
IV	**Expenses**					
	Cost of material consumed	29		67,198.01		80,734.38
	Purchases of stock-in-trade			164.89		374.77
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	30		715.15		741.17
	Employee benefits expense	31		8,685.07		8,416.76
	Finance costs	32		2,187.06		3,059.66
	Depreciation and amortization expense	33		4,024.54		4,435.21
	Manufacturing expenses	34		13,260.76		14,555.96
	Administrative expenses	35A		4,298.56		5,111.72
	Selling expenses	35B		5,546.04		6,644.08
	Total Expenses (IV)			1,06,080.08		1,24,073.71
V	**Profit before exceptional items and tax (III-IV)**			3,272.64		3,340.80
VI	Exceptional items - (income)/expense	36		(490.82)		(664.45)
VII	**Profit before tax (V-VI)**			3,763.46		4,005.25
VIII	**Tax expense**					
	(1) Current tax		1,250.00		1,715.00	
	(2) Deferred tax (asset)/liability		93.45		(173.20)	
	(3) Income tax relating to previous years		12.74	1,356.19	(47.45)	1,494.35
IX	**Profit for the period (VII-VIII)**			2,407.27		2,510.90
X	**Other comprehensive income (Net)**					
	Items that will not be reclassified to profit or loss -					
	Remeasurement of defined benefit plans		(225.42)		(37.70)	
	Income tax		56.73	(168.69)	13.05	(24.65)
XI	**Total comprehensive income for the period (IX + X)**					
XII	**Earnings per equity share**	37		2,238.58		2,486.25
	(1) Basic (of ₹1/- each)			0.81		0.90
	(2) Diluted (of ₹1/- each)			0.81		0.90

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

As per our report of even date annexed

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

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAABJ6349

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

CASH FLOW STATEMENT for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
A Cash flow from operating activities				
Net profit before tax and exceptional items		**3,272.64**		**3,340.80**
Exceptional items - income / (expenditure) *		**490.82**		664.45
Other comprehensive income (net)		**(225.42)**		(37.70)
Total comprehensive income before tax		**3,538.04**		3,967.55
Adjustments for:				
Depreciation	**3,337.83**		3,831.83	
Amortisation	**510.12**		603.38	
Diminution in value of investments	**1.01**		(0.03)	
Profit/Loss on sale of assets	**(491.83)**		(664.45)	
Advances & deposits written off	**38.04**		149.42	
Interest income	**(417.44)**		(315.67)	
Interest expense	**1,355.62**		2,085.57	
Provision for doubtful debts	**188.99**		-	
Other provisions	**198.80**		161.79	
		4,721.14		5,851.84
Operating profit before working capital changes		**8,259.18**		9,819.39
(Increase)/decrease in trade receivables	**6,025.02**		8,719.43	
(Increase)/decrease in inventories	**1,814.92**		4,335.41	
(Increase) / decrease in loans & advances **	**(1,484.89)**		1,477.40	
Increase/(decrease) in trade payables	**1,366.55**		(4,745.91)	
Increase/(decrease) in current liabilities	**87.68**		(1,342.66)	
		7,809.28		8,443.67
Cash generated from operations		**16,068.46**		18,263.06
Income tax paid net of refunds		**(1,254.68)**		(1,856.80)
Income tax adjustment relating to previous years		**(12.74)**		47.45
Net cash flow from operating activities (A)		**14,801.04**		16,453.71
B Cash flow from investing activities				
Purchase of fixed assets	**(3,589.36)**		(2,856.60)	
Sale proceeds of fixed assets	**2,886.76**		2,784.39	
Interest received	**417.44**		315.67	
Net Cash flow from investing activities (B)		**(285.16)**		243.46
C Cash flow from financing activities				
Repayment of long-term borrowings	**1,249.02**		76.55	
Payment of lease liability	**220.12**		-	
(Increase)/decrease in working capital borrowings	**10,565.03**		12,968.69	
Repayment of interest free sales tax loan	**31.49**		348.18	
(Increase)/decrease in unsecured loans	**150.00**		-	
Dividend payment	**1,670.87**		835.43	
Interest paid	**1,355.62**		2,085.57	
Net cash flow used in financing activities (C)		**15,242.15**		16,314.42

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
D Net increase in cash and cash equivalents (A+B-C)	**(726.27)**	382.75
Cash and cash equivaents at beginning of the period	**939.96**	557.21
Cash and cash equivalents at end of the period	**213.69**	939.96
Cash and cash equivalents		
Cash on hand	**11.23**	9.98
Balances with banks in current account	**202.46**	929.98
Total	**213.69**	**939.96**

Notes to the cash flow statement for the period ended 31-03-2020

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

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

3 ** Including bank balances other than cash and cash equivalents

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

As per our report of even date annexed

for Rao & Kumar
Chartered Accountants
FRN No. 03089S

On behalf of the board

Anirban Pal Partner M.No : 214919 UDIN : 20214919AAAABJ6349	Dr A J Prasad Chairman & Managing Director DIN:00057275	M S S Srinath Director DIN:00319175	Kavita Prasad Director DIN:00319292
Place : Visakhapatnam Date : June 22, 2020	K Sridharan Chief Financial Officer	M V S S Kumar Company Secretary	Place : Hyderabad Date : June 22, 2020

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2020

a) Share capital

(₹ in Lakhs)

Balance as on March 31, 2019	27,71,94,946
Balance as on March 31, 2020	**27,71,94,946**

b) Other equity

Particulars	Capital reserve	Securities premium	Other reserves		General reserve	Retained earnings	TOTAL
			Capital redemption reserve	Investment subsidy			
Balance at the beginning of the current reporting period April 1, 2018	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**17,947.42**	**73,289.92**
Total comprehensive income						2,486.25	2,486.25
Dividends (including tax)						(835.43)	(835.43)
Balance at the end of the current reporting period March 31, 2019	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**19,598.24**	**74,940.74**
Balance at the beginning of the current reporting period April 1, 2019	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**19,598.24**	**74,940.74**
Total comprehensive income						2,238.58	2,238.58
Dividends (including tax)						(1,002.52)	(1,002.52)
Interim Dividends (including tax)						(668.35)	(668.35)
Balance at the end of the current reporting period March 31, 2020	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**20,165.95**	**75,508.45**

As per our report of even date annexed

for Rao & Kumar
Chartered Accountants
FRN No. 03089S

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAABJ6349

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 1 | COMPANY OVERVIEW

HBL Power Systems Limited ("HBL" or "The Company") is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The Company has its primary listings on the BSE Limited and National Stock Exchange in India. The financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on June 22, 2020.

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

NOTE : 2 | BASIS OF PREPARATION AND MEASUREMENT

2.1 Statement of compliance

The financial statements as at and for the year ended March 31, 2020 have been prepared in accordance with applicable Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Accounting convention and basis of measurement

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

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

ii) Defined benefit and other long-term employee benefits

iii) Provision for warranties

iv) Lease liability on right of use assets

2.3 Functional and presentation currency

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

2.4 Use of judgments, estimates and assumptions

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

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

i) Useful lives of property, plant, equipment and intangibles.

ii) Measurement of defined benefit obligations

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

iii) Measurement and likelihood of occurance of Provisions and Contingencies.

iv) Recognition of deferred tax assets/liabilities.

v) Impairment of intangibles

vi) Expenditure relating to research and development activities.

vii) Assessing the lease term (including anticipated renewals), non-cancellable period of a lease and the applicable discount rate in respect of assets taken on lease.

2.5 Operating cycle:

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

NOTE : 3 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

i) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

iv) Depreciation on tangible assets including those on leasehold premises is provided for under straight line method over the useful life of assets specified in Part C of Schedule II to the Companies Act, 2013 and in the manner specified therein, except in respect of Dies and Moulds and 'Secured Land Filling' (used for disposal of Lead Slag) which are depreciated over their technically estimated useful lives of 5 years and 10 years respectively on straight line method. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase.

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

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

vii) Expenditure attributable /relating to property, plant and equipment under construction / erection is accounted for as below:

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

B) To the extent not directly identifiable to any specific plant / unit, is kept under 'Expenditure during construction' for allocation to property, plant and equipment and is grouped under 'Capital work-in- progress'.

3.2 Intangible assets

i) Intangible asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

ii) New product development expenditure, software licences, technical knowhow fee, infrastructure and logistic facilities, etc. are recognised as intangible assets upon completion of development and commencement of commercial production.

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

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

3.3 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Assets taken under lease

a) The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset is measured in accordance with the measurement criteria as per Ind AS 116. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

b) The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability in accordance with the requirements under Ind AS 116.

c) The Company has elected not to apply the requirements of Ind AS 116 leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense.

ii) Assets given on lease

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

3.4 Investment in subsidiaries, associates and joint ventures

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

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

3.5 Government grants

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

3.6 Inventories are valued as under:

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

3.7 Assets held for sale

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

(i) decision has been made to sell.

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

(iii) the assets are being actively marketed and

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

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

3.8 Revenue recognition

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

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

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

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

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

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

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

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

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

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

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

3.9 Employee benefits

i) Short term benefits:

All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The cost of the benefits like salaries, wages, medical, leave travel assistance, short term compensated absences, bonus, exgratia, etc. is recognised as an expense in the period in which the employee renders the related service.

ii) Post-employment benefits:

A) Defined contribution plans:

The contribution paid/payable under provident fund scheme, ESI scheme and employee pension scheme is recognised as expenditure in the period in which the employee renders the related service.

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

B) Defined benefit plans:

The Company's obligation towards gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the projected unit credit method. Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in other comprehensive income and subsequently not reclassified to the statement of profit and loss.

All defined benefit plan obligations are determined based on valuation as at the end of the reporting period, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

iii) Long term employee benefits:

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

3.10 Foreign currency transactions

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

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

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

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

3.11 Current tax and deferred tax

i) Taxation

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

ii) Current tax

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

iii) Deferred tax

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

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

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

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

iv) Current and deferred tax for the year

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

3.12 Borrowing costs

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

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

iii) Significant transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest rate method.

3.13 Financial instruments (financial assets and financial liabilities)

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

ii) Non-derivative financial instruments

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

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

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

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

iii) Derivative financial instruments

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

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

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

(iv) Impairment

i) Financial assets

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

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

◊ Trade receivables

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

ii) Non - financial assets

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

3.14 Provisions

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

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

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

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

3.15 Earnings per share (EPS)

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

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 4 | PROPERTY, PLANT AND EQUIPMENT AS ON MARCH 31, 2020

(₹ in Lakhs)

Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As on April 1, 2019	Additions	Adjustments/ deletions	As on March 31, 2020	April 1, 2019	For the Period	Adjustments/ deletions	As on March 31, 2020	As on March 31, 2020	As on March 31, 2019
Land - freehold	3,647.31			**3,647.31**	-	-	-	**-**	**3,647.31**	3,647.31
Land - leasehold	157.42	-	157.42	**-**	20.17	0.27	20.44	**-**	**-**	137.25
Buildings - factory	17,908.50	160.17	1,902.64	**16,166.03**	6,160.28	535.81	428.13	**6,267.96**	**9,898.07**	11,732.01
Buildings - others	476.39	-	-	**476.39**	93.08	8.87	-	**101.95**	**374.44**	383.31
Plant and equipment	45,047.45	1,453.92	2,484.38	**44,016.99**	29,060.80	2,537.06	1,723.89	**29,873.97**	**14,143.02**	16,012.26
Furniture and fixtures	610.75	35.37	148.15	**497.97**	492.73	32.57	144.55	**380.75**	**117.22**	117.47
Vehicles	925.40	47.85	75.82	**897.43**	603.29	58.51	60.99	**600.81**	**296.62**	322.11
Office equipment	1,901.48	146.69	182.13	**1,866.04**	1,534.05	162.21	177.60	**1,518.66**	**347.38**	361.27
Office equipment under finance lease	86.48	-	-	**86.48**	76.95	2.52	-	**79.47**	**7.01**	6.84
Technical library	1.89	-	-	**1.89**	1.89	-	-	**1.89**	**-**	-
Total	**70,763.07**	**1,844.00**	**4,950.54**	**67,656.53**	**38,043.24**	**3,337.83**	**2,555.60**	**38,825.46**	**28,831.07**	**32,719.83**
Less: Transferred to assets held for sale	-	-	-	**-**	-	-	-	**-**	**1,939.33**	1,621.42
Net Total	70,763.07	1,844.00	4,950.54	**67,656.53**	38,043.24	3,337.83	2,555.60	**38,825.46**	**26,891.74**	31,098.41
Carrying value as at March 31, 2019	74,260.53	1,796.22	5,293.69	70,763.07	37,385.15	3,831.83	3,173.75	38,043.24	31,098.41	

4.1 In respect of dies & moulds and secure land filling included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively and the company had continued to charge such higher depreciation (as compared to Schedule II) on the same basis.

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

4.2 Disclosure in respect of title deeds of immovable properties:

1 Freehold land:

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

b) Out of the value of ₹3,505.03 lakhs, the details with regard to the value of land, Companies in whose name the title deeds are held and the reasons therefor are as follows :

(₹ in Lakhs)

	Name of the Company	Cost of freehold land	Remarks / reasons
1	**HBL Power Systems Limited (A)**	**2,996.19**	Value of land , the title deeds in respect of which are in the name of the Company viz., HBL Power Systems Limited
1	Hyderabad Batteries Private Limited	10.31	Name Changed to Hyderabad Batteries Limited on 11-11-1987
2	Hyderabad Batteries Limited	24.39	Name Changed to HBL Limited on 09-08-1995
3	Nicad Systems Private Limited	1.07	Merged with HBL Limited
4	Pilazetta Batteries Limited	2.59	Merged with HBL Limited
5	Nagadhara Engineering Private Limited	1.62	Merged with HBL Limited
6	HBL Limited	45.69	Later merged with Sab Nife Power Systems Limited
7	Sab Nife Power Systems Limited	77.82	Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited
8	HBL NIFE Power Systems Limited	345.35	Name changed to HBL Power Systems Limited with effect from 12-10-2006
	Sub total (B)	**508.84**	Value of land, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Power Systems Limited by virtue of approved schmes of merger and name changes.
	Grand total (A + B)	**3,505.03**	

2 Non - factory buildings:

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

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

	Name of the Company	Cost of buildings	Remarks / reasons
A	**Buildings constructed on factory lands:**		
1	HBL Power Systems Limited	357.95	Value of buildings constructed on factory land by the Company itself viz., HBL Power Systems Limited
2	HBL NIFE Power Systems Limited	35.43	Name changed to HBL Power Systems Limited with effect from 12-10-2006
	Sub - total (A)	**393.38**	
B	**Buildings acquired from others:**		
1	HBL NIFE Power Systems Limited	15.86	Name changed to HBL Power Systems Limited with effect from 12-10-2006
2	Sab Nife Power Systems Limited	67.15	Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited
	Sub - total (B)	**83.01**	Value of buildings, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Power Systems Limited by virtue of approved schmes of merger and name changes.
	Grand total (A + B)	**476.39**	

NOTE : 5 | ASSETS HELD FOR SALE

Refer note 3.7 for accounting policy on Assets held for sale	March 31, 2020	March 31, 2019
Groups of assets held for sale		
Land leasehold	-	137.25
Land freehold	453.45	-
Buildings	1,485.88	1,484.16
TOTAL	**1,939.33**	**1,621.41**

NOTE : 6 | CAPITAL WORK IN PROGRESS

	March 31, 2020	March 31, 2019
Machinery under erection	378.38	388.36
Civil works in progress	68.21	-
TOTAL	**446.59**	**388.36**

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 7 | INTANGIBLE ASSETS AS ON MARCH 31, 2020

(₹ in Lakhs)

Description	Gross carrying amount			Accumulated depreciation			Net carrying amount	
	As on April 1, 2019	Additions	As on March 31, 2020	April 1, 2019	For the Period	As on March 31, 2020	As on March 31, 2020	As on March 31, 2019
New product development expenditure(internally generated)	3,577.65	2,000.03	**5,577.68**	3,300.79	263.34	**3,564.13**	**2,013.55**	276.86
Power facility	96.16	-	**96.16**	96.16	-	**96.16**	**-**	-
Technical knowhow fee	1,019.73	-	**1,019.73**	856.04	78.44	**934.48**	**85.25**	163.69
Software development	984.89	6.60	**991.49**	499.31	168.34	**667.65**	**323.84**	485.58
Total	**5,678.43**	**2,006.63**	**7,685.06**	**4,752.30**	**510.12**	**5,262.42**	**2,422.64**	**926.13**
Carrying value as at March 31, 2019	5,660.43	18.00	5,678.43	4,148.92	603.38	4,752.30	926.13	

NOTE : 8 | INTANGIBLE ASSETS UNDER DEVELOPMENT

Description	March 31, 2020	March 31, 2019
1) New product development expenditure (Internally generated)		
a) Battery products	233.76	982.93
b) Electronic products	1,371.24	1,703.19
2) Technical knowhow fee paid	643.33	643.33
3) Software development	1.51	3.30
Total	**2,249.84**	**3,332.75**

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 9 | INVESTMENTS

(₹ in Lakhs)

Non - current - un-quoted				March 31, 2020	March 31, 2019
i) In equity instruments: (fully paid-up)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
a) Subsidiary companies					
250	250	Euro 100	HBL Germany GMBH	**14.92**	14.92
9999500	9999500	₹10	SCIL Infracon Private Limited	**1,248.37**	1,248.37
600	600	USD 1000	HBL America Inc.	**323.02**	323.02
b) Associate company					
41000	41000	₹10	Naval Systems & Technologies Private Limited	**4.10**	4.10
c) Joint arrangement company					
1100000	1100000	SR 10	Gulf Batteries Company Limited	**1,424.51**	1,424.51
			(Kingdom of Saudi Arabia)		
Non -current - quoted					
e) Other companies (listed but not quoted)					
200	200	₹10	Indian Lead Limited	**0.10**	0.10
			TOTAL	**3,015.02**	3,051.32
	Less: Aggregate provision for impairment in value of investments			**2,672.88**	2,672.88
	Carrying value of non-current investments			**342.13**	342.13

Current investments- quoted : In equity instruments of other companies: (fully paid-up)				March 31, 2020	March 31, 2019
i) In equity instruments: (fully paid-up)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
690	690	₹1	JSW Steel Limited	**2.58**	2.58
In liquid mutual funds: (fully paid-up)					
1	1	₹10	Reliance Mutual Fund Shares Liquid BEES	**0.01**	0.01
			TOTAL	**2.59**	2.59
	Less : Aggrgate provision for diminution in value of investments			**1.57**	0.56
	Carrying value of current investments			**1.02**	2.03

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

9.1	Non - current	Current	Non - current	Current
Aggregate amount of quoted investments	0.10	2.59	0.10	2.59
Aggregate market value of quoted investments	Not Available	1.02	Not Available	2.03
Aggregate amount of unquoted investments	3,014.92	-	3,014.92	-
Aggregate amount of impairment / diminution in value of investments	2,672.88	1.57	2,672.88	0.56

9.2 In pursuance of MOU entered by the company, M/s.HBL Miltrade Pte Limited, Singapore, allotted one share (Face value – One Singapore Dollar) to the company. The company is yet to pay for the same. Pending remittance, investment is not disclosed in the above investments.

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

NOTE : 10 | OTHER FINANCIAL ASSETS

	March 31, 2020	March 31, 2019
Non-current		
Bank deposits (maturity beyond 12 months)		
Fixed deposits	**40.58**	10.43
Margin money deposits	**1,046.90**	1,762.07
Security deposits with government and others	**1,234.11**	1,169.11
Advances to employees	**1.50**	0.80
Total	**2,323.09**	**2,942.41**

NOTE : 11 | OTHER NON- CURRENT ASSETS :

	March 31, 2020	March 31, 2019
Capital advances	**19.44**	62.83
Total	**19.44**	**62.83**

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 12 | INVENTORIES *

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Raw materials	**14,720.21**	16,417.41
Stores, spares. process chemicals, fuels & packing material	**1,054.31**	872.19
Stock -in-trade (in respect of goods acquired for trading)	**1,299.41**	1,138.73
Bonded stocks/In transit	**988.38**	621.45
Consumable tools	**117.51**	69.13
Work in progress	**7,270.09**	6,849.38
Finished goods	**4,811.22**	6,107.76
Total	**30,261.13**	**32,076.05**

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

NOTE : 13 | TRADE RECEIVABLES

	March 31, 2020	March 31, 2019
Unsecured, considered good	**31,717.56**	37,931.57
Unsecured and having significant credit risk	**714.99**	526.00
Allowance for credit risk	**(714.99)**	(526.00)
Total	**31,717.56**	**37,931.57**

13.1 Particulars of trade receivables due from the related parties

	March 31, 2020	March 31, 2019
HBL Germany, GMBH	**1,182.45**	1,365.38
HBL America Inc.	**1,253.94**	1,516.22
Gulf Batteries Company Limited (KSA) (Joint venture entity)	**525.65**	525.64
Total	**2,962.04**	**3,407.24**

NOTE : 14

14.1 Cash and cash equivalents

	March 31, 2020	March 31, 2019
Balances with banks in current accounts	**116.07**	844.32
Cash on hand	**11.23**	9.98
Fixed deposits (maturity of less than three months)	**86.39**	85.65
Total	**213.69**	**939.96**

14.2 Other bank balances

	March 31, 2020	March 31, 2019
Fixed deposits	**456.39**	67.38
Margin money deposits	**2,857.74**	2,017.35
Dividend account	**44.47**	37.95
Total	**3,358.60**	**2,122.68**

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

14.3 Financial assets - others (current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Security deposits with government and others	**59.04**	91.26
Advances to employees	**34.61**	29.68
Claims & other receivables	377.28	384.24
Interest accrued but not due on deposits	**706.03**	552.47
Total	**1,176.96**	**1,057.65**

14.4 Claims and other receivables include :

	March 31, 2020	March 31, 2019
a) Insurance claim on account of heavy rainfall (Refer Note : 14.5)	**95.16**	95.16
b) Payments under protest for pending litigations	282.12	284.67
c) Other receivables	-	4.41
Total	**377.28**	**384.24**

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

NOTE : 15 | CURRENT TAX ASSETS (NET)

	March 31, 2020	March 31, 2019
Advance payment of income tax (including TDS)	**5,577.58**	5,558.50
Less : Provision for income tax	**5,098.09**	5,083.69
Total	**479.49**	**474.81**

NOTE : 16 | CURRENT TAX ASSETS (NET)

	March 31, 2020	March 31, 2019
A) Advances other than capital advances:		
Advances to employees	**104.24**	98.72
Advances to vendors for supply of goods / services	**1,548.51**	972.08
B) Others:		
Prepaid expenses	**185.70**	129.81
Export incentives receivable	**229.26**	116.09
GST/Service tax input/Vat receivables	**109.46**	145.05
Others	-	4.49
Total	**2,177.17**	**1,466.24**

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 17 | EQUITY SHARE CAPITAL

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Authorised		
31,25,00,000 equity shares of ₹1 each	**3,125.00**	3,125.00
(Previous Year 31,25,00,000 equity shares of ₹1 each)		
Issued , subscribed and fully paid-up		
27,71,94,946 equity shares of ₹1 each	**2,771.95**	2,771.95
(Previous Year 27,71,94,946 equity shares of ₹1 each)		
Total	**2,771.95**	**2,771.95**

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

Equity shares	March 31, 2020		March 31, 2019	
	No.of Shares	Value ₹ in Lakhs	No.of Shares	Value ₹ in Lakhs
At the beginning of the period	**27,71,94,946**	**2,771.95**	27,71,94,946	2,771.95
Additions during the period on account of business combination	-	-	-	-
Deductions during the period on account of business combination	**-**	**-**	-	-
Outstanding at the end of the period	**27,71,94,946**	**2,771.95**	**27,71,94,946**	**2,771.95**

17.2 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

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

Name of the Shareholder	March 31, 2020		March 31, 2019	
	No.of Shares	% holding in the class	No.of Shares	% holding in the class
Equity shares of ₹1 each fully paid				
Promoter and promoter group				
Barclays Wealth Trustees (India) Pvt Ltd -Aluru Family Pvt Trust	13,96,81,916	50.39	13,69,51,231	49.41
Public				
BanyanTree Growth Capital LLC	2,89,83,735	10.46	2,89,83,735	10.46
Oman India Joint Investment Fund	2,68,42,240	9.68	2,68,42,240	9.68

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 18 | OTHER EQUITY - (REFER STATEMENT OF CHANGES IN EQUITY)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Capital reserve	1.02	1.02
Capital redemption reserve	2.70	2.70
Investment subsidy from state government	55.77	55.77
Securities premium	23,010.66	23,010.66
General reserve	32,272.35	32,272.35
Retained earnings (balance of surplus in the statement of changes in equity)	20,165.95	19,598.24
	75,508.45	74,940.74

NOTE : 19

19.1 Non- current - financial liabilities

	March 31, 2020	March 31, 2019
Borrowings		
Term Loans from banks (secured)		
HDFC Bank Ltd	-	622.75
HDFC Bank Ltd. - against vehicles	7.75	17.46
TOTAL	7.75	640.21
Lease liability		
Lease liability	641.47	-
TOTAL	641.47	-

19.2 Current - financial liabilities

	March 31, 2020	March 31, 2019
A. Long term debt from banks (secured)		
IDBI Bank Limited	-	417.00
HDFC Bank Ltd	925.25	1,122.75
HDFC Bank Ltd. - against vehicles	9.71	11.77
TOTAL (A)	934.96	1,552
B. Loans from others (un-secured)		
Deferred payment laibility - interest free sales tax loan	-	31.49
TOTAL (B)	-	31.49
TOTAL (A + B)	934.96	1,583.01

19.3 Current maturities of long term debt

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

19.4 Term loans :

The particulars of loans drawn, nature of security, terms of repayment, rate of interest, instalments due and loan wise outstanding are as under.

19.5 Term loan from HDFC :

a) HDFC term loan III of ₹2,025.00 lakhs are (drawn ₹1,850.50 lakhs) towards the refinancing of capital expenditure of the Company. The loan is secured by a first charge on the entire property, plant and equipment of the Company both present and future. This loan is also guaranteed by CMD and two Directors in their personal capacity.

(₹ in Lakhs)

Name of the bank	Loan amount drawn	No of instalments	of interest %	Outstanding as on March 31,2020
Term loan III				
- Drawal i	883.50	8 (QTLY) commencing from 18-05-2019	8.90	442.00
- Drawal ii	362.00	8 (QTLY) commencing from 30-06-2019	9.25	181.00
- Drawal iii	605.00	8 (QTLY) commencing from 30-06-2019	9.20	303.00

b) HDFC bank - vehicle loan

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

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

NOTE : 20

20.1 Provisions (non - current)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for earned leave encashment	**185.41**	181.35
TOTAL	**185.41**	**181.35**

20.2 Provisions (current)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for earned leave encashment	**27.10**	11.41
Provision for gratuity	**295.80**	92.23
Other provisions		
Provision for warranties	**1,314.26**	1,317.22
Provision for commission on profits to director	**110.03**	101.59
Contingency provision	**-**	30.00
TOTAL	**1,747.19**	**1,552.45**

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 21 | DEFERRED TAX LIABILITY (NET)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Deferred tax liability (as per last balance sheet)	**1,221.43**	1,407.68
Add: Deferred tax (asset)/liability for the year	**36.72**	(186.25)
TOTAL	**1,258.14**	**1,221.43**

NOTE : 22 | OTHER NON- CURRENT LIABILITIES

	March 31, 2020	March 31, 2019
Deferred government grant (refer note 19.6 (a))	-	55.92
TOTAL	-	**55.92**

NOTE : 23 | BORROWINGS

	March 31, 2020	March 31, 2019
A. Loans repayable on demand from banks (secured)		
State Bank of India	**1,981.98**	5,686.38
ICICI Bank Ltd	**2,327.77**	3,108.69
Axis Bank Ltd	**3,390.32**	3,503.51
TOTAL (A)	**7,700.07**	12,298.58
B. Loans repayable on demand from related parties (unsecured)		
Loans from directors	**561.00**	711.00
TOTAL (B)	**561.00**	711.00
C. Other loans from banks (unsecured)		
Purchase bill discounting from Kotak Mahindra Bank Ltd	**329.43**	3,285.50
Purchase bill discounting from IDBI Bank Ltd	**703.32**	2,827.82
Purchase bill discounting from HDFC Bank Ltd	**842.27**	-
Sale bills (LC backed) discounted with SBI	-	228.22
HDFC short term loan	-	1,500.00
TOTAL (C)	**1,875.02**	7,841.54
TOTAL (A + B + C)	**10,136.09**	20,851.12

23.1 Working capital loans

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

23.2 Purchase bill discounting from Kotak Mahindra Bank Ltd. is guaranteed by CMD and a Director of the Company in their personal capacity and undated cheque for the limit value. Purchase bill discounting from IDBI Bank Ltd. is secured by accepted bill of exchange and post dated cheque/standing instructions for making payment on due date.

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

Purchase bill discounting from HDFC Bank is secured by personal guarantee of the promoters and undated cheque equivalent to the limit value.

23.3 Loan from Directors is repayable on demand with interest.

NOTE : 23 A | LEASE LIABILITY

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Lease liability	**220.12**	-
TOTAL	**220.12**	**-**

NOTE : 24 | TRADE PAYABLES

	March 31, 2020	March 31, 2019
Total outstanding dues of :		
(a) Micro enterprises and small enterprises (MESE)	**1,259.13**	901.66
(b) Creditors other than micro enterprises and small enterprises	**7,749.57**	6,740.49
TOTAL	**9,008.70**	7,642.15

24.1 Details relating to micro, small & medium enterprises :

	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	1259.13	901.66
Within due date	1244.83	870.12
Beyond due date	14.30	31.54
Interest	2.05	1.02
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day		
Principal amount	5030.66	1339.00
Interest	-	-
The amount of interest due and payable for the period of delay in		
making payment (beyond the appointed day during the year)	**24.22**	21.34
The amount of interest accrued and remaining unpaid	26.27	22.36

Note: The information has been given in respect of those suppliers who have intimated the Company that they are registered as micro, small and medium enterprises. Some of the vendors who come under the MSMED Act 2006 have been associated with the company for a long time and have a continuous business relationship. The company is usually prompt in servicing these vendors as per mutually agreed payment terms. In view of such longstanding relationship, no claims were received by the Company. The Company expects that there will be no claims in future also for interest. In view of this, the amount of further interest remaining due and payable for the earlier years is not shown above.

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 25 | OTHER FINANCIAL LIABILITIES - CURRENT

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Current maturities of long-term debt(refer note - 19.2)	**934.96**	1,583.01
Interest accrued but not due on loans	**7.97**	14.98
Unpaid/unclaimed dividends (refer note - 25.1)	**44.47**	37.95
Trade deposits	**157.54**	154.90
Creditors for capital expenditure	**36.16**	71.40
Statutory dues	**436.73**	1,316.52
Directors' current account	**333.04**	357.90
Accrued compensations to employees	**1,078.12**	1,236.00
TOTAL	**3,028.99**	4,772.66

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

NOTE : 26 | OTHER CURRENT LIABILITIES

	March 31, 2020	March 31, 2019
Advances against sales	**1,264.83**	639.05
Advance against sale of Assets	**10.00**	390.00
Accrued expenses	**1,050.77**	1,139.04
TOTAL	**2,325.60**	2,168.09

NOTE : 27 | REVENUE FROM OPERATIONS

	March 31, 2020	March 31, 2019
a. Sale of products	**1,01,922.91**	1,19,047.92
b. Sale of traded goods	**223.20**	681.60
c, Sale of services	**4,457.38**	5,356.78
d. Other operating revenue - sale of scrap	**1,105.66**	1,047.45
TOTAL	**1,07,709.15**	1,26,133.75

NOTE : 28 | OTHER INCOME

	March 31, 2020	March 31, 2019
a. Interest income		
Interest received on deposits with banks/others	**417.44**	315.67
Interest on IT refunds	**-**	22.36
b. Other non-operating income (net of directly attributable expenses)		
Exchange gains	**775.37**	548.76
Deferrend income-Govt grant	**55.92**	55.92
Miscellaneous income	**394.84**	338.05
TOTAL	**1,643.57**	1,280.76

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 29 | COST OF MATERIAL CONSUMED

(₹ in Lakhs)

		March 31, 2020	March 31, 2019
Opening stocks		**16,417.41**	20,671.12
Purchases, material,components & consumables		**65,509.88**	76,480.67
		81,927.29	97,151.79
Less : Closing stocks		**14,720.21**	16,417.41
		67,207.08	80,734.38
Less : Internal capitalisation		**9.07**	-
Cost of material consumed	**TOTAL**	**67,198.01**	80,734.38

NOTE : 30 | (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

		March 31, 2020	March 31, 2019
a) Manufactured goods			
i) Opening stocks			
a) Semi finished goods		**6,849.38**	7,963.77
b) Finished goods		**6,107.76**	5,389.42
	TOTAL (A)	**12,957.14**	13,353.19
ii) Closing stocks			
a) Semi finished goods		**7,270.09**	6,849.38
b) Finished goods		**4,811.22**	6,107.76
	TOTAL (B)	**12,081.31**	12,957.14
	(increase) / decrease (C = A - B)	**875.83**	396.05
b) Traded goods			
Opening stock of traded goods		**1,138.73**	1,483.85
Closing stock of traded goods		**1,299.41**	1,138.73
	(increase) / decrease (D)	**(160.68)**	345.12
	(increase) / decrease in inventory (C+D)	**715.15**	741.17

NOTE : 31 | EMPLOYEE BENEFITS EXPENSE

	March 31, 2020	March 31, 2019
Salaries & bonus	**7,018.86**	6,778.24
Contribution to provident & other funds	**551.03**	551.36
Gratuity	**81.08**	64.33
Staff welfare expenses	**706.12**	716.14
Recruitment & training	**20.14**	20.83

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Remuneration to directors:		
Salaries & allowances	180.00	166.54
Contribution to provident fund	14.21	13.13
Commission on profits	110.03	101.59
Directors sitting fees	3.60	4.60
TOTAL	8,685.07	8,416.76

NOTE : 32 | FINANCE COST

	March 31, 2020	March 31, 2019
Interest on term loans	126.36	210.31
Interest on bank borrowings	1,130.92	1,875.26
Interest on vehicle loans	2.45	1.81
Interest on unsecured loans	59.27	71.10
Interest on lease liability	98.34	-
Interest - others	116.69	145.59
Bank charges & commission	653.03	755.60
TOTAL	2,187.06	3,059.66

NOTE : 33 | DEPRECIATION AND AMORTIZATION EXPENSE

	March 31, 2020	March 31, 2019
Depreciation on tangible assets	3,337.83	3,831.83
Amortisation on intangible assets	510.12	603.38
Amortisation on right of use assets	176.59	-
TOTAL	4,024.54	4,435.21

NOTE : 34 | MANUFACTURING EXPENSES

	March 31, 2020	March 31, 2019
Stores & spares consumed	1,230.00	1,296.29
Equipment lease rentals	37.90	36.34
Factory rent	3.19	40.13
Consumable tools charged off	79.52	37.73
Contract wages	7,218.76	7,547.47
Testing charges	137.66	251.46
Power and fuel	4,553.73	5,346.54
TOTAL	13,260.76	14,555.96

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 35 | A) ADMINISTRATIVE EXPENSES

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Rent	108.15	286.39
Rates, duties & taxes	231.48	197.21
Insurance	196.24	250.79
Professional & consultancy charges	880.54	1,149.96
Expenditure incurred on corporate social responsibility activities	115.69	107.36
Repairs and maintenance	821.97	871.07
Travelling and conveyance	1,087.03	1,147.44
Sundry expenses	779.88	917.30
Payments to auditors (refer note 35.1)	35.00	33.00
Audit expenses	4.54	1.78
Advances & deposits written off	38.04	149.42
	4,298.56	5,111.72

NOTE : 35 | B) SELLING EXPENSES

	March 31, 2020	March 31, 2019
Freight & insurance on sales	3,538.02	4,244.10
Liquidated damages	287.98	216.66
Commission on sales	98.34	252.55
Credit impairment	504.80	597.93
Lifetime expected credit loss	188.99	-
Provision for warranties	(8.07)	280.17
Installation charges paid	345.54	452.15
Televan hire charges	31.04	43.29
Other selling expenses	559.40	557.23
TOTAL	5,546.04	6,644.08

35.1 Details of payments to auditor towards :

	March 31, 2020	March 31, 2019
Audit fee	35.00	30.00
GST on audit fee	6.30	5.40
TOTAL	41.30	35.40

NOTE : 36 | EXCEPTIONAL ITEMS OF (INCOME)/EXPENDITURE

	March 31, 2020	March 31, 2019
Impairment / diminution In value of investments	1.01	-
(Profit)/Loss on sale of assets	(491.83)	(615.69)
(Profit)/Loss on sale and exchange of land	-	(48.76)
TOTAL	(490.82)	(664.45)

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

NOTE : 37 | DISCLOSURE AS PER IND AS-33 EARNINGS PER SHARE (EPS)-FACE VALUE OF SHARE : ₹1/- EACH

(₹ in Lakhs)

(computation of EPS (basic & diluted	March 31, 2020	March 31, 2019
Profit after tax	2,238.58	2,486.25
No. of shares (basic)	27,71,94,946	27,71,94,946
No. of shares (diluted)	27,71,94,946	27,71,94,946
(EPS) Basic ₹	0.81	0.90
(EPS) Diluted ₹	0.81	0.90

NOTE : 38 | DISCLOSURE AS PER SCHEDULE III OF THE ACT AND IND AS-37 ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

38.1 Movement of provisions during the year 2019-20

Particulars	Provision for warranties	Contingency provision
a) the carrying amount at the beginning of the period	1,317.22	30.00
b) additional provisions made in the period, inluding increases to existing provisions	1,013.88	
c) amounts used (ie incurred and charged against the provision) during the period	(1,042.97)	-
d) unused amounts reversed during the period	-	(30.00)
e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	26.13	-
f) the carrying amount at the end of the period ;	1314.26	-

Unused amounts of provision for warranties represents provision reversed from the opening balance (after warranty period). It is expected that provision for warranties will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

38.2 Contingent liabilities not provided for and commitments:

All known and undisputed claims and liabilities where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for. The contingent liabilities and commitments are as under:

Nature of contingent liability	March 31, 2020	March 31, 2019
i) Contingent liabilities not provided for:		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	302.86	690.98
Sales tax	709.68	673.54
Custom duty	488.70	488.70
Service tax	132.48	-
Goods and service tax	15.41	-
Income tax	190.57	190.57
Property tax	134.25	134.25
Fuel surcharge adjustment (FSA)	156.29	154.29
Erstwhile promoters of SCIL Infracon Pvt Ltd	188.31	188.31
Others	75.24	34.50

Notes forming part of the standalone financial statements

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(₹ in Lakhs)

Nature of contingent liability	March 31, 2020	March 31, 2019
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	**16,766.75**	15,923.76
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on Capital account and not provided for	**396.51**	197.26
b) Other commitments:		
Legal undertakings (LUTs) given to custom's authorities for clearing the imports at Nil / concessinal rate of duty	-	73.00

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

38.3 Commitment towards dividend and dividend distribution tax

During the financial year the Board in its meeting held on February 18, 2020, declared an interim dividend of 20% (₹0.20 per equity share of ₹1 each) aggregating to ₹554.39 lakhs and the same was paid along with corporate dividend distribution tax thereon of ₹113.96 Lakhs, within the statutory time lines.

Further, the Board in its meeting held on June 22, 2020, has recommended a final dividend of ₹0.10 per equity share of ₹1 each for the financial year ended March 31, 2020. This proposal is subject to the approval of the shareholders at the ensuing annual general meeting, and if approved will result in a cash flow of ₹277.19 Lakhs towards dividend. On this dividend, no corporate dividend distribution tax is applicable as per the recent amendment to the Incomes Tax Act.

38.4 Contingent assets:

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

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

NOTE : 39 | INCOME TAX AND SALES TAX ASSESSMENTS:

39.1 Income tax:

The Company's income tax assessments were completed upto financial year 2016-17 and the tax dues, as per orders, were paid and charged off to revenue, except for disputed issues under appeal. Tax assessments for the financial years 2017-18 and 2018-19 are pending and the tax dues, as per returns filed, have been fully paid. In respect of such pending assessments, the liability, if any, that may arise upon completion of assessments is not ascertainable at this stage.

The Company elected to excercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognized provision for income tax for the year 2019-20 and re-measured its opening net deferred tax asset/liabilities at the rate prescribed in the said section.

39.2 Sales tax:

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

NOTE : 40 | CONFIRMATION OF BALANCES

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

NOTE : 41

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

NOTE : 42 | DISCLOSURES AS PRESCRIBED BY INDIAN ACCOUNTING STANDARD (IND AS)

42.1 Disclosure as per Ind AS - 2 - Inventories

During the year ended March 31, 2020, ₹37.56 lakhs (March 31, 2019, ₹87.98 lakhs) was recognised as an expense in respect of inventories carried at net realisable value in the statement of profit and loss.

42.2 Disclosure as per Ind AS - 7

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

(₹ in Lakhs)

	Long-term borrowings	Working cpaital borrowings	Interest free sales tax loan	Unsecured loans
Opening balance	2,191.73	20,140.12	31.49	711.00
Borrowed during the year	605.00	-	-	-
Repaid during the year	(1,854.02)	-	(31.49)	(150.00)
Net movement	(1,249.02)	(10,565.03)	(31.49)	(150.00)
Closing balance	942.71	9,575.09	-	561.00

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

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

A) Transition choice

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

B) Disaggregation of revenue from contracts with Customers

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

(₹ in Lakhs)

Particulars	Battery		Electronics & Others		Total
	Within India	Outside India	Within India	Outside India	
2019-20					
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time	73,364.77	13,510.20	14,742.45	5,659.41	1,07,276.83
(b) Over time	111.87	-	320.45	-	432.32
Total	**73,476.64**	**13,510.20**	**15,062.90**	**5,659.41**	**1,07,709.15**
2018-19					
Revenue from customers					
Timing of revenue recognition					
(a)At a point in time	92,662.80	16,184.93	13,515.84	2,075.18	1,24,438.75
(b)Over time	1,695.00	-			1,695.00
Total	**94,357.80**	**16,184.93**	**13,515.84**	**2,075.18**	**1,26,133.75**

Customer Category wise disaggregation

Particulars	2019-20		2018-19	
	Battery	Electronics & Others	Battery	Electronics & Others
Revenue from customers				
Railways	10,774.25	4,474.53	11,158.74	531.00
Telecom/Industry	61,718.90	7,236.86	73,921.00	16,427.00
Defence	786.13	3,549.42	5,804.00	31.00
Exports	13,510.00	5,659.06	16,183.00	2,078.00
Total	**86,789.28**	**20,919.87**	**1,07,066.74**	**19,067.00**

C) Contract balances

The following table provides information about trade receivables, contracts assets, and contract liabilities from contracts with customers.

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As on March 31, 2020	As on March 31, 2019
Receivables	**31,717.56**	37,931.57
Contract assets	**767.92**	326.15
Contract liabilities	**1,264.83**	639.05

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

Movement of contractual liabilites

Particulars	2019-20	2018-19
Opening balance	639.05	1,161.55
Received during the year	16,533.00	741.10
Revenue recognised / Adjusted	(15,907.22)	(1,263.60)
Closing balance	1,264.83	639.05

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

Timing of satisfaction of performance obligations

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

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

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

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

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

(₹ in Lakhs)

Provision movement	2019-20		2018-19	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Opening balance	526.00	-	526.00	-
Add: Additions / expected lifetime credit loss	693.79	-	814.59	-
Less: Write off / impairment	504.80	-	814.59	-
Less: Reversal				
Closing balance	714.99	-	526.00	-

42.4 Disclosure as per Ind AS -12 - income tax

a) A Reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the Income before income tax is summarized as follows:

Particulars		Year ended March 31, 2020		Year ended March 31, 2019
Profit before tax but after other comprehensive income excluding profit on sale of land		2,985.40		2,974.18
Profit on sale of land		1,003.48		993.37
Profit before tax but after other comprehensive income		3,988.88		3,967.55
<u>Enacted tax rates (%)</u>				
On business income	25.17		34.94	
On capital gains	25.17		23.30	
Computed expected tax expense		1,003.92		1,270.71
Tax effect due to non-taxable income		(81.16)		(163.76)
Tax reversals		(28.82)		(76.02)
Tax effect due to non-deductible expenses		469.87		682.57
Tax effect on others		(113.81)		1.50
Income tax expense		1,250.00		1,715.00
Effective tax rate %		31.34		43.23

b) Details of income tax assets and Income tax liabilities are as follows:

Particulars	March 31, 2020	March 31, 2019
Advance tax / MAT credit / TDS	5,577.58	5,558.50
Provision for income tax	5,098.09	5,083.69
Asset / (liability)	479.49	474.81

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

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

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Net current income tax asset / (liability) at the beginning	474.81	333.01
Add : income tax paid / adjusted (net of refund received)	1,254.68	1,856.80
Less : provision for current tax	1,250.00	1,715.00
Net current income tax asset / (liability) at the end	479.49	474.81

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

Particulars	March 31, 2020	March 31, 2019
Deferred tax liability		
Property, plant and equipment	1,505.31	1,472.59
TOTAL	1,505.31	1,472.59
Deferred tax asset		
Leave encashment	53.48	67.35
Provision for doubful debts	179.95	183.81
Impact of IND AS-116 (Leases)	13.74	-
TOTAL	247.17	251.16
Deferred tax liability after set off of deferred tax asset	1,258.14	1,221.42

e) The gross movement in the deferred income tax account is as follows:

Particulars	March 31, 2020	March 31, 2019
Net deferred tax liability at the beginning	1,221.43	1,407.67
Credit / (charge) relating to temporary differences	36.71	(186.24)
Net deferred income tax liability at the end	1,258.14	1,221.43

42.5 Disclosure as per Ind AS-116 - Leases

(i) Transition to Ind AS 116

a) The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019).

b) The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or

Notes forming part of the standalone financial statements

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contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

c) On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application using the practical expedient provided by the standard.

(ii) The details of the Right-of-use asset held by the Company is as follows: (₹ in Lakhs)

Description	Leasehold Land	Buildings	Total
Gross carrying amount			
As on April 01, 2019	**417.69**	**578.80**	**996.49**
Additions	-	-	-
As on March 31, 2020	**417.69**	**578.80**	**996.49**
Accumulated amortization			
As on April 01, 2019	**0.47**	**-**	**0.47**
For the period	32.99	143.60	176.59
As on March 31, 2020	**33.46**	**143.60**	**177.06**
Net carrying amount			
As on March 31, 2020	**384.23**	**435.20**	**819.43**
As on March 31, 2019	12.65	-	12.65

(iii) Lease liabilities:

Description	March 31, 2020
Opening balance	**983.37**
Interest for the year	**98.34**
Cash outflow for leases	220.12
Closing balance	**861.59**
Current Lease liability	**220.12**
Non-current lease liability	641.47

(iv) Interest on lease liabilities is ₹98.34 lakhs for the year ended March 31, 2020.

(v) The company incurred ₹149.24 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹369.36 lakhs for the year ended March 31, 2020, including cash outflow for short term and low value leases.

(vi) Lease contracts for land & building entered by the company are primarily to conduct its business in the ordinary course.

Notes forming part of the standalone financial statements

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42.6 Disclosure as per Ind AS-19 -employee benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under:

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Employer's contribution to PF/ESI/ pension plan	565.24	564.49

b) Defined benefit plan:

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, under the Payment of Gratuity Act, the Company has obtained actuarial valuation of the said liability. As per the valuation made under projected unit credit method by the actuary, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/provided for by the Company. To meet the actual liability, the company has taken a group gratuity policy of the LIC of India and to keep the policy alive, the Company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position)

Particulars	March 31, 2020	March 31, 2019
Present value of obligation	**1,425.89**	1,425.89
Fair value of plan assets	**1,343.43**	1,333.66
Surplus / (deficit)	**(295.80)**	(92.23)
Effects of asset ceiling, if any	**-**	-
Net asset/(liability)	**(295.80)**	(92.23)

Expense recognized during the period (including premium paid)

Particulars	March 31, 2020	March 31, 2019
In income statement (P&L a/c--expense provision)	**81.08**	64.33
In other comprehensive income (B/sheet item)	**(225.42)**	(37.70)

Characteristics of defined benefit plan and risks associated with it

Actuarial Valuation Method

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

The benefits valued

The benefit valued in this report are summarised below:

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

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

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

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

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

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

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

Notes forming part of the standalone financial statements

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

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

Explanation of amounts in financial statements

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	For the period ending March 31, 2020	For the period ending March 31, 2019
Present value of obligation as at the beginning	**1,425.89**	1,422.07
Current service cost	**57.21**	49.77
Interest expense or cost	**108.80**	112.06
Actuarial (gains) / loss on obligations	**227.39**	32.01
Past service cost	**-**	-
Effect of change in foreign exchange rates	**-**	-
Benefits paid	**(180.06)**	(190.02)
Acquisition adjustment	**-**	-
Effect of business combinations or disposals	**-**	-
Present value of obligation as at the end	**1,639.23**	1,425.89
Bifurcation of net liability		
Current liability (short term)	**115.22**	31.07
Non-current liability (long term)	**1,524.01**	1,394.82
Net liability	**1,639.23**	1,425.89

Changes in the fair value of plan assets

Particulars	March 31, 2020	March 31, 2019
Fair value of plan assets as at the beginning	1,333.67	1,319.64
Acquisition adjustment	(16.83)	(6.49)
Expected return on plan assets	101.76	103.99
Contributions	102.92	112.23
Benefits paid	(180.06)	(190.02)
Actuarial gain/(loss) on plan assets	1.97	5.68
Fair value of plan assets as at the end	1,343.43	1,333.67

Change in the effect of asset ceiling

Particulars	March 31, 2020	March 31, 2019
Effect of asset ceiling at the end	Nil	Nil
Interest expense or cost (to the extent not recognised in net interest expense)	Nil	Nil
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	Nil	Nil
Effect of asset ceiling at the end	Nil	Nil

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for the year ended March 31, 2020

Expenses recognised in the income statement

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Current service cost	57.21	49.77
Past service cost	-	-
Expected return on plan assets	(101.76)	(103.99)
Interest cost	108.80	112.06
Expenses recognised in the income statement	64.25	57.84

Other comprehensive income

Particulars	March 31, 2020	March 31, 2019
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	118.31	32.68
Actuarial (gains) / losses - experience variance	109.08	(0.67)
Actuarial (gains) / loss on obligations	227.39	32.01
Actuarial (gains) / loss on plan assets	1.97	(5.69)
Total other comprehensive income(OCI)	225.42	37.70

Financial assumptions

Particulars	For the period ending March 31, 2020	For the period ending March 31, 2019
Discount rate (per annum)	6.77%	7.63%
Salary growth rate (per annum)	4.00%	4.00%

Demographic assumptions

Indian assured lives mortality (2006-08) ult	100%	100%
Attrition rate:		
Age at valuation date / valuation date	March 31, 2020	March 31, 2019
18-30	5%	15%
31-40	5%	5%
41 &+	1%	1%

Disability: No explicit allowance

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

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

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%

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35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.701%	1.701%
70 years	2.586%	2.586%

Membership status

(₹ in Lakhs)

Particulars	As on March 31, 2020	As on March 31, 2019
Number of employees	1,713	1,777
Total monthly salary (₹ in lakhs)	383.64	335.44
Average past service (years)	10	9
Average age (years)	40	39
Average remaining working life (years)	18	19
Number of completed years valued		
Decrement adjusted remaining working life (years)	15.49	15.69

Amount, timing and uncertainity of future cash flows

Sensitivity analysis

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

Particulars	As on March 31, 2020	As on March 31, 2019
Defined benefit obligation (base)	1,639.23	1,425.89
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	1,502.68	1,301.59
Decrease: -1%	1,796.30	1,568.99
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	1,795.83	1,569.18
Decrease: -1%	1,501.08	1,299.60
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +50%	1,674.09	1,470.37
Decrease: -50%	1,598.80	1,373.58
Mortailtiy rate:(% change compared to base due to sensitivity)		
Increase: +10%	1,640.62	1,427.56
Decrease: -10%	1,637.83	1,424.22

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

Asset liability matching strategies

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

Effect of plan on entity's future cash flows

Funding arrangements and funding policy

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

Expected contribution during the next annual reporting period

(₹ in Lakhs)

The Company's best estimate of contribution during the next year remains similar to current year.	295.80	92.23

Maturity profile of defined benefit obligation

Particulars	March 31, 2020	March 31, 2019
Weighted average duration (based on discounted cashflows) in years	15.49	15.69
Expected cash flows over the next (valued on undiscounted basis):		
1 year	115.22	31.07
2 to 5 years	303.86	215.69
6 to 10 years	705.67	581.39
More than 10 years	2,834.39	2,663.02

(ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using projected unit credit method (PUC) and is charged to profit and loss account. The obligation is not funded.

Assets and liability (balance sheet position)

Particulars	March 31, 2020	March 31, 2019
Present value of obligation	202.94	184.54
Fair value of plan assets	-	-
Surplus / (deficit)	(202.94)	(184.54)

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(202.94)	(184.54)

Expense recognized during the period

Particulars	March 31, 2020	March 31, 2019
In Income statement (P&L--expense provision)	42.92	24.48

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

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

The benefits valued

The benefit valued in this report are summarised below:

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

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

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

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

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

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

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

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

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Present value of obligation as at the beginning	184.54	201.74
Current service cost	22.98	22.58
Interest expense or cost	14.08	15.90
Actuarial (gain)/ loss on obligations	5.86	(14.00)
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(24.52)	(41.68)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	202.94	184.54

Bifurcation of net liability

Particulars	March 31, 2020	March 31, 2019
Current liability (short term)	17.54	3.20
Non-current liability (long term)	185.40	181.34
Net liability	202.94	184.54

Changes in the fair value of plan assets

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	24.52	41.68
e) Benefits paid	(24.52)	(41.68)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Change in the effect of asset ceiling

Particulars	March 31, 2020	March 31, 2019
Effect of asset ceiling at the beginning	nil	nil
Interest expense or cost (to the extent not recognised in net interest expense)		
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling		
Effect of asset ceiling at the end	nil	nil

Expenses recognised in the income statement

Particulars	March 31, 2020	March 31, 2019
Current service cost	-	-
Past service cost	22.99	22.58
Expected return on plan assets	-	-
Interest cost	14.08	15.89
Net actl. (gain)/ loss recognized in the period:	5.86	(13.99)
Expenses recognised in the income statement	42.93	24.48

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

Financial assumptions

Particulars	March 31, 2020	March 31, 2019
Discount rate (per annum)	6.77%	7.63%
Salary growth rate (per annum)	4.00%	4.00%
Demographic assumptions		
Indian assured lives mortality (2006-08) ult	100%	100%
Attrition rate:		

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

Age at valuation date / valuation date		
18-30	5.00%	15.0%
31-40	5.00%	5.00%
41 &+	1.00%	1.00%
Disability: no explicit allowance		

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

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

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.701%	1.701%
70 years	2.586%	2.586%

Membership status

(₹ in Lakhs)

Particulars	As on March 31, 2020	As on March 31, 2019
Number of employees	1,713	1,777
Total monthly salary (₹ in lakhs)	383.64	335.44
Average past service (years)	10	9
Average age (years)	40	39
Average remaining working life (years)	18	19
Number of completed years valued	0	0
Decrement adjusted remaining working life (years)	15.49	15.69

42.7 Disclosure as per Ind AS -21 - the effects of changes in foreign exchange rates

Particulars	As on March 31, 2020	As on March 31, 2019
Exchange differences arising out of settlement / translation on account of :		
a) Exports	680.66	301.13
b) Imports	104.61	252.41
c) Others	(9.90)	(4.78)
Net gain (loss) recognised during the year	775.37	548.76

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

42.8 Disclosure as per Ind AS– 24 - Related party disclosures

1	Subsidiaries	SCIL Infracon Pvt Ltd	
		HBL Germany, GMBH	
		HBL America	
2	Joint arrangement	Gulf Batteries Company Ltd, Kingdom of Saudi Arabia	
3	Associate	Naval Systems & Technologies Pvt Ltd	
4	Key Management Personnel	Dr A J Prasad	Chairman & Managing Director
		M S S Srinath	Whole Time Director
		Kavita Prasad	Whole Time Director
		K Sridharan	Chief Financial Officer
		M V S S Kumar	Company Secretary
		Non-executive directors	
		P. Ganapathi Rao	Independent Director
		Preeti Khandelwal	Independent Director
		K Venkat Sriram	Independent Director
		Richa Datta	Independent Director
		M C Mohan	Independent Director
		Ajay Bhaskar Limaye	Non- Executive Director
		Abhishek G Poddar	Non- Executive Director

Disclosure of transactions with related parties and the status of outstanding balances.

(₹ in Lakhs)

Sl.No	Name	Nature of transaction	Transactions during the year	March 31, 2020	
				Gross trade receivables (un-secured)	Gross trade payables
1	Subsidiaries	Sale of goods	3,909.76	2,436.39	
			(5,024.07)	(2,881.59)	
		Purchase of goods	2.17	-	1.10
			(1.64)		-
		Reimbursement of expenses	123.60		57.57
			(301.81)		(53.11)
2	Joint arrangement	Sale of goods	-	525.64	
			-	(525.64)	
3	Key management personnel	Funds repaid	150.00	-	561.00
			-	-	(711.00)
		Remuneration paid	245.00	-	
			(231.13)		
		Commission on profits	110.03	-	333.04
			(101.59)		(357.90)

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

		Rent paid	7.73	-	
			(7.03)		
		Interest paid	59.27	-	
			(71.10)		
		Sitting fee paid to Non-Executive Directors	3.60	-	-
			(4.60)		

Figures in brackets represent previous year balances

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

Directors / key management personnel interested companies for the FY 2019-20

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

42.9 Disclosure as per Ind AS - 38 - Intangible assets (expenditure on research & development)

Aggregate amount of research and development expenditure that is not eligible for capitalization, recognised as an expense during the period in which they were incurred and grouped under other expenses is as under:

(₹ in Lakhs)

Particulars	As on March 31, 2020	As on March 31, 2019
Employee costs	**36.98**	0.82
Other expenses	**25.61**	115.60
Depreciation and amortization	**14.59**	25.76
Total	**77.18**	142.18

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

42.10 Disclosure as per Ind AS-108 - Operating segments

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

42.11 FINANCIAL INSTRUMENTS

A) Capital management

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

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

B) Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2020 were as follows:

(₹ in Lakhs)

Particulars	March 31, 2020			March 31, 2019		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
Assets :						
Cash cash equivalents	213.69	213.69	213.69	939.96	939.96	939.96
Other bank balances	3,358.60	3,358.60	3,358.60	2,122.68	2,122.68	2,122.68
Investments in subsidiaries, associates & joint arrangements	343.15	343.15	343.15	344.16	344.16	344.16
Trade receivables	31,717.56	31,717.56	31,717.56	37,931.57	37,931.57	37,931.57
Other financial assets	3,500.05	3,500.05	3,500.05	4,000.06	4,000.06	4,000.06
Total	**39,133.05**	**39133.05**	**39,133.05**	**45,338.43**	**45,338.43**	**45,338.43**
Liabilities :						
Trade payables	9,008.70	9,008.70	9,008.70	7,642.15	7,642.15	7,642.15
Borrowings	11,071.05	11,071.05	11,071.05	22,434.13	22,434.13	22,434.13
Other financial liabilities	2,955.62	2,955.62	2,955.62	3,189.65	3,189.65	3,189.65
Total	**23,035.37**	**23,035.37**	**23,035.37**	**33,265.93**	**33,265.93**	**33,265.93**

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

B) Financial risk management

Financial risk factors

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

Market risk

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

Analysis of foreign currency risk from financial instruments as of March 31, 2020 :

(Currency in Lakhs)

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	34.79	33.35	0.40	68.54
Other financial assets	-	-		-
Trade payables	(17.26)	(2.65)	(0.21)	(20.12)
Other financial liabilities	(0.88)	(0.48)	-	(1.36)
(Net assets/(liabilities	**16.65**	**30.22**	**0.19**	**47.06**

Analysis of foreign currency risk from financial instruments as of March 31, 2019 :

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

For the year ended March 31, 2020 and March 31, 2019, the depreciation/appreciation in the exchange rate between the Indian rupee and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹775.37 lakhs and ₹548.75 lakhs respectively.

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹31,717.56 lakhs and ₹ 37,931.57 lakhs as of March 31, 2020 and March 31, 2019, respectively . Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

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

(₹ in Lakhs)

Particulars	As on March 31, 2020	As on March 31, 2019
Revenue from top customer	**11.54%**	10.67%
Revenue from top five customers	**25.77%**	27.57%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 was ₹188.99. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2019 was Nil.

Particulars	As on March 31, 2020	As on March 31, 2019
Balance at the beginning	**526.00**	526.00
Lifetime expected credit loss	**693.79**	597.93
Credit impairment	**(504.80)**	(597.93)
Balance at the end	**714.99**	526.00

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

Liquidity risk

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

As of March 31, 2020, the Company had a working capital of ₹42,918.91 lakhs including cash and cash equivalents of ₹213.68 lakhs . As of March 31, 2019, the Company had a working capital of ₹39,084.51 lakhs including cash and cash equivalents of ₹939.96 lakhs .

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

As of March 31, 2020 and March 31, 2019, the outstanding gratuity and compensated absences were ₹508.30 lakhs and ₹284.98 lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

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

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020 :

(₹ in Lakhs)

	< 1 year	1-2 years	2-3 years	Total
Trade payables	9,008.70	-	-	9,008.70
Long term borrowings	934.96	7.75	-	942.71
Short term borrowings	10,136.09	-	-	10,136.09
other financial liabilities (excluding borrowings from banks and financial institutions)	2,094.03	-	-	2,094.03

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

	< 1 year	1-2 years	2-3 years	Total
Trade payables	7,642.15	-	-	7,642.15
Long term borrowings	1,583.01	632.46	7.75	2,223.22
Short term borrowings	20,851.13	-	-	20,851.13
other financial liabilities (excluding borrowings from banks and financial institutions)	3,189.65	-	-	3,189.65

NOTE : 43 | DISCLOSURES RELATING TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

a) Gross amount required to be spent by the Company during the year ₹ 99.86 Lakhs

Notes forming part of the standalone financial statements

for the year ended March 31, 2020

b) The details of amounts spent during the year on CSR activities are as follows:

	(₹ in Lakhs)
i) Promotion of child education	37.83
ii) Eradication of malnutrition	44.50
iii) Health care	20.14
iv) Contribution to eligible orphanages/oldage homes	13.22
Total	115.69

NOTE : 44 | IMPACT OF COVID-19

The onset and rapid propagation of COVID-19 has caused disruptions in the operations of the company, restrictions on travel, meetings and access to customer locations and other practical di culties resulting in shut down and work from home from March 24, 2020 until mid-May 2020. Operations were resumed by adopting the SOPs under Covid-19 situation and strictly complying with the government regulatory guidelines issued.

During the period ended March 31, 2020 goods produced could not be converted as sales to the tune of ₹75.00 crs (Approx.). No significant orders were lost due to disruptions. Additional cost incurred on account of COVID-19 is to the tune of ₹2.00 Cr (Approx.). Further, certain relief measures announced by regulators to mitigate the burden of servicing of dues, brought about by disruptions and to ensure the continuity of viable businesses were adopted by the company.

Subsequent to the period ended March 31, 2020 the management is assessing the impact on the following but not limited to future sales, inventory, receivables and additional costs. This assessment is being monitored and updated for any possible future disruptions. In view of the management estimate of its business environment, expected future cash flows and available unutilised credit facilities, the management believes that the going concern assumption for preparation and presentation of financial statements is appropriate.

Management actions to assess the impact and to address mitigation include – review of business environment, cost reduction, limited essential capex, cash flow assessment, restructuring business operations and review of SOPs.

NOTE : 45 |

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

As per our report of even date annexed

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

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAABJ6349

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HBL Power Systems Limited,
Hyderabad

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of HBL Power Systems Limited (hereinafter referred to as the 'Parent Company') and its subsidiaries (Parent Company and its subsidiaries together referred to as "the Group"), its associate and Jointly Controlled Entity, as stated in note 44, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, and the Consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2020, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for opinion

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

Key audit matters

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

Key audit matter	Auditor's response
Adoption of Ind AS 116: As described in Note 3.3 to the consolidated financial statements, the Company has adopted Ind AS 116 Leases (Ind AS 116) in the current year. The application and transition to this accounting standard is complex and is an area of focus in our audit since the Company has a number of leases with different contractual terms.	**Principal audit procedure:** Our audit procedures include the assessment & testing of : • newly introduced processes & controls in respect of the lease accounting standard (Ind AS 116); • Company's identification of leases based on the terms of lease agreement and our understanding of the business;

<table>
<tr><th>Key Audit Matter</th><th>Auditor's response</th></tr>
<tr><td>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet. The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/ arrangement. Adoption of the standard involves significant judgements and estimates including, determination of the discount rates and the lease term. Additionally, the standard mandates detailed disclosures in respect of transition. Refer Note 3.3 and Note 42.4 to the consolidated financial statements.</td><td>• reasonableness of the discounting rates adopted for computing the lease liabilities;
• method of transition and related adjustments, the completeness of the lease data on transition.
• the terms of lease with the underlying lease contracts and evaluating the computation of lease liabilities, key estimates for discount rates and the lease term.
• presentation and disclosures relating to Ind AS 116 including, disclosures relating to transition.</td></tr>
<tr><td>Impact of COVID-19 :

The onset and rapid propagation of COVID-19 has caused disruptions in the operations of business units, severe restrictions on travel, meetings and access to client locations and other practical difficulties resulting in distance audit / remote audit / online audit. Further, certain relief measures were announced by regulatory authorities to mitigate the burden of meeting timelines and compliance requirements brought about by disruptions and to ensure the continuity of viable businesses.

Considering the nature of the restrictions, limitations, regulatory requirements, existing business environment, materiality and their possible impact on the operative effectiveness on the critical control systems and risk of material misstatement the audit requires significant efforts in verification, planning and performing alternative procedures and exercise of more professional skepticism to mitigate identified risks / weakness and ensure compliance with standards on auditing. Further, this is a matter of high importance for the intended users of the financial statement. Considering these aspects, we have considered this as a key audit matter.</td><td>Principal audit procedure:

Though the methodology of conducting audit is likely to undergo a change, the objective of the audit does not change, which requires the auditor to ensure that sufficient and appropriate audit evidence is available with the auditor based on which he is able to express his opinion.

In identifying and assessing the risks of material misstatement and operating effectiveness of critical controls through understanding the unit and its environment the following issues had been considered:

• operational disruption resulting in any changes to the business model.
• employees' absence or work from home.
• restrictions on travel.
• physical access to systems, data, documents, officials.
• inability to physically verify relevant information, items and records.
Specific considerations adopted while conducting distance audit / remote audit / online audit of the unit under current Covid-19 situation :
• obtaining the data / documents required for the purpose of conducting the audit in soft copy / scanned format.
• seeking information and representations from the management about the current and possible future impact of disruptions to business operations.
• requesting for online presence of requisite unit officials.
• communications by email and video conference instead of physical mode wherever necessary.
• adopting the SOPs under Covid-19 situation and strictly complying with the government regulatory guidelines issued.</td></tr>
</table>

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

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

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

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

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

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

The Parent Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the group including its associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the group and of its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the group and of its associate are responsible for assessing the ability of the group and of its associate and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the group and of its associate and jointly controlled entity are responsible for overseeing the financial reporting process of the group and of its associate and jointly controlled entity.

Auditor's responsibilities for the audit of the consolidated financial statements

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

Paragraph 41(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) explains that when law, regulation or the applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

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

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

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

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

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

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

We communicate with those charged with governance of the parent Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other matters

(a) We did not audit the financial statements / financial information of 2 (Two) subsidiaries, whose financial statements / financial information reflect total assets of ₹1650.09 lakhs as at March 31, 2020, total revenues of ₹5395.72 lakhs and net cash flows amounting to ₹(141.34) lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the group's share of net profit of ₹102.78 lakhs for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of 1 (one) associate, whose financial statements / financial information have not been audited by us.

(b) These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the management.

Report on other legal and regulatory requirements

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

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

(b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) in our opinion, the aforesaid consolidated financial statements comply with the accounting standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) on the basis of the written representations received from the directors of the parent Company as on March 31, 2020 taken on record by the Board of Directors of the parent Company and the reports of the statutory auditors of its associate company incorporated in India, none of the Directors of the group companies, its associate company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure – A.

(g) With respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group, its associate and jointly controlled entity – Refer Note 38.2 to the consolidated financial statements.

(ii) the group, its associate and jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts.

(iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the parent Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

(h) With respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and explanations given to us the remuneration paid during the current year by the parent Company and its subsidiary companies, where applicable, to its directors is in accordance with the provisions of section 197 of the Act.

For Rao & Kumar
Chartered Accountants
FRN 03089S

Anirban Pal
Partner
M.No. 214919
UDIN No: 20214919AAAAB12411

Place: Visakhapatnam
Date: June 22, 2020

Annexure – A

(Referred to in Paragraph 2(f) of 'Report on other legal and regulatory requirements' in our report of even date)

Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of HBL Power Systems Limited ("the Parent") as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of the parent, its subsidiaries and associate incorporated in India as of that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the parent, its subsidiary companies and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") issued by the ICAI and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their report referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the parent, its subsidiaries and its associate company, which are companies incorporated in India.

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

According to the information and explanations given to us and based on our audit we are of the opinion that, the parent Company, its subsidiaries and its associate company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2020, based on the internal control over financial reporting criteria established by the parent Company, its subsidiaries and its associate company, considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiaries and an associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of those companies.

For Rao & Kumar
Chartered Accountants
FRN 03089S

Anirban Pal
Partner
M.No. 214919
UDIN No. 20214919AAAAB12411

Place: Visakhapatnam
Date: June 22, 2020

BALANCE SHEET as at March 31, 2020

(₹ in Lakhs)

Particulars		Note	As at March 31, 2020		As at March 31, 2019	
I)	**ASSETS**					
1	**Non current assets**					
	(a) Property, plant and equipment	4	26,909.59		31,125.74	
	(b) Capital works-in-progress	6	446.59		388.36	
	(c) Right of use assets		1,031.25		12.65	
	(d) Intangible assets	7	2,428.60		932.08	
	(e) Intangible assets under development	8	2,249.84		3,332.75	
	(f) Equity accounted investments	8A	604.64	33,670.51	528.71	36,320.29
	(g) Financial assets					
	(i) Investments	9	0.10		0.10	
	(ii) Other financial assets	10	2,330.52		2,949.24	
	(h) Other non current assets	11	19.44	2,350.06	62.83	3,012.17
2	**Current assets**					
	(a) Inventories	12	30,432.08		32,485.16	
	(b) Financial assets					
	(i) Investments	9	1.02		2.03	
	(ii) Trade receivables	13	30,515.58		36,308.93	
	(iii) Cash and cash equivalents	14	311.89		1,179.51	
	(iv) Other bank balances	14	3,358.60		2,122.68	
	(v) Others	11	1,176.96		1,057.65	
	(c) Current tax assets (net)	15	471.31		474.81	
	(d) Other current assets	16	2,201.90		1,486.76	
	(e) Assets held for sale	5	1,939.33	70,408.67	1,621.42	76,738.94
	Total			**1,06,429.24**		**1,16,071.40**
II)	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity share capital	17	2,771.95		2,771.95	
	(b) Other equity	18a	74,515.09	77,287.04	73,851.00	76,622.95
2	**Non current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	19	74.95		739.29	
	(ii) Lease liability		812.42			
	(b) Provisions	20	185.41		181.35	
	(c) Deferred tax liabilities (net)	21	1,222.19		1,200.04	
	(d) Other non current liabilities	22	-	2,294.97	55.91	2,176.60
3	**Current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	23	10,136.10		20,851.12	
	(ii) Lease liability	23a	273.32			
	(iii) Trade payables:					
	(a) Total outstanding dues of MESE	24	1,259.13		901.66	
	(b) Total outstanding dues to creditors other than MESE	24	7,943.85		6,716.96	
	(iv) Other financial liabilities	25	3,117.92		4,851.56	
	(b) Other current liabilities	26	2,368.73		2,398.10	
	(c) Provisions	20	1,748.19	26,847.24	1,552.45	37,271.85
	Total			**1,06,429.24**		**1,16,071.40**

The accompanying Notes 1 to 48 form an integral part of this consolidated financial statements

As per our report of even date annexed

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

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAAB12411

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2020

(₹ in Lakhs)

	Particulars	Note	Year ended March 31, 2020		Year ended March 31, 2019	
	Revenue					
I	Revenue from operations	27		**1,09,178.13**		1,26,587.66
II	Other income	28		**1,658.37**		1,330.92
III	**Total income (I + II)**			**1,10,836.50**		1,27,918.58
IV	**Expenses**					
	Cost of material consumed	29		**67,598.20**		80,527.56
	Purchases of stock-in-trade			**164.89**		374.77
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	30		**953.30**		666.50
	Employee benefits expense	31		**9,070.01**		8,745.20
	Finance costs	32		**2,219.82**		3,064.49
	Depreciation and amortization expense	33		**4,074.80**		4,448.08
	Manufacturing expenses	34		**13,270.84**		14,565.32
	Administrative expenses	35		**4,404.66**		5,264.76
	Selling expenses	35		**5,662.72**		6,724.93
	Total expenses (IV)			**1,07,419.24**		1,24,381.61
V	**Profit before exceptional items and tax (III - IV)**			**3,417.26**		3,536.97
VI	Exceptional items - income/(expense)	36		**489.32**		663.87
VII	**Profit after exceptional items (V - VI)**			**3,906.58**		4,200.84
VIII	**Share in profit / (loss) of associate / joint venture**	8B		**102.78**		79.23
IX	**Profit before tax (VII - VIII)**			**4,009.36**		4,280.07
X	**Tax expense**					
	(1) Current tax		**1,284.66**		1,737.38	
	(2) Deferred tax (asset)/liability		**90.32**		(183.28)	
	(3) Income tax relating to previous years		**12.74**	**1,387.72**	(47.46)	1,506.64
XI	**Profit after tax for the period (IX - X)**			**2,621.64**		2,773.43
XII	**Other comprehensive income (Net)**					
	Items that will not be reclassified to profit or loss -					
	a) Remeasurement of defined benefit plans		**(225.42)**		(37.70)	
	b) Tax effect		**56.73**		13.05	
	c) Total - (c = a + b)		**(168.69)**		(24.65)	
	Items that may be reclassified to profit or loss -					
	d) Exchange differences in translating the financial statements of foreign operations		**(129.10)**		(34.02)	
	e) Tax effect		**32.49**		11.77	
	f) Total - (f = d + e)		**(96.61)**		(22.25)	
	g) otal other comprehensive income (Net) - (g= c+f)			**(265.30)**		(46.90)

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2020

(₹ in Lakhs)

XIII	**Total comprehensive income for the period (XI + XII)**		**2,356.34**	2,726.53
	Profit/(Loss) for the year attributable to:			
	Owner of the Company		**2,621.64**	2,773.43
	Non-controlling interest		**-**	-
			2,621.64	2,773.43
	Other comprehensive income for the year attributable to:			
	Owner of the Company		**(265.30)**	(46.90)
	Non-controlling interest		**-**	-
			(265.30)	(46.90)
	Total comprehensive income for the year attributable to:			
	Owner of the Company		**2,356.34**	2,726.53
	Non-controlling interest		**-**	-
			2,356.34	2,726.53
XIV	**Earnings per equity share (Face value ₹ 1/- per share)**	**37**		
	(1) Basic ₹		**0.85**	0.98
	(2) Diluted ₹		**0.85**	0.98

The accompanying notes 1 to 48 form an integral part of this standalone financial statements

As per our report of even date annexed

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

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAAB12411

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

CASH FLOW STATEMENT as at March 31, 2020

(₹ in Lakhs)

	Particulars	As at March 31, 2020		As at March 31, 2019	
A	**Cash flow from operating activities**				
	Net profit before tax and exceptional items		**3,520.05**		**3,616.19**
	Exceptional items - income / (expenditure) *		**489.32**		663.87
	Other comprehensive income (net)		**(354.52)**		(71.72)
	Total comprehensive income before tax		**3,654.85**		4,208.34
	Adjustments for:				
	Depreciation	**3,347.75**		3,844.70	
	Amortisation of intangible assets	**510.12**		603.38	
	Diminution in value of investments	**1.01**		(0.03)	
	Profit on sale of assets	**(490.33)**		(663.87)	
	Advances & deposits written off	**38.04**		149.42	
	Interest income	**(417.44)**		(315.67)	
	Interest expense	**1,259.73**		2,087.37	
	Provision for doubtful debts	**287.59**		(26.63)	
	Other provisions	**199.80**		161.79	
			4,736.28		5,840.46
	Operating profit before working capital changes		**8,391.13**		10,048.80
	(Increase)/decrease in sundry debtors	**5,505.76**		9,036.75	
	(Increase)/decrease in inventories	**2,053.08**		4,260.74	
	(Increase) / decrease in loans & advances **	**(1,489.70)**		1,511.61	
	Increase/(decrease) in trade paybles	**1,584.36**		(4,946.31)	
	Increase/(decrease) in current liabilities	**181.81**		(1,317.07)	
			7,835.31		8,545.72
	Cash generated from operations		**16,226.45**		18,594.52
	Income tax paid net of refunds		**(1,281.16)**		(1,934.71)
	Income tax adjustment relating to previous years		**(12.74)**		47.46
	Net cash flow from operating activities (A)		**14,932.55**		16,707.27
B	**Cash flow from investing activities**				
	Purchase of fixed assets	**(3,801.62)**		(2,705.32)	
	Sale proceeds of fixed assets	**2,886.76**		2,779.72	
	Investment of associates/JV	**(75.93)**		(57.62)	
	Interest received	**417.44**		315.67	
	Adjustment to retained earnings on account of consolidation	**-**		(240.86)	
	Net Cash flow from investing activities (B)		**(573.35)**		91.59

CASH FLOW STATEMENT as at March 31, 2020

(₹ in Lakhs)

	Particulars	As at March 31, 2020		As at March 31, 2019	
C	**Cash flow from financing activities**				
	Repayment of long-term borrowings	**1,276.38**		104.63	
	Payment of lease liability	**273.32**		-	
	(Increase)/decrease in working capital borrowings	**10,565.02**		12,968.70	
	Repayment of interest free sales tax loan	**31.49**		348.17	
	(Increase)/decrease in unsecured loans	**150.00**		(3.18)	
	Dividend payment	**1,670.87**		835.43	
	Interest paid	**1,259.73**		2,087.37	
	Net cash flow used in financing activities (C)		**15,226.81**		16,341.12
D	**Net increase in cash and cash equivalents (A+B-C)**		**(867.61)**		457.74
	Cash and cash equiv.at beginning of the period		**1,179.50**		721.76
	Cash and cash equiv. at end of the period		**311.89**		1,179.50
	Cash and cash equivalents				
	Cash on hand		**11.23**		10.02
	Balances with banks in current account		**300.66**		1,169.48
	Total		**311.89**		**1,179.50**

Notes to the cash flow statement for the period ended 31-03-2020

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

2 * Details of the exceptional items are given in note 36.

3 ** Including bank balances other than cash and cash equivalents

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

As per our report of even date annexed

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

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAAB12411

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2020

a) Share capital

(₹ in Lakhs)

Balance as on March 31, 2019	2,771.95
Balance as on March 31, 2020	**2,771.95**

b) Other equity

Particulars	Capital reserve	Securities premium	Other reserves: Capital redemption reserve	Other reserves: Investment subsidy	General reserve	Retained earnings	Foreign currency translation reserve	TOTAL
Balance at the beginning of the current reporting period April 1, 2018	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**17,258.22**	**(203.75)**	**72,396.97**
Profit for the Year						2,773.43		2,773.43
Other comprehensive Income for the year,net of income tax						(24.65)	(22.25)	(46.90)
Dividends (including Tax)						(835.43)		(835.43)
Adjustment to retained earnings on account of consolidation						(437.08)		(437.08)
Balance at the end of the reporting period March 31, 2019	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**18,734.49**	**(226.00)**	**73,851.00**
Balance at the beginning of the current reporting period April 1, 2019	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**18,734.49**	**(226.00)**	**73,851.00**
Profit for the Year						2,621.64		2,621.64
Other comprehensive Income for the year,net of income tax						(168.69)	(96.61)	(265.30)
Dividends (including Tax)						(1,002.52)		(1,002.52)
Interim dividends (including tax)						(668.35)		(668.35)
Adjustment to retained earnings on account of consolidation						(21.39)		(21.39)
Balance at the end of the reporting period March 31, 2020	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**19,495.19**	**(322.61)**	**74,515.09**

As per our report of even date annexed

for Rao & Kumar
Chartered Accountants
FRN No. 03089S

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAAB12411

Dr A J Prasad
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Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 1 | **Company overview**

The Consolidated Financial Statements (CFS) comprise financial statements of HBL Power Systems Limited (the Parent Company) and its Subsidiaries (Collectively the Group), its Joint Venture Company and Associate Company for the year ended March 31, 2020.

The parent Company is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The parent Company has its primary listings on the BSE Limited and National Stock Exchange in India. The CFS were authorized for issuance by the parent Company's Board of Directors and Audit Committee on June 22, 2020.

The principal activities of the group comprises of manufacturing of different types of batteries and other products. The group is also engaged in service activities related to the above products.

NOTE : 2 | **Basis of preparation and measurement**

2.1 Statement of compliance

The CFS as at and for the year ended March 31, 2020 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Accounting convention and basis of measurement

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

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

iii) Provision for warranties

iv) Lease liability on right of use assets

2.3 Functional and presentation currency

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

2.4 Use of judgments, estimates and assumptions

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

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

i) Useful lives of property, plant, equipment and intangibles.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

ii) Measurement of defined benefit obligations

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

iv) Recognition of deferred tax assets / liabilities.

v) Impairment of intangibles

vi) Expenditure relating to research and development activities.

vii) Assessing the lease term (including anticipated renewals), non-cancellable period of a lease and the applicable discount rate in respect of assets taken on lease.

2.5 Operating cycle:

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

2.6 Basis of consolidation

a) The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent Company. When the end of the reporting period of the parent Company is different from that of a subsidiary / associate / joint venture entity, that entity prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent Company to enable it to consolidate the financial information, unless it is impracticable to do so.

b) The CFS incorporate the financial statements of the parent Company and entities controlled by the parent Company. Control is achieved when the parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

c) The parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

d) When the parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The parent Company considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the size of the parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

e) Consolidation of a subsidiary begins when the parent Company obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the parent Company gains control until the date when it ceases to control the subsidiary.

f) Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

g) All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

h) Details of subsidiary companies considered in the preparation of the consolidated financial statements are given in Note 44

i) Investments in associates and joint ventures

I) An 'Associate' is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

II) A 'Joint Venture' is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

III) The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

IV) The group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the associate or joint venture since the acquisition date.

V) The statement of profit and loss reflects the group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of associate or joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity.

VI) The aggregate of the group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

VII) Details of associate and joint venture companies considered in the preparation of the consolidated financial statements are given in Note 44

NOTE : 3 | **Summary of significant accounting policies**

3.1 Property, plant and equipment

i) PPE are measured at cost less accumulated depreciation and impairment losses.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

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

iv) Depreciation on tangible assets including those on leasehold premises is provided under straight line method over the useful life of assets specified in Part C of Schedule II to the Companies Act, 2013 and in the manner specified therein, except in respect of Dies and Moulds and 'Secured Land Filling' (used for disposal of Lead Slag) which are depreciated over their technically estimated useful lives of 5 years and 10 years respectively on straight line method. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase.

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

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

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

A) To the extent directly identifiable to any specific plant / unit, trial run expenditure net of revenue is included in the cost of PPE.

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

3.2 Intangible assets

i) Intangible asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

ii) New product development expenditure, software licences, technical knowhow fee, infrastructure and logistic facilities, etc. are recognised as intangible assets upon completion of development and commencement of commercial production.

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

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

3.3 Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

i) Assets taken under lease

a) The group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset is measured in accordance with the measurement criteria as per Ind AS 116. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

b) The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability in accordance with the requirements under Ind AS 116.

c) The group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense.

ii) Assets given on lease

At the inception of the lease the group classifies each of its leases as either an operating lease or a finance lease. The group recognises lease payments received under operating leases as income. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

3.4 Investment in subsidiaries, associates and joint ventures

i) Investments in associate and joint arrangements are accounted for using equity method

ii) Investments in entities other than associate and joint arrangements are carried at cost and diminution / impairment with reference to market value is recognized.

3.5 Government grants

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

3.6 Inventories are valued as under:

I)	Raw materials, components, consumables and stores & spares.	At lower of weighted average cost and net realisable value.
ii)	Work-in-progress and finished goods.	At lower of net realisable value and weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

3.7 Assets held for sale

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

(i) decision has been made to sell.

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

(iii) the assets are being actively marketed and

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

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

3.8 Revenue recognition

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

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

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

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

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

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

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

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

3.9 Employee benefits

i) Short term benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The cost of the benefits like salaries, wages, medical, leave travel assistance, short term compensated absences, bonus, exgratia, etc. is recognised as an expense in the period in which the employee renders the related service.

ii) Post-employment benefits:

A) Defined contribution plans:

The contribution paid/payable under provident fund scheme, ESI scheme and employee pension scheme is recognised as expenditure in the period in which the employee renders the related service.

B) Defined benefit plans:

An obligation towards gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the projected unit credit method. Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in OCI and subsequently not reclassified to the statement of profit and loss.

All defined benefit plan obligations are determined based on valuation as at the end of the reporting period, made by independent actuary using the projected unit credit method. The classification of the entity's net obligation into current and non-current is as per the actuarial valuation report.

iii) Long term employee benefits:

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

3.10 Foreign currency

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

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

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

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

v) For the purposes of presenting these CFS, the assets and liabilities of the group's foreign operations are translated into Indian rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (and attributed to non- controlling interests as appropriate).

vi) On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent Company are reclassified to profit or loss.

vii) In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3.11 Current tax and deferred tax

i) Taxation

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

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

iii) Deferred tax

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

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

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

iv) Current and deferred tax for the year

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

3.12 Borrowing costs

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

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

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

3.13 Financial instruments (financial assets and financial liabilities):

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

ii) Non-derivative financial instruments

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

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

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

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

iii) Derivative financial instruments

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

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

(iv) Impairment

i) Financial assets

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

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

◊ Trade receivables

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

ii) Non - financial assets

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

3.14 Provisions

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

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

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

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

3.15 Earnings per share (EPS)

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

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

NOTE : 4 | Property, plant and equipment as on March 31, 2020

(₹ in Lakhs)

Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As on April 1, 2019	Additions	Adjustments/ deletions	As on March 31, 2020	April 1, 2019	For the Period	Adjustments/ deletions	As on March 31, 2020	As on March 31, 2020	As on March 31, 2019
Land - freehold	3,647.31	-	-	**3,647.31**	-	-	-	**-**	**3,647.31**	3,647.31
Land - leasehold	157.42	-	157.42	**0.00**	20.17	0.26	20.44	**(0.01)**	**0.01**	137.27
Buildings - factory	17,908.50	160.17	1,902.64	**16,166.03**	6,160.28	535.81	428.13	**6,267.96**	**9,898.07**	11,732.02
Buildings - others	476.39	-	-	**476.39**	93.08	8.87	-	**101.95**	**374.44**	383.31
Plant and equipment	45,139.57	1,454.36	2,484.38	**44,109.55**	29,126.48	2,546.72	1,723.89	**29,949.31**	**14,160.24**	16,038.70
Furniture and fixtures	610.75	35.37	148.15	**497.97**	492.73	32.58	144.56	**380.75**	**117.22**	117.46
Vehicles	925.39	47.86	75.82	**897.43**	603.29	58.51	61.00	**600.80**	**296.63**	322.10
Office equipment	1,918.61	146.69	182.14	**1,883.16**	1,550.29	162.48	177.60	**1,535.17**	**347.99**	362.16
Office equipment under finance lease	86.48	-	-	**86.48**	76.95	2.52	-	**79.47**	**7.01**	6.84
Technical library	1.89	-	-	**1.89**	1.89	-	-	**1.89**	**-**	-
Total	**70,872.31**	**1,844.45**	**4,950.55**	**67,766.21**	**38,125.16**	**3,347.75**	**2,555.62**	**38,917.29**	**28,848.92**	**32,747.17**
Less: Transferred to assets held for sale									**1,939.33**	1,621.42
Net Total	70,872.31	1,844.45	4,950.55	**67,766.21**	38,125.16	3,347.75	2,555.62	**38,917.29**	**26,909.59**	31,125.74
Carrying value as at March 31, 2019	74,358.37	1,809.08	5,295.14	70,872.31	37,456.98	3,844.70	3,176.52	38,125.16	31,125.74	

4.1 In respect of dies & moulds and secure land filling included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively and the company had continued to charge such higher depreciation (as compared to schedule II to the Act) on the same basis.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 5 | ASSETS HELD FOR SALE

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Groups of assets held for sale		
Lease hold land	-	137.25
Land freehold	453.45	-
Buildings	1,485.88	1,484.17
TOTAL	**1,939.33**	**1,621.42**

NOTE : 6 | CAPITAL WORK-IN-PROGRESS

	March 31, 2020	March 31, 2019
Machinery under erection	378.38	388.36
Civil works in progress	68.21	-
TOTAL	**446.59**	**388.36**

NOTE : 7 | INTANGIBLE ASSETS

	Gross carrying amount				Accumulated depreciation				Net carrying amount	
Description	As on April 1, 2019	Additions	Adjustments/ deletions	As on March 31, 2020	As on April 1, 2019	For the Period	Adjustments/ deletions	As on March 31, 2020	As on March 31, 2020	As on March 31, 2019
New product development expenditure (internally generated)	3,593.16	2,000.04	-	**5,593.20**	3,316.30	263.34	-	**3,579.64**	**2,013.55**	276.85
Power facility	96.16	-	-	**96.16**	96.16	-	-	**96.16**	**-**	-
Technical knowhow fee	1,019.73	-	-	**1,019.73**	856.04	78.44	-	**934.48**	**85.25**	163.69
Software development	984.89	6.60	-	**991.49**	499.31	168.34	-	**667.65**	**323.84**	485.58
Trade marks and other business intangibles	5.95	-	-	**5.95**	-	-	-	**-**	**5.95**	5.95
Total	**5,699.89**	**2,006.64**	-	**7,706.53**	**4,767.81**	**510.12**	-	**5,277.93**	**2,428.60**	**932.08**
Carrying Value as at March 31, 2019	5,681.89	18.00	-	5,699.89	4,164.43	603.38	-	4,767.81	932.08	

NOTE : 8 | INTANGIBLE ASSETS UNDER DEVELOPMENT

Description	March 31, 2020	March 31, 2019
1) New product development expenditure (Internally generated)		
a) Battery products	233.76	982.93
b) Electronic products	1,371.24	1,703.19
2) Technical knowhow fee paid	643.33	643.33
3) Software development	1.51	3.30
Total	**2,249.84**	**3,332.75**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

Note: 8A Equity accounted investments:

Gulf Batteries Company (Joint Venture Company)

The group had a 40% interest in the entity which was involved in the manufacture of some of the groups' main product lines out side India. Upto the financial year ending March 31, 2017 the groups' interest in the enity was accounted for using the equity method in the consolidated financial statements. However, for the reasons setout in note No. 44 the JV Company is not considered for consolidation for the current financial year.

Naval Systems and Technologies Private Limited (Associate Company)

The group has a 41% interest in the entity which is involed in providing services to foreign original equipment manufactures. The groups interest in the enity is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate Company along with reconciliation is set out below

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Current assets	1,760.80	1,222.07
Non-current assets	393.67	272.75
Current liabilities	**(678.98)**	(205.28)
Non-current liabilities	**(0.76)**	-
Equity	**1,474.73**	**1,289.54**
Proportion of the group's ownership	**41%**	41%
Carrying amount of the Investment	**604.64**	**528.71**

Equity accounted investments

	March 31, 2020	March 31, 2019
Gulf Batteries Company	-	-
Naval Systems andTechnologies Private Limited	**604.64**	528.71
TOTAL	**604.64**	**528.71**

Note : 8B Share in Profit / (Loss) of associate / joint venture

Summarised statement of profit and loss of Gulf Batteries Company

As stated in note 8A above and for the reasons setout in note 44 the JV Company is not considered for consolidation for the current financial year.

Summarised statement of profit and loss of Naval Systems and Technologies Private Limited

	March 31, 2020	March 31, 2019
Revenue	**1,298.88**	**828.39**
Cost of raw material and components consumed	(693.49)	(394.80)
Depreciation & amortisation	(4.00)	(3.13)
Finance cost	(6.45)	(2.15)
Employee benefit.	(170.15)	(156.02)
Other expenses	(174.10)	(79.05)
Profit before tax	**250.69**	**193.24**
Proportion of the group's ownership	**41%**	**41%**
Group's share of profit / (loss) for the year	102.78	79.23

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

Share in Profit / (Loss) of associate / joint venture

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Gulf Batteries Company	-	-
Naval Systems andTechnologies Private Limited	**102.78**	79.23
TOTAL	**102.78**	**79.23**

NOTE : 9 | INVESTMENTS

Non - current - un-quoted				March 31, 2020	March 31, 2019
i) In equity instruments: (fully paid-up)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
a) Subsidiary companies					
9999500	9999500	₹ 10	SCIL Infracon Private Limited	**1,248.37**	1,248.37
			Less: Provision for impairment (refer note no. 44)	**1,248.37**	1,248.37
b) Joint arrangement company					
1100000	1100000	SR 10	Gulf Batteries Company Limited (Kingdom of Saudi Arabia)	**1,424.51**	1,424.51
			Less: Provision for impairment (refer note no. 44)	**1,424.51**	1,424.51
Non -current - quoted					
e) Other companies (listed but not quoted)					
200	200	₹ 10	Indian Lead Limited	**0.10**	0.10
			Carrying value of non-current investments	**0.10**	0.10

Current investments- quoted : In equity instruments of other companies: (fully paid-up)				March 31, 2020	March 31, 2019
(Received in pursuance of business combination)					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
690	-	₹ 1	JSW Steel Limited	**2.58**	2.58
In Liquid mutual funds: (Fully Paid-up)					
(Received in pursuance of business combination)					
1	1	₹ 10	Reliance Mutual Fund Shares Liquid BEES	**0.01**	0.01
			TOTAL	**2.59**	2.59
	Less Aggrgate provision for diminution in value of investments			**1.57**	0.56
	Carrying value of current investments			**1.02**	2.03

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

9.1	Non - current	Current	Non - current	Current
Aggregate amount of quoted investments	0.10	2.59	0.10	2.59
Aggregate market value of quoted investments	Not Available	1.02	Not Available	2.03
Aggregate amount of unquoted investments	-	-	-	-
Aggregate amount of impairment / diminution in value of investments	2,672.88	1.57	1,442.51	0.56

NOTE : 10 | OTHER FINANCIAL ASSETS

	March 31, 2020	March 31, 2019
Non-current		
Bank deposits (maturity beyond 12 months)		
Fixed deposits	40.58	10.43
Margin money deposits	1,046.90	1,762.07
Security deposits with government and others	1,241.54	1,175.94
Advances to employees	1.50	0.80
Total	**2,330.52**	**2,949.24**

NOTE : 11 | OTHER NON- CURRENT ASSETS :

	March 31, 2020	March 31, 2019
Capital advances	19.44	62.83
Total	**19.44**	**62.83**

NOTE : 12 | INVENTORIES *

	March 31, 2020	March 31, 2019
Raw materials	14,720.21	16,417.41
Stores, spares. process chemicals, fuels & packing material	1,054.30	872.19
Stock -in-trade (in respect of goods acquired for trading)	1,299.41	1,138.73
Bonded stocks/In transit	988.38	621.46
Consumable tools	117.51	69.13
Work in progress	7,270.09	6,849.38
Finished goods	4,982.17	6,516.86
Total	**30,432.08**	**32,485.16**

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

NOTE : 13 | TRADE RECEIVABLES

	March 31, 2020	March 31, 2019
Unsecured, considered good	30,515.58	36,308.93
Unsecured and having significant credit risk	813.59	526.00
Allowance for credit risk	(813.59)	(526.00)
Total	**30,515.58**	**36,308.93**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 14

14.1 Cash and cash equivalents

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Balances with banks in current accounts	214.27	1,083.83
Cash on hand	11.23	10.02
Fixed deposits (maturity of less than three months)	86.39	85.65
Total	**311.89**	**1,179.51**

14.2 Other bank balances

	March 31, 2020	March 31, 2019
Fixed deposits	456.39	67.38
Margin money deposits	2,857.74	2,017.35
Dividend account	44.47	37.95
Total	**3,358.60**	**2,122.68**

14.3 Financial assets - others (current)

	March 31, 2020	March 31, 2019
Security deposits with government and others	59.04	91.26
Advances to employees	34.61	29.68
Claims & other receivables	377.28	384.24
Interest accrued but not due on deposits	706.03	552.47
Total	**1,176.96**	**1,057.65**

14.4 Claims and other receivables include :

	March 31, 2020	March 31, 2019
a) Insurance claim on account of heavy rainfall (Refer Note : 14.5)	95.16	95.16
b) Payments under protest for pending litigations	282.12	169.38
c) Other receivables	-	119.70
Total	**377.28**	**384.24**

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

NOTE : 15 | CURRENT TAX ASSETS (NET)

	March 31, 2020	March 31, 2019
Advance payment of income tax (including TDS)	5,577.58	5,558.50
Less : Provision for income tax	5,106.28	5,083.69
Total	**471.31**	**474.81**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 16 | OTHER CURRENT ASSETS

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
A) Advances other than capital advances:		
Advances to employees	**104.24**	98.72
Advances to vendors for supply of goods / services	**1,548.51**	972.08
B) Others:		
Prepaid expenses	**202.30**	145.63
Export incentives receivable	**229.26**	116.09
GST/service tax input/VAT receivables	**117.60**	149.76
Other advances	**-**	4.49
Total	**2,201.90**	**1,486.76**

NOTE : 17 | EQUITY SHARE CAPITAL

	March 31, 2020	March 31, 2019
Authorised		
31,25,00,000 equity shares of ₹1 each	**3,125.00**	3,125.00
(Previous Year 31,25,00,000 equity shares of ₹1 each)		
Issued , subscribed and fully paid-up		
27,71,94,946 equity shares of ₹1 each	**2,771.95**	2,771.95
(Previous Year 27,71,94,946 equity shares of ₹1 each)		
Total	**2,771.95**	**2,771.95**

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

Equity shares	March 31, 2020		March 31, 2019	
	No.of Shares	Value ₹ in Lakhs	No.of Shares	Value ₹ in Lakhs
At the beginning of the period	**27,71,94,946**	**2,771.95**	27,71,94,946	2,771.95
Additions during the period on account of business combination	-	-	-	-
Deductions during the period on account of business combination	**-**	**-**	-	-
Outstanding at the end of the period	**27,71,94,946**	**2,771.95**	**27,71,94,946**	**2,771.95**

17.2 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

(₹ in Lakhs)

Name of the Shareholder	March 31, 2020		March 31, 2019	
	No.of Shares	% holding in the class	No.of Shares	% holding in the class
Equity shares of ₹1 each fully paid				
Promoter and promoter group				
Barclays Wealth Trustees (India) Pvt Ltd -Aluru Family Pvt Trust	13,96,81,916	50.39	13,69,51,231	49.41
Public				
BanyanTree Growth Capital LLC	2,89,83,735	10.46	2,89,83,735	10.46
Oman India Joint Investment Fund	2,68,42,240	9.68	2,68,42,240	9.68

NOTE : 18 | OTHER EQUITY - (REFER STATEMENT OF CHANGES IN EQUITY)

	March 31, 2020	March 31, 2019
Capital reserve	**1.02**	1.02
Capital redemption reserve	**2.70**	2.70
Investment subsidy from state government	**55.77**	55.77
Securities premium account	**23,010.66**	23,010.66
General reserve	**32,272.35**	32,272.35
Retained earnings (balance of surplus in the statement of changes in equity)	**19,495.19**	18,734.49
Foreign currency translation reserve	**(322.61)**	(226.00)
TOTAL	**74,515.09**	**73,851.00**

NOTE : 19

19.1 Non- current - financial liabilities

	March 31, 2020	March 31, 2019
Borrowings		
Term Loans from banks (secured)		
HDFC Bank Ltd	**-**	622.75
HDFC Bank Ltd. - against vehicles	**7.75**	17.46
Loan from others (Refer Note - 19.5 (d))	**67.20**	99.08
TOTAL	**74.95**	739.29
19.2 Lease liability		
Lease liability	812.42	-
TOTAL	**812.42**	**-**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

19.3 Current - financial liabilities

(₹ in Lakhs)

(Borrowings (current maturities	March 31, 2020	March 31, 2019
A. Long term debt from banks (secured)		
IDBI Bank Ltd	-	417.00
HDFC Bank Ltd	**925.25**	1,122.75
HDFC Bank Ltd. - against vehicles	**9.71**	11.77
Loan from others (Refer note - 19.5 (d))	**40.73**	36.21
TOTAL (A)	**975.69**	1,587.73
B. Loans from others (un-secured)		
Deferred payment laibility - interest free sales tax loan	-	31.49
TOTAL (B)	-	31.49
TOTAL (A + B)	975.69	1,619.22

19.4 Current maturities of long term debt

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

19.5 Term loans :

The particulars of loans drawn, nature of security, terms of repayment, rate of interest, instalments due and loan wise outstanding are as under.

19.6 Term loan from HDFC :

a) HDFC term loan III of ₹2,025.00 lakhs are (drawn ₹1,850.50 lakhs) towards the refinancing of capital expenditure of the Company. The loan is secured by a first charge on the entire property, plant and equipment of the Company both present and future. This loan is also guaranteed by CMD and two Directors in their personal capacity.

Name of the bank	Loan amount drawn	No of instalments	of interest %	Outstanding as on March 31, 2020
Term loan III				
- Drawal i	883.50	8 (QTLY) commencing from 18-05-2019	8.90	442.00
- Drawal ii	362.00	8 (QTLY) commencing from 30-06-2019	9.25	181.00
- Drawal iil	605.00	8 (QTLY) commencing from 30-06-2019	9.20	303.00

b) HDFC bank - vehicle loan

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

c) HBL U.S.A

Represents loan in the form of note entered into with the State of Connecticut Department of Economic And Community Development, U.S.A., which is repayable in equal monthly installments totaling $ 4688, and matures on October 1, 2022. The note is secured by the assets of the Company.

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

NOTE : 20

20.1 Provisions (non - current)

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for earned leave encashment	185.41	181.35
TOTAL	185.41	181.35

20.2 Provisions (current)

	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for earned leave encashment	27.10	11.41
Provision for gratuity	296.80	92.23
Other provisions		
Provision for warranties	1,314.26	1,317.22
Provision for commission on profits to director	110.03	101.59
Contingency provision	-	30.00
TOTAL	1,748.19	1,552.45

NOTE : 21 | DEFERRED TAX LIABILITY (NET)

	March 31, 2020	March 31, 2019
Deferred tax liability (as per last balance sheet)	1,200.04	1,382.88
Less : on account of business combination (DTA)	-	-
Add: Deferred tax (asset)/liability for the year	22.15	(182.84)
Add: Adjustment on account of re-classification	-	
TOTAL	1,222.19	1,200.04

NOTE : 22 | OTHER NON- CURRENT LIABILITIES

	March 31, 2020	March 31, 2019
Deferred government grant (refer note 19.6)	-	55.91
TOTAL	-	55.91

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 23 | BORROWINGS

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
A. Loans repayable on demand from banks (secured)		
State Bank of India	**1,981.98**	5,686.38
ICICI Bank Ltd	**2,327.77**	3,108.69
Axis Bank Ltd	**3,390.32**	3,503.51
TOTAL (A)	**7,700.07**	12,298.58
B. Loans repayable on demand from related parties (unsecured)		
Loans from directors	**561.00**	711.00
TOTAL (B)	**561.00**	711.00
C. Other loans from banks (unsecured)		
Purchase bill discounting from Kotak Mahindra Bank Ltd	**329.43**	3,285.50
Purchase bill discounting from IDBI Bank Ltd	**703.32**	2,827.82
Purchase bill discounting from HDFC Bank Ltd	**842.27**	-
Sale bills (LC backed) discounted with SBI	**-**	228.22
HDFC short term loan	**-**	1,500.00
TOTAL (C)	**1,875.03**	7,841.54
TOTAL (A + B + C)	**10,136.10**	20,851.12

23.1 Working capital loans

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

23.2 Purchase bill discounting from Kotak Mahindra Bank Ltd. Is guaranteed by CMD and a Director of the Company in their personal capacity and undated cheque for the limit value and Purchase bill discounting from IDBI Bank Ltd. Is secured by accepted bill of exchange and post dated cheque/standing instructions for making payment on due date and purchase bill discounting from HDFC Bank is secured by personal guarantee of the promoters and undated cheque equivalent to the limit value.

23.3 Loan from Directors is repayable on demand with interest.

NOTE : 23 A | LEASE LIABILITY

	March 31, 2020	March 31, 2019
Lease liability	273.32	-
TOTAL	273.32	-

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 24 | TRADE PAYABLES

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Total outstanding dues of :		
Micro enterprises & small enterprises (MESE)	**1,259.13**	901.66
Payables other than MESE	**7,943.85**	6,716.96
TOTAL	**9,202.98**	7,618.62

24.1 Details relating to Micro, Small & Medium Enterprises (Relating to Parent Company) :

	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	1,259.13	901.66
Within due date	1,244.83	870.12
Beyond due date	14.30	31.54
Interest	2.05	1.02
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day		
Principal amount	5,030.66	1,339.00
Interest	-	-
The amount of interest due and payable for the period of delay in		
making payment (beyond the appointed day during the year)	24.22	21.34
The amount of interest accrued and remaining unpaid	26.27	22.36

Note: The information has been given in respect of those suppliers who have intimated the Company that they are registered as micro, small and medium enterprises. Some of the vendors who come under the MSMED Act 2006 have been associated with the company for a long time and have a continuous business relationship. The company is usually prompt in servicing these vendors as per mutually agreed payment terms. In view of such longstanding relationship, no claims were received by the Company. The Company expects that there will be no claims in future also for interest. In view of this, the amount of further interest remaining due and payable for the earlier years is not shown above.

NOTE : 25 | OTHER FINANCIAL LIABILITIES - CURRENT

	March 31, 2020	March 31, 2019
Current maturities of long-term debt(refer note - 19.2)	**975.69**	1,619.22
Interest accrued but not due on loans	**7.97**	14.98
Unpaid/unclaimed dividends (refer note - 25.1)	**44.47**	37.95
Trade deposits	**157.54**	154.91
Creditors for capital expenditure	**36.16**	71.40
Statutory dues	**437.10**	1,316.51
Directors' current account	**333.04**	357.90
Accrued compensations to employees	**1,125.94**	1,260.11
Others	**-**	18.58
TOTAL	**3,117.92**	4,851.56

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

25.1 Does not include any amount outstanding which is required to be credited to investor education and protection fund (IEPF).

NOTE : 26 | OTHER CURRENT LIABILITIES

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Advances against sales	1,283.43	794.58
Advances against sale of assets	10.00	390.00
Accrued expenses	1,075.30	1,213.52
TOTAL	2,368.73	2,398.10

NOTE : 27 | REVENUE FROM OPERATIONS

	March 31, 2020	March 31, 2019
a. Sale of products (including excise duty)	1,03,391.89	1,19,501.84
b. Sale of traded goods	223.20	681.60
c. Sale of services	4,457.38	5,356.78
d. Other operating revenue - sale of scrap	1,105.66	1,047.44
TOTAL	1,09,178.13	1,26,587.66

NOTE : 28 | OTHER INCOME

	March 31, 2020	March 31, 2019
a. Interest income		
Interest received on deposits with banks/others	417.44	315.67
Interest on IT refunds	-	22.36
b. Other non-operating income (net of directly attributable expenses)		
Exchange gains	779.72	550.99
Deferred income-govt. grant	55.92	55.92
Miscellaneous income	405.29	385.98
TOTAL	1,658.37	1,330.92

NOTE : 29 | COST OF MATERIAL CONSUMED

	March 31, 2020	March 31, 2019
Opening stocks	16,417.41	20,671.12
Purchases, material,components & consumables	65,910.07	76,273.85
	82,327.48	96,944.97
Less : Closing stocks	14,720.21	16,417.41
	67,607.27	80,527.56
Less : Internal capitalisation	9.07	-
Cost of material consumed TOTAL	67,598.20	80,527.56

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 30 | COST OF MATERIAL CONSUMED

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
a) Manufactured goods		
i) Opening stocks		
a) Semi finished goods	**6,849.38**	7,963.77
b) Finished goods	**6,516.86**	5,723.85
TOTAL (A)	**13,366.24**	13,687.62
ii) Closing stocks		
a) Semi finished goods	**7,270.09**	6,849.38
b) Finished goods	**4,982.17**	6,516.86
TOTAL (B)	**12,252.26**	13,366.24
(increase) / decrease (C = A - B)	**1,113.98**	321.38
b) Traded goods		
Opening stock of traded goods	**1,138.73**	1,483.85
Closing stock of traded goods	**1,299.41**	1,138.73
(increase) / decrease (D)	**(160.68)**	345.12
(increase) / decrease in inventory (C+D)	**953.30**	666.50

NOTE : 31 | EMPLOYEE BENEFITS EXPENSE

	March 31, 2020	March 31, 2019
Salaries & bonus	**7,360.12**	7,061.94
Contribution to provident & other funds	**551.03**	557.75
Gratuity	**124.76**	102.61
Staff welfare expenses	**706.12**	716.15
Recruitment & training	**20.14**	20.89
Remuneration to directors:		
Salaries & allowances	**180.01**	166.54
Contribution to provident fund	**14.21**	13.13
Commission on profits	**110.03**	101.59
Directors sitting fees	**3.60**	4.60
TOTAL	**9,070.01**	8,745.20

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 32 | FINANCE COST

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Interest on term loans	126.36	210.31
Interest on bank borrowings	1,130.92	1,875.25
Interest on vehicle loans	2.45	1.81
Interest on unsecured loans	59.27	71.10
Interest on Lease liability	123.55	
Interest - others	120.66	150.42
Bank charges & commission	656.61	755.60
TOTAL	2,219.82	3,064.49

NOTE : 33 | DEPRECIATION AND AMORTIZATION EXPENSE

	March 31, 2020	March 31, 2019
Depreciation of tangible assets	3,347.75	3,844.70
Amortisation of intangible assets	510.12	603.38
Amortisation on right of use assets	216.93	-
TOTAL	4,074.80	4,448.08

NOTE : 34 | MANUFACTURING EXPENSES

	March 31, 2020	March 31, 2019
Stores & Spares Consumed	1,230.00	1,296.29
Equipment lease rentals	37.90	37.18
Factory rent	3.19	40.13
Consumable tools charged off	79.52	37.74
Contract wages	7,218.76	7,547.47
Testing charges	137.66	251.46
Power and fuel	4,563.81	5,355.05
TOTAL	13,270.84	14,565.32

NOTE : 35 | A) ADMINISTRATIVE EXPENSES

	March 31, 2020	March 31, 2019
Rent	132.43	291.21
Rates, duties & taxes	231.71	216.34
Insurance	214.94	267.52
Professional & consultancy charges	890.14	1,231.36
Expenditure incurred on corporate social responsibility activities	115.69	107.36
Repairs and maintenance	825.21	883.84
Travelling and conveyance	1,111.43	1,150.66

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Sundry expenses	**788.07**	925.44
Payments to auditors	**52.47**	39.83
Audit expenses	**4.53**	1.78
Advances & deposits written off	**38.04**	149.42
	4,404.66	5,264.76

NOTE : 35 | B) SELLING EXPENSES

	March 31, 2020	March 31, 2019
Freight & insurance on sales	**3,538.02**	4,264.27
Liquidated damages	**287.98**	216.66
Commission on sales	**117.62**	292.23
Credit impairment	**505.31**	597.93
Lifetime expected credit loss	**284.19**	-
Provision for warranties	**(8.07)**	280.17
Installation charges paid	**345.54**	452.15
Televan hire charges	**31.04**	43.29
Other selling expenses	**561.09**	578.23
TOTAL	**5,662.72**	6,724.93

NOTE : 36 | EXCEPTIONAL ITEMS OF (INCOME)/EXPENDITURE

	March 31, 2020	March 31, 2019
Impairment / diminution In value of investments (refer note no. 44)	**1.01**	-
(Profit)/Loss on sale of assets	**(491.83)**	(615.12)
(Profit)/Loss on sale and exchange of land	**-**	(48.75)
Others	**1.50**	-
TOTAL	**(489.32)**	(663.87)

NOTE : 37 | DISCLOSURE AS PER IND AS-33 EARNINGS PER SHARE (EPS)-FACE VALUE OF SHARE : ₹1/- EACH

Computation of EPS (basic & diluted)	March 31, 2020	March 31, 2019
Profit after tax (₹)	**2,356.35**	2,726.53
No. of shares (Basic)	**27,71,94,946**	27,71,94,946
No. of shares (Diluted)	**27,71,94,946**	27,71,94,946
EPS (Basic)	**0.85**	0.98
EPS (Diluted)	**0.85**	0.98

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 38 | DISCLOSURE AS PER SCHEDULE III OF THE ACT AND IND AS-37 ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

38.1 Movement of provisions during the year 2019-20

(₹ in Lakhs)

Particulars	Provision for warranties	Contingency provision
a) the carrying amount at the beginning of the period	1,317.22	30.00
b) additional provisions made in the period, inluding increases to existing provisions	1,013.88	
c) amounts used (ie incurred and charged against the provision) during the period	(1,042.97)	-
d) unused amounts reversed during the period	-	(30.00)
e) the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	26.13	-
f) the carrying amount at the end of the period ;	1,314.26	-

Unused amounts of provision for warranties represents provision reversed from the opening balance (after warranty period). It is expected that provision for warranties will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

38.2 Contingent liabilities not provided for and commitments:

All known and undisputed claims and liabilities where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for. The contingent liabilities and commitments are as under:

Nature of contingent liability	March 31, 2020	March 31, 2019
i) Contingent liabilities not provided for:		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	302.86	690.98
Sales tax	709.68	673.54
Custom duty	488.70	488.70
Goods and Service Tax	132.48	-
Income tax	15.41	190.57
Property tax	190.57	134.25
Fuel surcharge adjustment (FSA)	134.25	154.29
Enhancement of land cost	156.29	-
Erstwhile promoters of SCIL Infracon Pvt Ltd	188.31	188.31
Others	75.24	34.50
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees		
HBL Power Systems Limited	16,766.75	15,923.76
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	396.51	197.26
b) Other commitments:		
Legal undertakings (LUTs) given to customs authorities for clearing the imports at nil / concessinal rate of duty	-	73.00

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

38.3 Commitment towards dividend and dividend distribution tax

During the financial year the Board of the parent company its meeting held on February 18, 2020, declared an interim dividend of 20% (₹0.20 per equity share of ₹1 each) aggregating to ₹554.39 lakhs and the same was paid along with corporate dividend distribution tax thereon of ₹113.96 Lakhs, within the statutory time lines.

Further, the Board of the parent company in its meeting held on 22.06.2020, has recommended a final dividend of ₹0.10 per Equity Share of ₹1 each for the financial year ended March 31, 2020. This proposal is subject to the approval of the shareholders at the annual general meeting to be held, and if approved will result in a cash flow of ₹277.19 Lakhs towards dividend. On this dividend, no corporate dividend distribution tax is applicable as per the recent amendment to the Incomes Tax Act.

38.4 Contingent assets:

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

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

NOTE : 39 | INCOME TAX AND SALES TAX ASSESSMENTS:

Taxes due as per returns filed have been paid. The liability, if any, in respect of pending income / sale tax assessments, that may arise upon completion is not ascertainable at this stage.

NOTE : 40 | CONFIRMATION OF BALANCES

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

NOTE : 41

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 42 | DISCLOSURES AS PRESCRIBED BY INDIAN ACCOUNTING STANDARD (IND AS)

42.1 Disclosure as per Ind AS - 2 - Inventories

During the year ended March 31, 2020, ₹37.56 lakhs (March 31, 2019, ₹87.98 lakhs) was recognised as an expense in respect of inventories carried at net realisable value in the statement of profit and loss.

42.2 Disclosure as per Ind AS - 7

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

(₹ in Lakhs)

	Long-term borrowings	Working cpaital borrowings	Interest free sales tax loan	Unsecured loans
Opening balance	2,327.02	20,140.12	31.49	711.00
Borrowed during the year	605.00	-	-	-
Repaid during the year	(1,881.38)	-	(31.49)	(150.00)
Net movement	(1,276.38)	(10,565.02)	(31.49)	(150.00)
Closing balance	1050.64	9575.10	0.00	561.00

42.3 Disclosure as per Ind AS -12 - Income tax

A) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarized as follows: The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax		**4,009.36**	4,280.07
Current tax @ 25.168%	(A)	**1,009.00**	1,480.00
Effect of unused tax losses of subsidiaries / associates		**28.86**	16.73
Effect of income exempt / taxed at lower rate		**472.12**	472.12
Effect of profit of foreign subsidiaries not liable to indian tax		**(1.00)**	50.01
Others		**(878.70)**	(565.49)
Total	(B)	**(378.72)**	(26.63)
Income tax expense recognised in statement of profit and loss	(A - B)	**1,387.72**	1,506.64

b) The income tax on other comprehensive income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income tax benefit arising on income / (expense) recognised in other comprehensive income		
Tax on remeasurement of defined benefit plan	**(56.73)**	(13.05)
Others	**(32.49)**	(11.77)
Income tax benefit recognised in other comprehensive income	**(89.23)**	(24.82)

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

c) Details of income tax assets and income tax liabilities are as follows:

(₹ in Lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
Advance tax / MAT credit / TDS	**5,577.58**	5,558.50
Provision for income tax	**(5,106.28)**	(5,083.69)
Asset / (liability)	**471.31**	474.81

d) The gross movement in the current income tax asset / (liability) is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Net current income tax asset / (liability) at the beginning	**474.81**	(262.72)
Add : income tax paid / adjusted (net of refunds received)	**1,281.16**	2,840.57
Less: provision for current tax	**1,284.66**	1,972.33
Net current income tax asset / (liability) at the end	**471.31**	474.81

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Deferred tax liability		
Property, plant and equipment	**1,505.31**	1,472.59
Total	**1,505.31**	1,472.59
Deferred tax asset		
Employee benefits	**53.48**	67.35
Provision for bad debts	**179.75**	183.81
Other comprehensive income	**(32.49)**	(11.77)
Others	**82.38**	33.16
Total	**283.12**	272.55
Deferred tax liability after set off of deferred tax asset	**1,222.19**	1,200.04

f) The gross movement in the deferred income tax account is as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net deferred tax liability at the beginning	**1,200.04**	1,382.88
Credit / (charge) relating to temporary differences	**22.15**	(182.84)
Net deferred income tax liability) at the end	**1,222.19**	1,200.04

42.4 Disclosure as per Ind AS-116 - leases

(i) Transition to Ind AS 116

a) The group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019).

b) The group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application. The group has used a single discount rate to a portfolio of leases with similar characteristics.

c) On transition, the group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application using the practical expedient provided by the standard.

(ii) The details of the Right-of-use asset held by the Group is as follows: in Lakhs

	Leasehold land	Buildings	Total
Gross carrying amount			
As on April 01, 2019	**417.69**	**830.95**	**1,248.64**
Additions	-	-	-
As on March 31, 2020	**417.69**	**830.95**	**1,248.64**
Accumulated amortization			
As on April 01, 2019	**0.47**	**-**	**0.47**
For the period	32.99	183.93	216.92
As on March 31, 2020	**33.46**	**183.93**	**217.39**
Net carrying amount			
As on March 31, 2020	**384.23**	**647.02**	**1,031.25**
As on March 31, 2019	12.65	-	12.65

iii. Lease liability in Lakhs

	March 31, 2020
Opening balance	1,235.52
Interest for the year	123.55
Cash outflow for leases	273.32
Closing balance	1,085.75
Current Lease liability	273.33
Non-current lease liability	812.42

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

(iv) Interest on lease liabilities is ₹ 98.34 lakhs for the year ended March 31, 2020.

(v) The group incurred ₹149.24 lakhs for the year ended March 31, 2020 towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹369.36 lakhs for the year ended March 31, 2020, including cash outflow for short term and low value leases.

(vi) Lease contracts for land & building entered by the group are primarily to conduct its business in the ordinary course.

42.5 Disclosure as per Ind AS-19 -employee benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under:

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Employer's contribution to PF/ESI/ pension plan	565.24	570.88

b) Defined benefit plan:

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, under the Payment of Gratuity Act, the Company has obtained actuarial valuation of the said liability. As per the valuation made under projected unit credit method by the actuary, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/provided for by the Company. To meet the actual liability, the company has taken a group gratuity policy of the LIC of India and to keep the policy alive, the Company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position)

Particulars	March 31, 2020	March 31, 2019
Present value of obligation	**1,425.89**	1,425.89
Fair value of plan assets	**1,343.43**	1,333.66
Surplus / (deficit)	**(295.80)**	(92.23)
Effects of asset ceiling, if any	**-**	-
Net asset/(liability)	**(295.80)**	(92.23)

Expense recognized during the period (including premium paid)

Particulars	March 31, 2020	March 31, 2019
In income statement (p&l a/c--expense provision)	**124.76**	102.61
In other comprehensive income (b/sheet item)	**(225.42)**	(37.70)

Characteristics of defined benefit plan and risks associated with it

Actuarial Valuation Method

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

The benefits valued

The benefit valued in this report are summarised below:

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

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

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

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

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

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

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

Notes forming part of the consolidated financial statements

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

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

Explanation of amounts in financial statements

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	For the period ending March 31, 2020	For the period ending March 31, 2019
Present value of obligation as at the beginning	**1,425.89**	1,422.07
Current service cost	**57.21**	49.77
Interest expense or cost	**108.80**	112.06
Actuarial (gains) / loss on obligations	**227.39**	32.01
Past service cost	**-**	-
Effect of change in foreign exchange rates	**-**	-
Benefits paid	**(180.06)**	(190.02)
Acquisition adjustment	**-**	-
Effect of business combinations or disposals	**-**	-
Present value of obligation as at the end	**1,639.23**	1,425.89
Bifurcation of net liability		
Current liability (short term)	**115.22**	31.07
Non-current liability (long term)	**1,524.01**	1,394.82
Net liability	**1,639.23**	1,425.89

Changes in the fair value of plan assets

Particulars	March 31, 2020	March 31, 2019
Fair value of plan assets as at the beginning	1,523.69	1,319.64
Acquisition adjustment	(16.83)	(6.49)
Expected return on plan assets	101.76	103.99
Contributions	102.92	112.23
Benefits paid	0.00	0.00
Actuarial gain/(loss) on plan assets	1.97	5.68
Fair value of plan assets as at the end	1,713.51	1,523.69

Change in the effect of asset ceiling

Particulars	March 31, 2020	March 31, 2019
Effect of asset ceiling at the end	Nil	Nil
Interest expense or cost (to the extent not recognised in net interest expense)	Nil	Nil
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	Nil	Nil
Effect of asset ceiling at the end	Nil	Nil

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

Expenses recognised in the income statement

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Current service cost	57.21	49.77
Past service cost	-	-
Expected return on plan assets	(101.76)	(103.99)
Interest cost	108.80	112.06
Expenses recognised in the income statement	64.25	57.84

Other comprehensive income

Particulars	March 31, 2020	March 31, 2019
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	118.31	32.68
Actuarial (gains) / losses - experience variance	109.08	(0.67)
Actuarial (gains) / loss on obligations	227.39	32.01
Actuarial (gains) / loss on Plan assets	1.97	(5.69)
Total other comprehensive income(OCI)	225.42	37.70

Financial assumptions

Particulars	For the period ending March 31, 2020	For the period ending March 31, 2019
Discount rate (per annum)	6.77%	7.63%
Salary growth rate (per annum)	4.00%	4.00%

Demographic assumptions

Indian assured lives mortality (2006-08) ult	100%	100%
Attrition rate:		
Age at valuation date / valuation date	March 31, 2020	March 31, 2019
18-30	5%	15%
31-40	5%	5%
41 & above	1%	1%

Disability: No explicit allowance

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

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

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%

Notes forming part of the consolidated financial statements

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35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.701%	1.701%
70 years	2.586%	2.586%

Membership status

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Number of employees	1,713	1,777
Total monthly salary (₹ in lakhs)	383.64	335.44
Average past service (years)	10	9
Average age (years)	40	39
Average remaining working life (years)	18	19
Number of completed years valued		
Decrement adjusted remaining working life (years)	15.49	15.69

Amount, timing and uncertainity of future cash flows

Sensitivity analysis

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

Particulars	March 31, 2020	March 31, 2019
Defined benefit obligation (base)	1,639.23	1,425.89
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	1,502.68	1,301.59
Decrease: -1%	1,796.30	1,568.99
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	1,795.83	1,569.18
Decrease: -1%	1,501.08	1,299.60
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +50%	1,674.09	1,470.37
Decrease: -50%	1,598.80	1,373.58
Mortailtiy rate:(% change compared to base due to sensitivity)		
Increase: +10%	1,640.62	1,427.56
Decrease: -10%	1,637.83	1,424.22

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

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

Asset liability matching strategies

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

Effect of plan on entity's future cash flows

Funding arrangements and funding policy

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

Expected contribution during the next annual reporting period

(₹ in Lakhs)

The Company's best estimate of contribution during the next year remains similar to current year.	295.80	92.23

Maturity profile of defined benefit obligation

Particulars	March 31, 2020	March 31, 2019
Weighted average duration (based on discounted cashflows) in years	15.49	15.69
Expected cash flows over the next (valued on undiscounted basis):		
1 year	115.22	31.07
2 to 5 years	303.86	215.69
6 to 10 years	705.67	581.39
More than 10 years	2,834.39	2,663.02

(ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using projected unit credit method (PUC) and is charged to profit and loss account. The obligation is not funded.

Assets and liability (balance sheet position)

Particulars	March 31, 2020	March 31, 2019
Present value of obligation	202.94	184.54
Fair value of plan assets	-	-

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

(₹ in Lakhs)

Surplus / (deficit)	(202.94)	(184.54)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(202.94)	(184.54)

Expense recognized during the period

Particulars	March 31, 2020	March 31, 2019
In Income statement (P&L--expense provision)	42.92	24.48

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

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

The benefits valued

The benefit valued in this report are summarised below:

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

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

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

Notes forming part of the consolidated financial statements

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

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

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

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

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

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Present value of obligation as at the beginning	184.54	201.74
Current service cost	22.98	22.58
Interest expense or cost	14.08	15.90
Actuarial (gain)/ loss on obligations	5.86	(14.00)
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(24.52)	(41.68)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	202.94	184.54

Bifurcation of net liability

Particulars	March 31, 2020	March 31, 2019
Current liability (short term)	17.54	3.20
Non-current liability (long term)	185.40	181.34
Net liability	202.94	184.54

Changes in the fair value of plan assets

Particulars	March 31, 2020	March 31, 2019
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	24.52	41.68
e) Benefits paid	(24.52)	(41.68)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Notes forming part of the consolidated financial statements

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Change in the effect of asset ceiling

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Effect of asset ceiling at the beginning	nil	nil
Interest expense or cost (to the extent not recognised in net interest expense)		
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling		
Effect of asset ceiling at the end	nil	nil

Expenses recognised in the income statement

Particulars	March 31, 2020	March 31, 2019
Current service cost	-	-
Past service cost	22.99	22.58
Expected return on plan assets	-	-
Interest cost	14.08	15.89
Net actl. (gain)/ loss recognized in the period:	5.86	(13.99)
Expenses recognised in the income statement	42.93	24.48

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

Financial assumptions

Particulars	March 31, 2020	March 31, 2019
Discount rate (per annum)	6.77%	7.63%
Salary growth rate (per annum)	4.00%	4.00%
Demographic assumptions		
Indian assured lives mortality (2006-08) ult	100%	100%
Attrition rate:		
Age at valuation date / valuation date		
18-30	5.00%	15.0%
31-40	5.00%	5.00%
41 & above	1.00%	1.00%
Disability: no explicit allowance		

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

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

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%

Notes forming part of the consolidated financial statements

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30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.701%	1.701%
70 years	2.586%	2.586%

Membership status

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Number of employees	1,713	1,777
Total monthly salary (₹ in lakhs)	383.64	335.44
Average past service (years)	10	9
Average age (years)	40	39
Average remaining working life (years)	18	19
Number of completed years valued	0	0
Decrement adjusted remaining working life (years)	15.49	15.69

42.6 Disclosure as per Ind AS -21 - the effects of changes in foreign exchange rates

Exchange differences arising out of settlement / translation on account of :	March 31, 2020	March 31, 2019
a) Exports	680.66	301.13
b) Imports	104.61	252.41
c) Others	(5.55)	(2.55)
Net gain (loss) recognised during the year	779.72	550.99

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

1	Joint arrangement	Gulf Batteries Company Limited, Kingdom of Saudi Arabia	
2	Associate companies	Naval Systems & Technologies Private Limited	
3	Investors of subsidiaries	Shakti Concrete Industries Limited (SCIL)	
4	Partners of joint venture company	Abdullah Hamoud Al Shuwayer Sons Trading Company	
		Advance Electronic Company Limited	
5	Key management personnel	Dr A J Prasad	Chairman & managing director
		M S S Srinath	Whole time director

Notes forming part of the consolidated financial statements

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	Kavita Prasad	Whole time director
	K Sridharan	Chief financial officer
	M V S S Kumar	Company secretary
	N. Prabhakar Murthy	Director of SCIL Infracon Private Limited
	K. Gyan Sagar	Former Promoter and Director of SCIL
	Cmde. Arvind Sharma (Retd.)	CEO / Director of Associate Company
	Non-Executive Directors	
	P. Ganapathi Rao	Independent Director
	Preeti Khandelwal	Independent Director
	K Venkat Sriram	Independent Director
	Richa Datta	Independent Director
	M C Mohan	Independent Director
	Ajay Bhaskar Limaye	Non- Executive Director
	Abhishek G Poddar	Non- Executive Director

Disclosure of transactions with related parties and the status of outstanding balances.

(₹ in Lakhs)

Sl.No	Name	Nature of transaction	Transactions during the year	As on March 31, 2020	
				Gross trade receivables (un-secured)	Gross trade payables
1	Joint venture	Sale of goods	-	525.64	
			-	(525.64)	
2	Key management personnel	Funds repaid	150.00	-	561.00
			-		(711.00)
		Remuneration paid	245.00	-	
			(231.13)		
		Commission on profits	110.03	-	
			(101.71)		333.04
		Rent paid	7.73	-	(357.90)
			(7.03)		
		Interest paid	59.27	-	
			(71.10)		
		Sitting fee paid to Non-Executive Directors	3.60	-	-
			(4.60)		

Figures in brackets represent previous year balances

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

Notes forming part of the consolidated financial statements

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42.8 Disclosure as per Ind AS-108 - operating segments

The group's operations include batteries of different types, electronics, railway signalling contracts etc. Except for batteries and electronics, the segment revenue, segment results and segment assets and liabilities of other activities are individually below the threshold limit set out in paragraph 27 of Ind AS 108. Accordingly batteries and electronics segments are shown separately as reportable segments and others are included in un-allocated segment.

1) Business segments: batteries and electronics segments have been considered as primary business segements for reporting under Ind AS 108 - operating segments issued by Ministry of Corporate Affairs. .

2) In the opinion of the management the other segments being railway signalling contracts and others are not reportable business segments of the group as per paragraph 27 of Ind AS 108 - operating segments

₹ in Lakhs

Particulars	March 31, 2019		March 31, 2018	
Segment revenue				
Batteries				
Exports	17,674.93		15,790.26	
Domestic sales	79,987.29	97,662.22	95,356.11	1,11,146.37
Electronics				
Exports	1,501.33		2,079.60	
Domestic sales	7,692.93	9,194.26	10,621.04	12,700.64
Unallocated				
Exports	-		413.06	
Domestic sales	3,416.87	3,416.87	3,515.25	3,928.31
Total		**1,10,273.35**		**1,27,775.32**
Less : Inter-segment revenue		1095.22		1187.66
Net revenue		**1,09,178.13**		**1,26,587.66**
Identifiable operating expenses				
Batteries	83,167.09		94,989.20	
Electronics	7,074.78		9,627.96	
Unallocated	4,890.17	95,132.04	4,710.31	1,09,327.47
Allocated expenses				
Batteries	5,024.93		4,568.73	
Electronics	1,394.45		1,802.95	
Unallocated	1,437.34	7,856.72	1,560.27	7,931.95

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(₹ in Lakhs)

Segment operating income		**6,189.37**		**9,328.25**
Unallocable expenses		2,210.68		4,057.69
Operating profit		**3,978.69**		**5,270.56**
Other income		1,658.38		1,330.92
Profit before interest and exceptional		**5,637.07**		**6,601.48**
Exceptional items - income/(expenses)		489.32		663.87
Interest expenses		2,219.81		3,064.49
Share in profit / (Loss) of associate / joint venture		102.78		79.23
Profit before Income taxes		**4,009.36**		**4,280.08**
Income tax expenses		1387.72		1,506.65
Net profit		**2,621.64**		**2,773.43**
Segment depreciation(Including amortaisation of intangible assets)				
Batteries		2,737.59		3,043.34
Electronics		395.47		427.21
Unallocated		941.74		977.53
Total		**4,074.80**		**4,448.08**
Segment assets				
Batteries		73,840.13		81,592.71
Electronics		15,053.95		15,235.22
Unallocated		17,535.16		19,243.47
Total Assets		**1,06,429.24**		**1,16,071.40**
Segment liabilities				
Batteries		12,522.67		11,060.89
Electronics		1,862.11		2,025.92
Unallocated (includes term loans, Bank loans, hire purchase loans)		14,757.44		26,361.65
Total Liabilities		**29,142.22**		**39,448.46**

42.9 Financial instruments

A) Capital management

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

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

Financial Instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2020 were as follows:

(₹ in Lakhs)

Particulars	March 31, 2020			March 31, 2019		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
Assets :						
Cash cash equivalents	311.89	311.89	311.89	1,179.51	1,179.51	1,179.51
Other bank balances	3,358.60	3,358.60	3,358.60	2,122.68	2,122.68	2,122.68
Investments in Others	1.12	1.12	1.12	2.13	2.13	2.13
Trade receivables	30,515.58	30,515.58	30,515.58	36,308.93	36,308.93	36,308.93
Other financial assets	3,507.49	3,507.49	3,507.49	4,006.89	4,006.89	4,006.89
Total	**37,694.67**	**37,694.67**	**37,694.67**	**43,620.14**	**43,620.14**	**43,620.14**
Liabilities :						
Trade payables	9,202.98	9,202.98	9,202.98	7,618.62	7,618.62	7,618.62
Borrowings	11,186.74	11,186.74	11,186.74	23,209.63	23,209.63	23,209.63
Other financial liabilities	3,227.97	3,227.97	3,227.97	3,232.34	3,232.34	3,232.34
Total	**23,617.70**	**23,617.70**	**23,617.70**	**34,060.59**	**34,060.59**	**34,060.59**

B) Financial risk management

Financial risk factors

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

Market risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sales and services in those countires. The exchange rate between the local and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the group 's operations are affected as the local currency appreciates/ depreciates against these foreign currencies. The Group leaves exchange rate risk with regard to foreign exposures unhedged when the local currency is depreciating against the foreign currency and hedges this risk when the local

Notes forming part of the consolidated financial statements

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currency is appreciating against the foreign currency. Currently the foreign exchange risk of the group is covered through Natural Hedge and the group uses the foreign currency denominated accounts to mitigate the exchange rate variation.

Analysis of foreign currency risk from financial instruments as of March 31, 2020 : (₹ in Lakhs)

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	34.79	33.35	0.40	68.54
Other financial assets	-	-		-
Trade payables	(17.26)	(2.65)	(0.21)	(20.12)
Other financial liabilities	(0.88)	(0.48)	-	(1.36)
Net assets/(liabilities)	**16.65**	**30.22**	**0.19**	**47.06**

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

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	49.98	22.23	0.42	72.63
Other financial assets	-	-		0.00
Trade payables	(13.93)	(3.34)	(0.03)	(17.30)
Other financial liabilities	(3.09)	(1.33)	-	(4.42)
Net assets/(liabilities)	**32.96**	**17.56**	**0.39**	**50.91**

For the year ended March 31, 2020 and March 31, 2019, the depreciation/appreciation in the exchange rate between the Indian rupee and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹779.72 lakhs and ₹550.99 lakhs respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹30,515.58 lakhs and ₹36,308.93 lakhs as of March 31, 2020 and March 31, 2019, respectively . Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

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

Particulars	As on March 31, 2020	As on March 31, 2019
Revenue from top customer	**12.32%**	10.63%
Revenue from top five customers	**26.05%**	26.82%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 was ₹287.59 Lakhs. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was Nil.

(₹ in Lakhs)

Particulars	As on March 31, 2020	As on March 31, 2019
Balance at the beginning	**526.00**	552.63
Lifetime expected credit loss	**792.39**	571.30
Credit impairment	**(504.80)**	(597.93)
Balance at the end	**813.59**	526.00

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

The bank balances held by the foreign subsidiaries of HBL are generally within the insured limits of respective applicable laws.

Liquidity risk

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

As of March 31, 2020, the Company had a working capital of ₹41,622.10 lakhs including cash and cash equivalents of ₹311.89 lakhs. As of March 31, 2019, the Company had a working capital of ₹37,845.67 lakhs including cash and cash equivalents of ₹1,179.51 lakhs .

As of March 31, 2020 and March 31, 2019, the outstanding gratuity and compensated absences were ₹509.30 lakhs and ₹284.98 lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

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

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The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020 :

(₹ in Lakhs)

	< 1 year	1-2 years	2-3 years	Total
Trade payables	9,202.98	-	-	9,202.98
Long term borrowings	975.69	49.80	25.15	1,050.64
Short term borrowings	10,136.10	-	-	10,136.10
other financial liabilities (excluding borrowings from banks and financial institutions)	2,142.23	-	-	2,142.23

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

	< 1 year	1-2 years	2-3 years	Total
Trade payables	7,618.62	-	-	7,618.62
Long term borrowings	1,619.22	731.54	7.75	2,358.51
Short term borrowings	20,851.12	-	-	20,851.12
other financial liabilities (excluding borrowings from banks and financial institutions)	3,232.34	-	-	3,232.34

NOTE : 43 | DISCLOSURES RELATING TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

a) Gross amount required to be spent by the Company during the year ₹ 99.86 Lakhs

b) The details of amounts spent during the year on CSR activities are as follows:

	(₹ in Lakhs)
i) Promotion of child education	37.83
ii) Eradication of malnutrition	44.50
iii) Health care	20.14
iv) Contribution to eligible orphanages/oldage homes	13.22
Total	115.69

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NOTE : 44

a) Subsidiary Companies, Associate Company and Joint Venture Company considered in the preparation of the CFS.

(₹ in Lakhs)

Particulars	Principal Place of Business	Country of Incorporation	Ownership Interest & Voting Right	
			31-Mar-20	31-Mar-19
Considered for CFS:				
Subsidiary companies				
HBL Germany GMBH	Zwickau	Germany	100%	100%
HBL America Inc.	Connecticut	U.S.A.	100%	100%
Associate company				
Naval Systems & Technologies Private Limited	Hyderabad	India	41%	41%
Not Considered for CFS (refer note 44(b) below):				
Subsidiary companies				
SCIL Infracon Private Limited	Hyderabad	India	100%	100%
Joint Venture company				
Gulf Batteries Company Limited	Dammam	Kingdom of Saudi Arabia	40.00%	40.00%

b) Change in the group Composition :

i) The Company's subsidiaries, SCIL Infracon Pvt Ltd had filed for Dormant status with the Registar of Companies as at the year ended March 31, 2019 and the name of HBL Suntech LLP had been struck-off and the said LLP was dissolved during the year 2018-19. The parent company's investment in these entities had been fully provided for. In view of the foregoing, they have not been considered for consolidation as at March 31, 2020.

ii) The group had a 40% interest in the joint venture entity, Gulf Batteries Company Limited, which was involved in the manufacture of some of the group's main product lines outside India. Up to the financial year ending March 31, 2017 the group's interest in the enity had been accounted for using the equity method in the consolidated financial statements. Subsequently the financial statements and information of the JV Company remained inaccessible to the parent Company. Further, due to subsistence of disputes with JV Company, the parent company filed a case for liquidation of the JV Company during the year 2017-18. In view of the foregoing, the effective date for loss of control over the JV Company, is reckoned as April 1, 2017. The parent company has fully provided for the value of the investment in the said entity. Consequently, the entity had not been considered for consolidation since March 31, 2018.

NOTE : 45

Additional information as required by paragraph 2 of the general instruction for preparation of CFS to Schedule III to the Companies Act, 2013 is attached.

NOTE : 46

Form AOC -1 as required under Section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 is attached.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT 2013: (Refer Note: 45)

Name of the entity		Net Assets i.e. total asset less total liabilities		Share in Profit/ (Loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated Net Assets	Amount (₹ in Lakhs)	As % of consolidated Profit or (Loss)	Amount (₹ in Lakhs)	As % of other comprehensive income	Amount (₹ in Lakhs)	As % of total comprehensive income	Amount (₹ in Lakhs)
Parent	**HBL Power Systems Limited**	**101.29%**	**78,280.40**	**91.96%**	**2,410.74**	**63.58%**	**(168.69)**	**95.15%**	**2,242.05**
Subsidiaries	**Foreign**								
	HBL Germany GMBH	-0.89%	(685.20)	-0.09%	(2.25)	13.04%	(34.59)	-1.56%	(36.84)
	HBL America Inc.	-1.18%	(908.70)	5.23%	137.22	23.38%	(62.02)	3.19%	75.20
Associates *	**Indian**								
	Naval Systems & Technologies Private Limited	0.78%	600.54	2.90%	75.93	-	-	3.22%	75.93
	Total	**100%**	**77,287.04**	**100%**	**2,621.64**	**100%**	**(265.30)**	**100%**	**2,356.34**

* Investments as per equity method

Note : Subsidiary entities SCIL Infracon Private Limited, HBL Suntech LLP and Joint Venture Entity Gulf Batteries Company Limited reported in the previous year have not been considered in the current year for reasons stated in Note no.44 (b)

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

AOC-I : Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014).

Part " A" : Subsidiaries

(₹ in Lakhs)

Sl.No.	Name of Subsidiary Company	Reporting Period	Reporting currency	Exchange Rate on the last date of the financial year	Share capital	Other cquity	Total assets (excluding investment)	Total liabilities	Investments	Turnover	Profit before taxation	Provision for tax & def. tax	Profit after taxation	Dividend proposed	% of Share holding
1)	HBL Germany, GmBH (Subsidiary Company)	31.03.2020	EURO	83.46	14.92	(685.20)	619.21	1,289.49	-	2,599.80	(2.25)	-	(2.25)	-	100
2)	HBL America,Inc (Subsidiary Company)	31.03.2020	USD	75.35	323.02	(851.79)	1,030.88	1,559.65	-	2,781.11	233.88	8.14	225.74	-	100

Note : Subsidiary entities SCIL Infracon Private Limited and HBL Suntech LLP reported in the previous year have not been considered in the current year for reasons stated in Note no.44 (b) (i)

Part " B" : Associate

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to associate Companies.

Sl No	Name of the Company	Naval Systems & Technologies Pvt Ltd
	Associates/Joint Venture	**Associate**
1	Latest audited balance hheet date	31.03.2020
2	Shares held by the company at the year end	
	Number of shares	41,000
	Amount of investment (in Lakhs)	4.10
	Extent of holding %	41
3	Description of how there is significant influence	Common Directors
		(₹ in Lakhs)
4	Networth attributable to shareholding as per latest audited balance sheet	604.64
5	Profit/(Loss) for the year	250.69
	i. Considered in consolidation	102.78
	i. Not Considered in consolidation	147.91

Note : Joint Venture entity Gulf Batteries Company Limited reported in the previous year has not been considered in the current year for reasons stated in Note no.44 (b) (ii)

Notes forming part of the consolidated financial statements

for the year ended March 31, 2020

NOTE : 47 | IMPACT OF COVID-19

The onset and rapid propagation of COVID-19 has caused disruptions in the operations of the group, restrictions on travel, meetings and access to customer locations and other practical di culties resulting in shut down and work from home from March 24, 2020 until mid-May 2020. Operations were resumed by adopting the SOPs under Covid-19 situation and strictly complying with the government regulatory guidelines issued.

During the period ended March 31, 2020 goods produced could not be converted as sales to the tune of ₹75.00 crs (Approx.). No significant orders were lost due to disruptions. Additional cost incurred on account of COVID-19 is to the tune of ₹2.00 Cr (Approx.). Further, certain relief measures announced by regulators to mitigate the burden of servicing of dues, brought about by disruptions and to ensure the continuity of viable businesses were adopted by the company.

Subsequent to the period ended March 31, 2020 the management is assessing the impact on future sales, inventory, receivables and additional costs. This assessment is being monitored and updated for any possible future disruptions. In view of the management estimate of its business environment, expected future cash flows and available unutilised credit facilities, the management believes that the going concern assumption for preparation and presentation of financial statements is appropriate.

Management actions to assess the impact and to address mitigation include – review of business environment, cost reduction, limited essential capex, cash flow assessment, restructuring business operations and review of SOPs.

Apart from the management's assessment pertaining to the parent Company as staled in the note above , the group has also considered the possible risk that may result from the pandemic relating to COVID-19 for the remaining components of the group and expects to recover the carrying amount of all its assets including inventories, receivables, investments and other financial and non-financial assets in the ordinary course of business based on the internal and external information available upto the date of approval of these consolidated financial results. The group is continuously monitoring any material changes in future economic conditions

NOTE : 48

Previous years figures as per previous GAAP have been regrouped / reclassified wherever necessary to correspond with the current year classifications / disclosures.

As per our report of even date annexed

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

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 20214919AAAAB12411

Dr A J Prasad
Chairman & Managing Director
DIN:00057275

M S S Srinath
Director
DIN:00319175

Kavita Prasad
Director
DIN:00319292

Place : Visakhapatnam
Date : June 22, 2020

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 22, 2020

NOTES

NOTES

IMPORTANT COMMUNICATION TO MEMBERS

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

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses by writing an e-mail to einward.ris@kfintech.com with subject as E-mail for Green Initiative' mentioning their Folio No./Client ID. Members holding shares in electronic form may register / update their e-mail addresses with the Depository through their concerned Depository Participant(s).

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