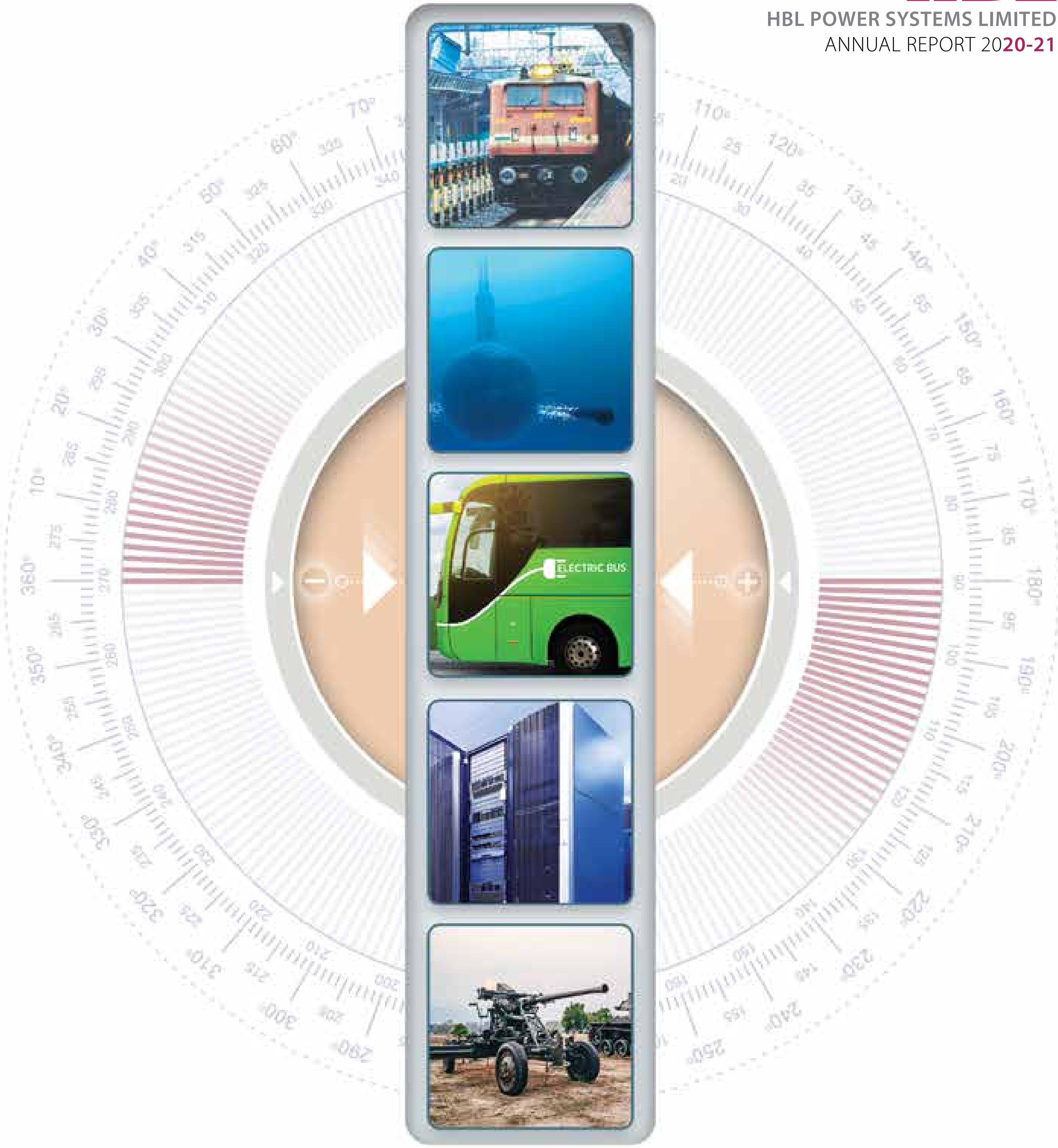
HBL®

HBL POWER SYSTEMS LIMITED

ANNUAL REPORT 2020-21



EMBRACING
THE REALIGNMENT

Inside the document

The pandemic came in and disrupted what was familiar.
It broke down the resistance against the new.
It gave us the rare window of opportunity to evaluate our realignment strategy and reorient our journey.

AND SO WE DID.

We removed all that was superfluous.
We rediscovered our core strengths and made them stronger.
We refocused on new possibilities and opportunities by looking at newer avenues.
We initiated our organisation-wide realignment strategy, with some amount of caution.

In other words, we are embracing what was inevitable, and making it our own. Instead of stubbornly grasping at **'what was',** we are redirecting our energies towards **'what could be'.**

WE ARE EMBRACING EVERY ASPECT OF OUR REALIGNMENT.

And readying our prospects for a promising future.

ABOUT THE
COMPANY

FOR INDIA. IN INDIA. BY INDIA.

Ardently following this ethos over four decades, HBL Power Systems Limited energises critical applications through its storage battery solutions. The Company's prowess in developing technology solutions has enabled it to create pioneering products and solutions for the Indian Railways and the Defence. **Headquartered in Hyderabad,** HBL's shares are listed on the BSE and the National Stock Exchange of India Ltd. (NSE)

5
Manufacturing facilities

80+
Global reach

1,600+
Team size

909
Revenue (₹ Crore)

72
EBITDA (₹ Crore)

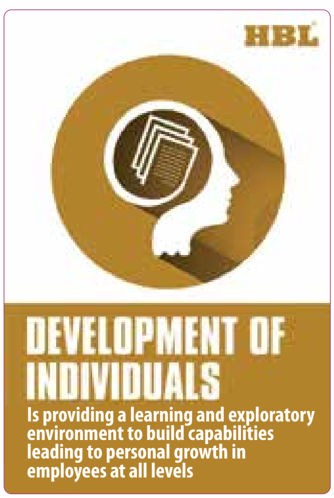
13
Net Profit (₹ Crore)

925
Market Capitalisation (₹ Crore)

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



ABOUT THE
BUSINESS

HBL possesses the following capabilities and services key business sectors such as Defence, Industry and Mobility.

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

Our vertically integrated facilities

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

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

NANDIGAON
Near Hyderabad, Telangana
Product line: PLT and submarine batteries

The Company has organized its business as three major verticals - Batteries, Electronics and Defence

BATTERIES	RAILWAY ELECTRONICS	DEFENCE
	Distinctiveness	
Only Indian company to offer high-powered Pure Lead Thin Plate (PLT) battery	Pioneered the Train Collision Avoidance System (TCAS) for Indian Railways	Large supplier of batteries for various defence applications
World's second-largest manufacturer of Nickel-Cadmium (NCPP) batteries with Pocket Plate, Sintered Plate, and Fibre Plate technologies	Developed Train Management System (TMS) for the Indian Railways - a first-time effort by an Indian private sector enterprise	Absorbed Lithium ion technology for defence applications
	Revenue contribution*	
76%	11%	11%

*Revenue from other verticals - 2%

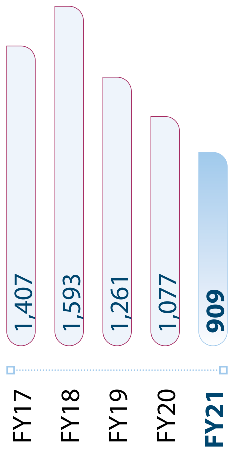
THUMKUNTA
Hyderabad, Telangana
Product line: Electronics

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

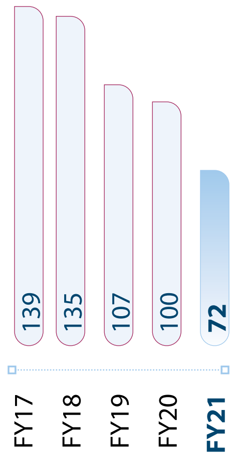
YAPRAL (Development Centre)
Hyderabad, Telangana
Activities: Product development initiatives

KEY
PERFORMANCE INDICATORS

REVENUES
(₹ Crore)

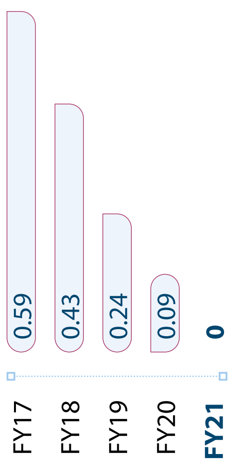


EBITDA
(₹ Crore)

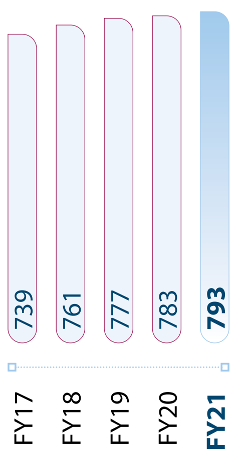


Net Debt
(₹ Crore)

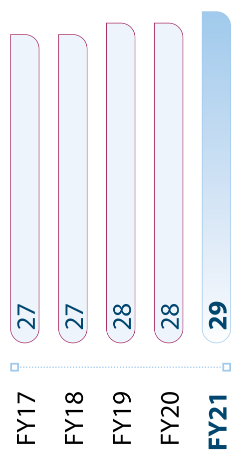
Debt-equity
(x)



Networth
(₹ Crore)



Book value
(₹)



0.47
Earnings per share (₹)

111
Net Cash from Operations (₹ Crore)

8%
EBITDA Margin

BUSINESS HIGHLIGHTS

Electronics

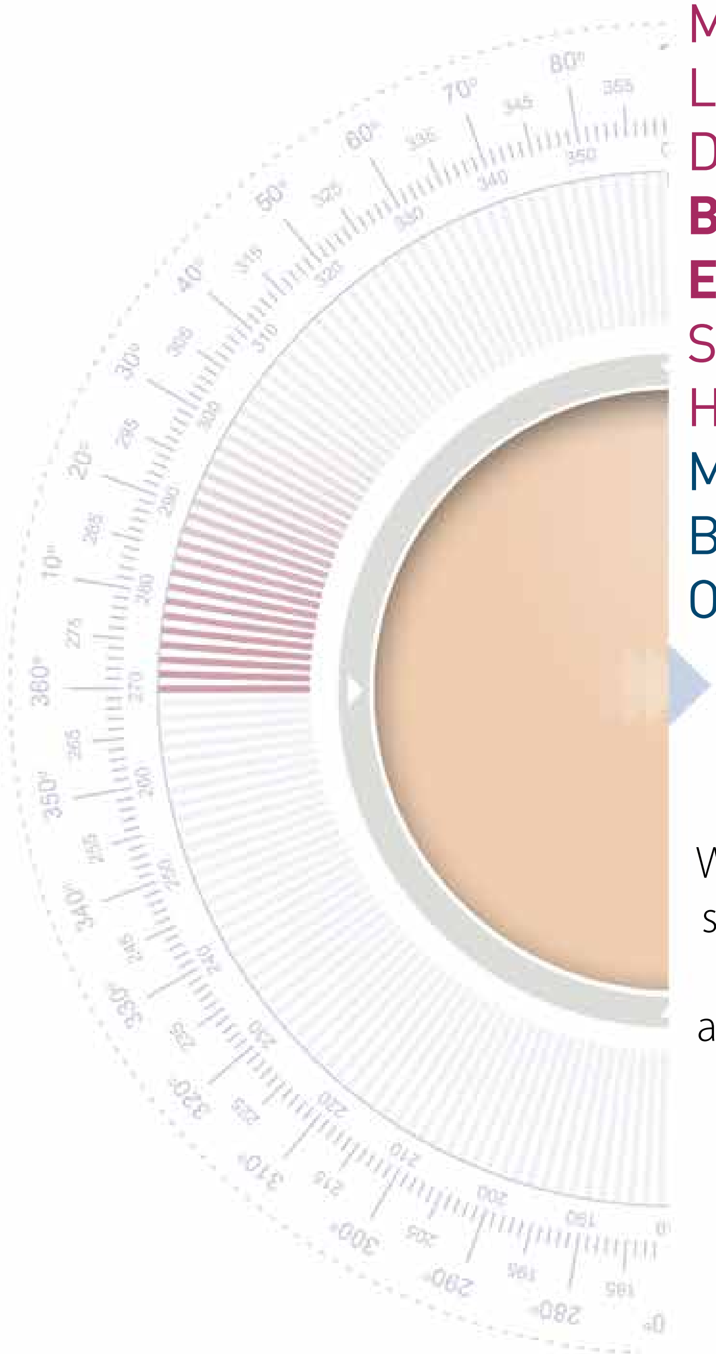
- Obtained Research Design and Standards Organisation (RDSO) approval for TCAS to be deployed in auto-signalling sections of Indian Railways network. TCAS, together with auto-signalling, will enhance traffic throughput on the existing rail infrastructure
- Signed an MoU with Ericsson for deployment of Long Term Evolution (LTE) communication system for Indian Railways. The Indian Railways has announced an allocation of LTE spectrum for use with TCAS

Defence

- Commenced manufacture and supply of Type I batteries for Kilo class submarine and Varunasthra torpedo batteries to Indian Navy
- Absorbed technology from NSTL (Naval Science and Technology Laboratory) for manufacture and supply of Lithium-ion batteries for defence applications

Batteries

- Secured product approval from the Indian Army for PLT batteries for use in defence vehicles. Delivered the first batch of battery for use in vehicles that run in sub-zero temperature in Leh-Ladakh
- Enhanced export volume of PLT batteries for battle tank cranking application
- Bagged a large NCPP order from BHEL for a solar project in Nigeria; increased share of business with the Indian Railways for NCPP batteries



FINANCIAL YEAR 2020-21 WAS AN IMPORTANT MILESTONE. OUR DECADE-LONG EFFORTS IN DEVELOPING **DEFENCE BATTERIES & RAILWAY ELECTRONIC SOLUTIONS** STARTED YIELDING HEARTENING RETURNS. MOREOVER, THEY PROMISE BETTER OPPORTUNITIES OVER THE MEDIUM-TERM.

DEAR SHAREHOLDERS,

We hope you are safe and healthy. For our lifestyle and the business environment as we knew it, has completely changed with the sudden spread of the pandemic across the globe.

THE lockdown imposed in India to contain the contagion took a substantial toll on commercial activity across the spectrum. Experts suggested that if you survive this year, that is a profit in itself.

HBL was also impacted by this national health emergency, but survived and reported a profit.

As we stepped into FY21, our first priority was people safety. We institutionalised detailed SOPs aligned to Government-suggested protocols for the safety of our people. Sanitisation, distanced operations, health check-up and employee support continued right through the year.

With business operations curtailed to 10 months in the fiscal, revenue dipped by about 16% from ₹ 1,077

Crore in FY20 to ₹ 909 Crore in FY21. Supply chain disruption in India and across the globe resulted in a steep increase in input and freight costs. These escalated the cost structure appreciably. Despite the challenges, our profit before exceptional items remained at previous year level.

The Company's performance was far better than our initial estimates - the improvement squarely rests on our team's efforts in cost optimisation and improved performance in the PLT battery business, railway electronics and defence verticals.

Our continued focus on operational efficiency coupled with our efforts to monetise surplus assets enhanced cash flows and reduced external debt.

We became a net debt free company in FY21 which is notably commendable, considering our high debt-equity of 1.23x in FY13. It's been a long journey but a very satisfying one. During the year under review, the working capital borrowings reduced by about ₹ 100 Crore aided by realisation of long pending dues from a state owned telecom operator. HBL is now on a strong foundation.

Business in FY21

From a business perspective, FY21 was a critical period in the Company's journey as we formalized our realignment strategy - which is being embraced by the team with vigour.

FY21 was an important milestone. Our decade-long efforts in developing defence batteries and railway electronic solutions started yielding heartening returns. Moreover, they promise better opportunities over the medium-term.

In the Railway electronic segment, even as we completed the installation of a large proportion of our first TCAS contract from South Central Railway, we bagged our second order for installation of the solution in the busiest and most critical section of the Indian Railway's network. We feel that there are many more such opportunities in the pipeline which will unravel itself over the coming years.

In the Defence vertical, we manufactured and supplied the first batch of Type-1 batteries for Kilo class submarines and the first set of batteries for the Varunasthra torpedo to the Indian Navy. Further batches will be delivered during the current year in periodic intervals until the order is complete. This initial success could open new opportunity windows for the Company going forward.

The Company has received a large export order for the supply of thermal batteries; this order is being executed in the current year.

In the Batteries space, we continued to sustain our leadership position in the domestic NCPP battery market despite the prevailing challenges. Domestic sale of NCPP batteries jumped by 9%. During the last two years, sales volume increased by ~25%. Moreover, we have a healthy order book position as on March 31, 2021. We also experienced a growing preference for PLT batteries in data center applications, while export volume of these batteries for battle tank application gained traction.

Overall business strategy

We are and will continue to stay committed to our articulated goal of maximising Returns from Resources deployed.

For this, we will sustain our realignment efforts with the objective of reinforcing our focus on niche technology-based solutions (our core strength) while resizing our exposure to lesser-attractive business spaces.

Additionally, we will leverage our technical skills and people competence to develop new product verticals that will support our long-term goals.

Our business-wise focus

1) Electronics: We expect the electronics division to register an improved performance over the coming years. This optimism

is based on important realities which are expected to create business opportunities for our key products namely TCAS and TMS.

Train Collision Avoidance System (TCAS): The Indian Railways, aligning with the clarion call of an Atmanirbhar Bharat positioned the 'Made in India' TCAS as the National Automatic Train Protection (ATP) system for India. In the National Budget of 2020-21, the Government allocated ₹ 7,500 Crore for installing TCAS over 25,000 route kms (out of a total railway network of 67,956 kms) in 16 zonal railways.

To upgrade the signaling infrastructure, The Indian Railways decided to migrate from UHF (Ultra High Frequency) to the modern LTE (Long Term Evolution) communication system, and necessary spectrum has been allocated for this upgrade. We proactively prepared for this transition. We collaborated with Ericsson to set up the LTE communication infrastructure at our R&D centre which is working to develop the required interfaces between TCAS and LTE. This is the first such facility in India. We have signed an MoU with Ericsson, which allows us to deploy LTE networks for the Indian Railways. We are completely ready for installing our TCAS solutions across India's railway network.

Additionally, the Indian Railways launched a new project themed 'Mission Raftar' to upgrade the speed of trains in New Delhi – Mumbai and New Delhi - Howrah sections to 160 kmph. Tenders have been issued to install TCAS in these sections on priority. Your Company has recently won a contract in North Central Railway for installation of TCAS as part of Mission Raftar. This is a healthy start for the Company which will help in securing larger tenders over a period of time.

Train Management Systems (TMS): Indian Railways is also prioritising the deployment of TMS and Centralised Traffic Control (CTC) systems. The FY21 National Budget provided an allocation of ₹ 3,450 Crore towards installation of TMS and CTC in 1,646 stations (out of total 7,349 stations) of the Indian Railways network.

Being the first Indian supplier with the field experience of installing TMS and CTC systems in Eastern Railway and Kolkata Metro, HBL is well placed to secure a decent market share in these projects. We have won a contract from Siemens for installation of TMS in the Eastern DFCC project in FY21; the execution of this project is in progress.

2) Defence: With the recent success in introducing new products, HBL has established itself as a reliable supplier of technology solutions to the Indian Defence forces.

The delivery of the first batch of Type I batteries for Kilo class submarines has opened up a large export window. We are actively pursuing orders in the global market. Additionally, we have commenced the design and development of Type II batteries for HDW class submarines – the success of this product will widen our opportunity canvass.

Also, having delivered the first batch of batteries for the Varunasthra Torpedo, we are working aggressively on completing this order and developing batteries for Light Weight and Heavy Weight Torpedoes.

In FY20, we had entered into a Technology Transfer Agreement with NSTL (Naval Science and Technological Laboratory) for manufacturing Lithium Ion batteries for defence applications. We are happy to state that the team has successfully completed the task of absorbing the technology. We have set up a pilot plant conforming to the requirements of the NSTL. This paves the way for HBL to develop Li-ion batteries for various defence applications. We expect these products to gain healthy traction over the coming years.

3) Batteries: This vertical contributes a large share to the Company's topline.

Keeping in view the business attractiveness and environment in lead-acid chemistry, we have adopted a multi-pronged approach. On one hand, we are right-sizing our commodity business after evaluating the returns/resource utilised earned ratio. On the other, we will grow our presence in niche areas.

In continuation of our realignment strategy, we will consolidate our lead-acid battery operations closer to the management's reach and to de-risk business interruptions. Parallelly, we will focus on growing the Nickel Cadmium and PLT battery businesses. Moreover, we will identify new avenues around the lithium chemistry at the appropriate time.

Nickle Cadmium: This is a nugget within the storage battery space where HBL enjoys a leadership position in the domestic market and reasonable market share in exports. In the domestic market, HBL continues to transform the technology preference to Nickle Cadmium from lead acid in key sectors such as Metro-Rail and Power. Within the Oil & Gas sector, we will concentrate on opportunities from pipeline projects. Demand from the international market is also looking favourable with the waning impact of Covid-19. Our success in securing approvals from few large customers in export markets should increase traction for these batteries going forward.

Pure-Lead Thin Plate (PLT): Having established performance credibility of our PLT batteries for battle tank and APC (Armoured Personnel Carrier) applications, we will focus our efforts on growing export volumes from this space. Also, having created a total installation base of PLT batteries in Data Center application in excess of 100 MW, we will leverage this platform to enhance volumes from this sunrise sector. Having secured the stamp of approval for these batteries from the Indian Army, we expect growing volumes in the near future. We are also working on expanding our market for DG cranking in India.

Our prospects in FY22

India, like most other nations, faced the brunt of this pandemic twice. The second wave was more aggressive in its spread and fatal in its intensity. The country overcame the challenges with grit and determination. Having crossed these hurdles, India has once again firmly placed itself on the journey to economic resurgence. Moreover, the aggressive inoculation drive is expected to reduce the adversities from a possible third wave as predicted by health experts.

We are confident of bettering our performance over the previous year contributed by all our business divisions.

Defence: Supply of subsequent group of Type I batteries for Kilo class submarines; continuing supply of Varunasthra torpedo batteries to the Indian Navy.

Electronics: Execution of the multiple TCAS projects and completion of the TMS project.

Batteries: Driving our prospecting in NCPP and PLT batteries.

Additionally, the reduced debt position will significantly improve cash flow, thereby improving organisational liquidity.

We are at the cusp of our realignment journey where we will focus on maximising returns from our value-added products and deploying resources around evolving businesses. We are also minimising our exposure to lesser-attractive commodity businesses. This should help in enhancing stakeholder value over the coming years.

In closing, we take the opportunity to thank the entire team for its unwavering passion displayed during the trying times in meeting customer commitment and achieving business goals.

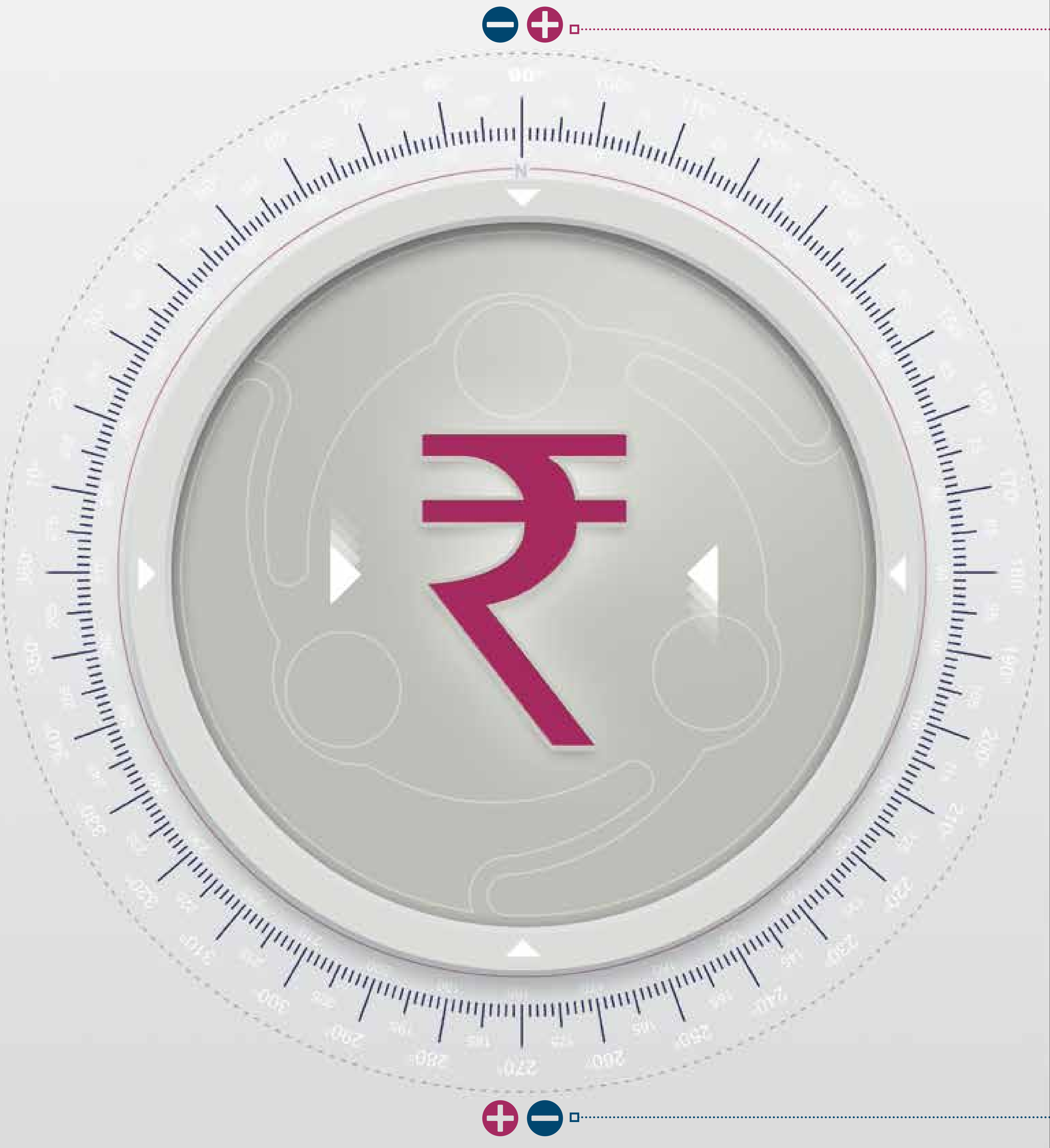
We express our sincere gratitude to our fellow Directors for their proactive contributions in drawing and supporting the contours of the Company's strategies.

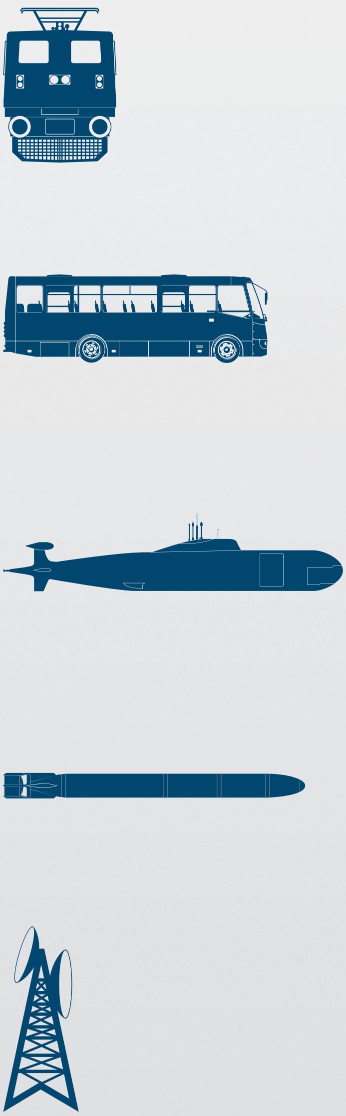
Our thanks to all other stakeholders, who continue to be our all-weather partners. We also place on record our deep appreciation to all our shareholders for their continued support.

We solicit your continued co-operation.

Warm regards,

The Management Team





ECONOMIC OVERVIEW

FY21 was one of the most unprecedented years in living history. A pandemic that brought the economy to a grinding halt, forced Indians to stay confined within their homes and mandated businesses to align with the new reality. The pandemic and subsequent lockdown across India for more than a month decelerated India's economic progress.

Aligned to the decline in global GDP, India's economic progress was expected to steeply contract. But the decline at -7.3% was considerably lesser than the initial estimates owing to a smart V-shaped recovery as most consumption and industrial indicators were back in positive growth zone in Q3FY21 which accelerated in Q4FY21.

The Reserve Bank of India (RBI), and the central and state governments provided critical support to the economy during the crisis.

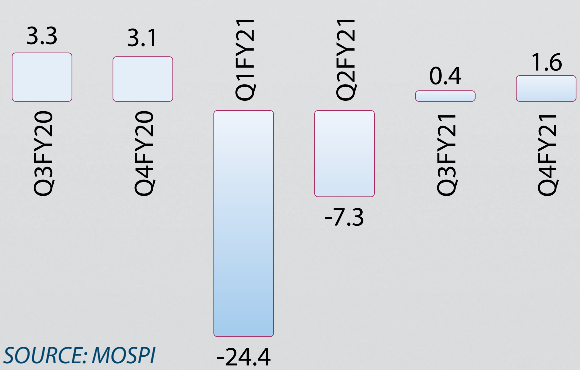
To keep funding markets easy, the RBI maintained liquidity surplus through various monetary measures.

The external sector exhibited resilience as current account turned surplus for the first time since 2004, on weaker domestic demand, falling oil prices and strength in India's services exports. FDI and equity FII flows were strong, driving India's forex reserves to an all-time high of ~US$580 billion by the end of FY21, against ~US$475 billion by the end of FY20.

India is expected to accelerate its economic resurgence in FY22. Despite a tumultuous 2nd wave of infection, India is set to record the highest growth amongst all major economies, albeit on a low base. The economic recovery is likely to be bolstered as the mass vaccination campaign picks up, with expectations of a rapid turnaround in the services sector and opportunities for strong growth in consumption and investment.

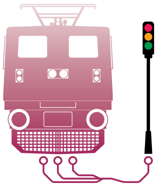
GDP Growth in last 5 quarters

GDP (%)



SOURCE: MOSPI

BUSINESS VERTICAL **01**



ELECTRONICS

10,000+

Allocation (₹ Crore) in the National Budget 2020-21 for installation of TCAS, TMS and CTC solutions across the Indian Railways network

THIS is a high-end business vertical which is completely based on technology solutions developed in-house by the team. This uniqueness allows HBL the flexibility to customise them as per market requirements with speed.

After a decade of development and trials, the flagship solutions have received the stamp of approval from regulatory authorities and were successfully deployed on the ground. These achievements make this vertical very interesting, for it promises medium-term business prospects.

HBL has created three sub-verticals - Railway Electronics, Industrial Electronics and Electric Mobility - under this division to ensure adequate attention to each segment.

Railway Electronics

HBL has two flag-ship solutions tailored to meet the demanding requirements of railway signalling in India - TCAS and TMS. They address the railway safety and track utilisation efficiency - aspects which have always been a high-priority for the Indian Railways.

TCAS: While the Company completed the installation of its TCAS solution for the South Central Railway in FY21, it won a new contract for the installation of TCAS in North Central Railway in the Mathura - Palwal section. This is the busiest section of the Indian Railways network and promises to put the solution to real test. The project is expected to be completed by June 2022.

For many years, TCAS was competing with European solutions like ETCS L1 and L2. FY21 saw this competition being put to an end, with the discovery of total cost of ownership and overall value proposition of TCAS. It was named as the National ATP system for India.

Hitherto, TCAS was approved by RDSO for deployment in absolute block sections. In FY21, HBL also received approval from RDSO for deployment of TCAS in auto-signalling sections, which is essential to enable Railways increase traffic throughput on their existing rail infrastructure. The Company had, in FY20, received the RDSO approval for deploying TCAS for train speeds of up to 160 km/hr.

These approvals promise to widen growth opportunities over the coming years - a satisfying reward for the decade long effort of the team in developing and securing approvals for this unique solution.

Initially, the TCAS was designed to work with a UHF communication system. The Indian Railways decided to migrate this communication from UHF to the modern LTE system, and necessary spectrum is allocated. HBL had proactively prepared for the transition of TCAS to LTE.

In collaboration with Ericsson, the Company has set up the LTE communication infrastructure at its R&D centre to develop the required interfaces between TCAS and LTE. This is the first such facility in India. HBL has also signed an MoU with Ericsson, under which HBL will deploy LTE networks for the Indian Railways.

TMS: The team successfully completed the execution of the TMS project for the Eastern Railway in Sealdah Division. Even as that transpired, the Company received a contract from Siemens for installation of TMS in the Eastern DFCC project. Despite the persisting pandemic-led challenges, we commenced the execution of this project.

Comprehensive solution: Currently multiple signalling systems are in operation at various sections of the railway network - each working in isolation. The systems are unable to communicate seamlessly with each other. Hence, the Indian Railways is unable to maximise the benefit from these investments.

Realising this lacunae, HBL has been promoting the concept of Indian Railways Traffic Management System (IRTMS) over the last two years. This system integrates the functioning of various sub-systems like TCAS, TMS and Electronic Interlock to deliver enhanced operational benefits. A pilot project was developed at HBL and demonstrated to RDSO in FY21. Approval from RDSO is expected in FY22.

Electric Mobility

India's aspiration of shifting its surface transport fleet from fossil fuel to electric driven could face challenges. This is because critical material used in making permanent magnet motors (essential for electric vehicles) are sourced from bordering nation.

HBL, living upto its decades-old ethos of an Atmanirbhar Bharat, developed an alternate technology for high-efficiency motors used in traction application in electric vehicles. The raw material for this is available in India.

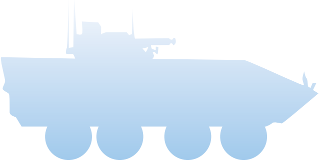
In FY21, the Company completed the development of Electric Drive Train kits for retrofitting light commercial vehicles and passenger buses. The kit comprises of high efficiency traction motor, power electronics controller, high power lithium battery packs and other associated electronics. These kits are suitable for two categories of LCVs in the Gross Vehicle Weight (GVW) range of 3.5 to 6T and 6 to 7.5T and 9m buses. The components of the kit require approval from regulatory agencies. HBL obtained approval from International Centre for Automotive Technology (ICAT), Manesar, for the battery pack and traction motor. The Company expects to secure the approval for the entire kit fitted on the vehicle in FY22.

Medium-term opportunities

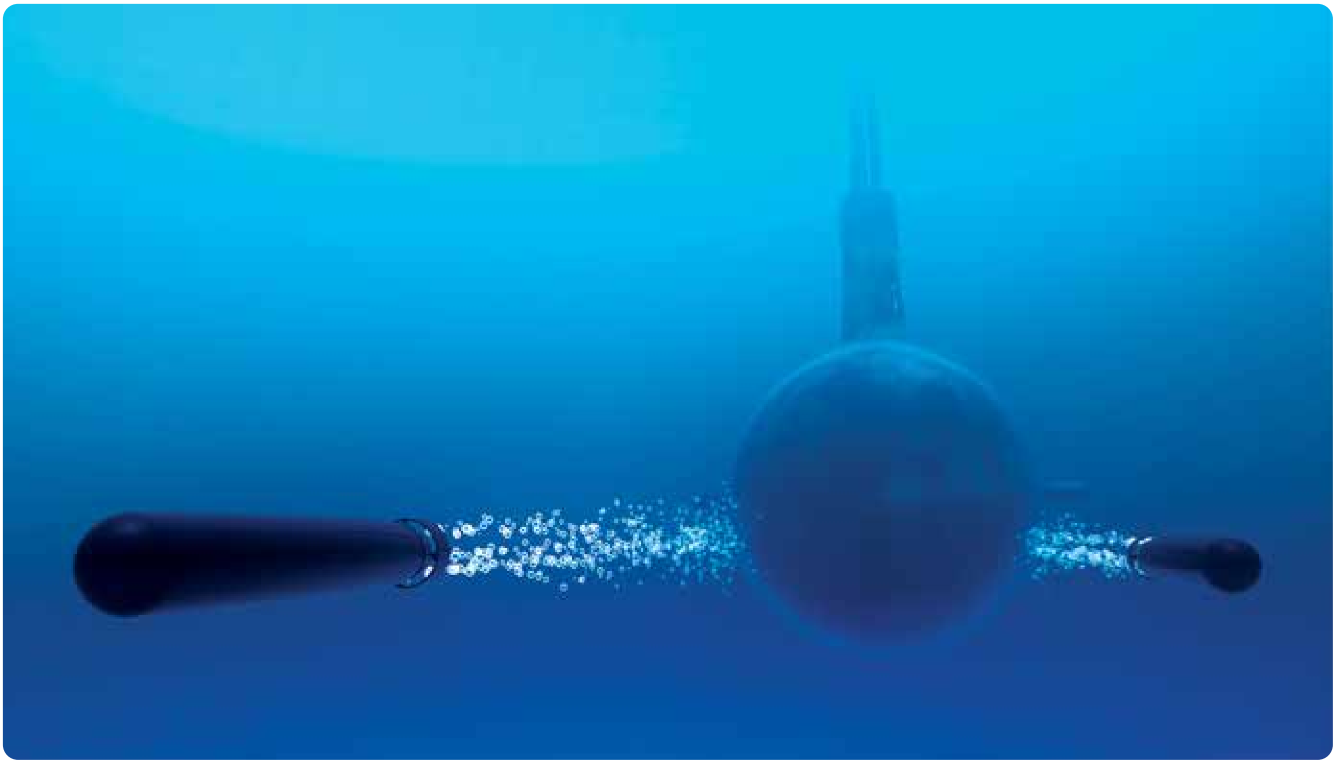
Indian Railways papered a National Rail Plan for India 2030. This is to create a future-ready railway system by 2030 which will facilitate in reducing the logistic cost for industries – an agenda that is at the core of the government's Make in India strategy.

To meet this aspiration, the Finance Ministry announced ₹ 1.1 Lakh Crore allocation for the Indian Railways in the Union Budget 2021. Of this, ₹ 1.07 Lakh Crore would be for capital expenditure.

The Finance Minister, in the Budget Speech also mentioned that the Indian Railways' safety measures have borne results in the last few years. She said that on high density networks and highly utilised routes an indigenous automatic train protection system would be installed for train safety. This statement promises immense growth opportunities for the Company over the coming years.



DEFENCE



THIS business segment is a nugget for HBL which positions it out of the sectoral clutter, earns it considerable respect in the market place and provides interesting long-term revenue prospects.

HBL provides an array of products to the Indian defence. It supplies specialised batteries deployed in demanding applications like fighter aircrafts, unmanned aerial vehicles, submarine propulsion systems, torpedoes, battle tanks, missiles and artillery fuses.

FY21 was an important milestone for the defence vertical. It manufactured and supplied the first batch of Type I batteries for Kilo class submarines and Varunasthra torpedo batteries to the Indian Navy. The subsequent deliveries are scheduled for FY22.

Additionally, the team successfully completed the technology absorption for the manufacture of Li-ion batteries for defence applications under the Transfer of Technology (ToT) agreement with Naval Science and Technological Laboratory. This paves the way for HBL to develop specific energy solutions using Li-ion batteries for defence applications – an opportunity that could emerge as an important product vertical over the coming years.

On the export front, the Company commenced supplies of thermal batteries to global customers against orders it had secured in the previous year. HBL received further inquiries for this product category from its international business partners which promises good growth over the coming years.

Even as the Company notched interesting successes in FY21, the team initiated the design and development of Type II batteries for HDW class submarines. The Company also made healthy progress in development of Light Weight and Heavy Weight Torpedo batteries for the Indian Navy; it expects to execute the development orders in the next 12-18 months.

Project 75I (India)

The Defence Acquisition Council (DAC) has approved the issuance of a Request for Proposal (RFP) for the construction of six conventional submarines under Project-75I (India). Project 75 (I), approved in 2007, is part of the Indian Navy's 30 year Plan for indigenous submarine construction

There was a slowdown in the progress of the tender for Artillery Fuses owing to the pandemic-related disruption. The Company plans to continue pursuing this opportunity, for it could open an interesting growth avenue going forward.

Prospects that promise progress

Defence indigenisation has remained the core of the Atmanirbhar Bharat programme, a nation which has the third largest Army, is the eighth largest military spender and is among the top 10 importer of weapon systems and platforms in the world.

India has set aside ₹ 70,221 Crore - 63% of its military's capital budget for FY22 - for procuring indigenously-produced weapons and systems to boost defence indigenisation. In FY21, the defence ministry spent over ₹ 51,000 Crore, or 58% of the capital budget, on domestic purchases.

Indigenisation is expected to increase going further as the Government continues to expand its negative list (of imports) with the objective of replacing imported items with in-house manufactured variants.

BATTERIES

HBL is one of the large manufacturers of industrial batteries in India. The uniqueness of the battery division is its expertise in working with diverse battery technologies, allowing the division to cater to a wide array of user applications namely Telecom, UPS, Railways, Solar, Oil & Gas and Power sectors. This positions the vertical as a major revenue spinner for the Company.

Lead-acid batteries: This is the mainstay of the battery division in which supplies to the telecom sector play a major part. Adverse changes in telecom sectoral dynamics resulted in irrational competition which have dampened the prospects of the telecom sector drastically. Sharp cost rationalization strategies by telecom players and increased competition in telecom battery supplies have resulted in undesirable battery pricing, making this business unattractive for HBL from a Return on Resources used perspective. While the team continues to cherry-pick and capitalise on profitable opportunities, the Management continues to right-size its lead-acid exposure to align with its strategic profitability goal.

Even as business volumes from the telecom sector remained muted, the Company increased its focus on the UPS sector. UPS battery supplies to National and Regional OEMs nearly doubled over the previous year. The Company also expanded business with channel partners which should have a positive impact on business over the coming years.

Tubular gel batteries: HBL is 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 in FY20. The Company has received a repeat order from the same customer in FY22. During the year under review, the Company continued to strengthen its position in this space - it bagged large orders for supply of tubular gel batteries for Energy Storage Systems (ESS) from L&T and BEL which were successfully executed. To expand product offerings for Energy Storage Solutions (ESS), the Company will leverage its capability around lithium ion battery technology, at the appropriate time.

Pure Lead Thin Plate (PLT) batteries: During FY21, HBL secured approval for its PLT batteries from the Indian Army for their use in defence vehicles. Maiden supplies of these batteries were made for use in vehicles that operate in sub-zero temperature in Leh-Ladakh. Additionally, the Company enhanced export volumes of PLT batteries for battle tank / APC applications.

HBL heightened its efforts to promote PLT batteries for Data Center application. The team developed a new variant of PLT 2V battery which is customised to address data center demand effectively. Its efforts were rewarded with sizeable orders from prestigious data center players; the team successfully supplied and commissioned the batteries.

The Company remained focused on expanding its customer base of DG OEMs for PLT batteries which is expected to provide healthy volumes over the coming years.

Nickel Cadmium batteries: Despite the pandemic-led volatility, the Company sustained its leadership in the Nickel Cadmium Pocket Plate (NCPP) battery space in India. The Company successfully executed large orders for the supply of NCPP batteries to Gail pipeline projects. This achievement has created a reference platform for the Company to be leveraged in larger opportunities from Oil & Gas pipeline projects. The Company is also closely monitoring upcoming opportunities from the Flue Gas De-Sulphurisation (FGD) projects in power sector. The Company made further inroads into the power sector – it bagged a large NCPP order from BHEL, for a solar project in Nigeria.

As the Indian Railways increased its electrification initiatives, HBL steadily enhanced its business volumes of NCPP batteries with this key customer, aided by improved product quality and timely supply support. Going forward, the Company will intensify its efforts to replace lead acid batteries with Nickel Cadmium variants in Metro-Rail and Power Sector applications, based on a superior value-proposition to the customer.

As a result, HBL registered a 9% growth for its NCPP batteries in the domestic market. Moreover, it ended the fiscal with a healthy order book which will assist the Company in maintaining its leadership position in NCPP business in the Indian market.

Exports of NCPP batteries remained muted in FY21 owing to a demand slowdown and supply chain disruption consequent to the pandemic. In recent months, there has been an improvement in order flow and demand visibility from export destinations. Also, the Company secured vendor approvals from large end-users in Middle East and APAC region which should provide some volumes over the coming years. Overall, the prospects from exports appear better for FY22.

Medium term outlook

Data Centers: According to a report by JLL titled '(re)Imagine Data Centres: Running India's digital economy', India's data centre capacity is expected to grow from 375 MW (megawatt) in H1 2020 to 1,078 MW by 2025, presenting a US$4.9 billion investment opportunity.

The impact of data protection laws, increased shift from captive to co-location data centres and implementation of new technologies like 5G, edge computing and the internet of things (IoT) will drive sustained demand for this asset class over the next five years.

Metro Rail: India has over 500 km of Metro rail line already operational in several cities of India like Delhi, Mumbai, Chennai, Bengaluru, Kolkata, etc. Moreover at least 15 other cities in India are right now working on Metro rail projects - they include Indore, Bhopal, Kanpur, Agra, Meerut, Pune, Nagpur, Ahmedabad, Vijayawada, Kozhikode, Coimbatore, Patna, Guwahati, Visakhapatnam and Varanasi.

Telecom: 5G is poised to change the world and revolutionize the digital experiences for all of us. If India is to keep pace and compete with leading developed economies of the world, quick adoption of 5G will have a key role to play. From smart cities, industrial automation, connected devices, big data and cloud computing, 5G will truly be a game-changer.

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.

Oil & Gas pipelines: In a push for cleaner fuel, India's petroleum regulator, Petroleum and Natural Gas Regulatory Board (PNGRB), has authorised 33,764 km of natural gas pipeline network for the country's gas grid with the aim to create a national gas grid and increase the availability of natural gas across the country. Even oil marketing companies are focusing on oil pipelines for transporting fuel across India to save cost, improve safety and timely availability.

Flue Gas Desulfurisation: Coal-fired thermal power plants across India are required to meet the latest stringent emission standards prescribed by the government. To achieve this, most plants will need to install additional environmental protection equipment to reduce sulphur and nitrogen emissions. Taking into account only the sulphur removal equipment (FGDs, or Flue Gas Desulphurisation), the estimated investment required is over ₹ 80,000 Crore across India. Investments to reduce nitrogen emissions would be over and above this, of a similar magnitude. For these applications, the Ni-Cd battery technology is preferred for providing back-up power to the associated UPS and control systems.

HUMAN CAPITAL

INTELLECTUAL capital has been the cornerstone of the Company's success. The team's passion and perseverance has enabled HBL live upto its ethos - of developing technology in-house that fills in the technology gaps prevailing in the nation. In doing so, every member of the HBL team has contributed to Make in India call.

The recent successes of manufacturing and supply of Varunasthra torpedo batteries and submarine propulsion batteries (Type I Kilo class) to the Indian Navy, after a decade of patient development and trials is a showcase of the teams' unwavering dedication and disciplined determination. Even as the team celebrated its achievements, it intensified its development efforts of new products such as the EV drive train system, batteries for light & heavy weight torpedoes, Type II batteries for HDW class submarines, among others.

The team consists of about 1,600+ members, including 300+ engineers, who remain focused on developing innovative and relevant solutions that allow the Company in spotting new business opportunities and capitalising on them.

The HR programme 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. As such, the Leadership team has devised a comprehensive training calendar to constantly upgrade and sharpen the skills of its people resources.

The team also developed and successfully received product approval for Type IV batteries for Scorpene class submarines.

QUALITY MANAGEMENT

AT HBL, the culture of quality excellence is reflected in the product application and its customer profile.

HBL is approved by FAA (Federal Aviation Administration, USA) for the supply of on-board nickel cadmium batteries for Boeing aircrafts. HBL is also an OEM supplier of on-board nickel cadmium batteries for aircrafts manufactured by Airbus, IAI (Israel Aerospace Industries), and Bombardier.

Moreover, the increasing acceptance of its products by the Indian Defence forces; Indian Railways and various global enterprises bears testimony to the Company's passion for quality.

The Company's business processes have received credible global watermarks such as ISO 9001-2015, ISO 14001-2015, ISO 45001-2018, ISO 22163-2017 – IRIS - Rev 3 (Railway business) and AS 9100D (Aviation, Space and Defence Organisations).

HBL is the first company in India to get Silver level certification (upgraded from previous Bronze level) from International Railway Industry Standard (IRIS) during the recent review assessment by M/s DNV GL as per IRIS Rev 03 (ISO 22163 - 2017).

The Company's central test facility at its Shamirpet campus is the only NABL accredited laboratory in India (as per ISO 17025) with the facility and capability of testing all the applicable tests of IEC 60623: 2017, IEC 62259: 2003, IEC 60896 : 2004 and IEC 61427:2013

In addition to the comprehensive in-house testing, the Company's products are tested and certified by reputed third party inspection agencies, M/s Dekra India limited and Intertek EU, periodically.

To embed the passion of quality across the organisation, the Company has deployed globally accepted quality management tools such as Quality Circles, 5S and Six Sigma. It is encouraging team members to undertake training and certification course for Six Sigma. HBL has engaged consultants to inculcate lean practices across all business verticals. These efforts are making a visible difference in upping the quality commitment.

HBL is the first company in India to get IRIS conformity assessment certification way back in 2009. Also, HBL is the first company in India to get Silver level certification (upgraded from previous Bronze level) from International Railway Industry Standard (IRIS).

INTERNAL CONTROL & IT'S ADEQUACY

HBL maintains a system of well-established practices and procedures for effective internal control of operations and other allied activities. The internal audit function is strengthened, from time to time, in consultation with statutory auditors and the Audit Committee for monitoring compliances and operational aspects.

The Company has appointed an independent agency as internal auditors. The prime objective of this audit is to test the adequacy and effectiveness of all internal control systems and suggest improvements. 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 May 9, 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 March 31, 2021	As at March 31, 2020	Change	Reason for change
Debtors' turnover	3.08	3.09	-1%	
Inventory turnover	3.10	3.46	-10%	
Interest coverage ratio	3.29	3.45	-5%	
Current ratio	3.09	2.69	15%	
Debt equity ratio	0.00	0.09	100%	Monetised surplus asset, better working capital management
Operating profit margin (%)	3.28%	3.54%	-7%	
Net profit margin (%)	1.44%	2.08%	-31%	Lower profit margin due to COVID impact
Return on Net Worth (%)	1.65%	2.86%	-42%	Lower return on Net worth due to COVID impact

HEALTH, SAFETY AND ENVIRONMENT (HSE)

HBL, in keeping with its ethos of creating a supportive ecosystem, has integrated its economic goals with its environmental objectives.

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 was more visible during the Covid-19 pandemic. The Company strictly maintained social distancing norms across all its facilities and offices, and followed well-defined standard operating procedures, including periodical sanitisation. Moreover, the Company provided Covid insurance cover to all its employees to help them cope with this health scare.

Environment: HBL, an ISO 45001-2018 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.

HBL has instituted the global standard - 3R concept (reduce, reuse and recycle waste) - at all its operating units. This practice includes 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 selectively created across the plants to replenish the underground water table. The Company has created a wide green cover around every manufacturing facility covering about 50% of the land area.

CORPORATE SOCIAL RESPONSIBILITY

HBL believes that empowering people means empowering the nation. Hence, we engage with fellow Indians at the grass-root level to develop the potential of the under privileged.

Healthcare

Children of today are the nation-builders and economy drivers of tomorrow. In keeping with this belief, HBL supports 92 Anganwadi Centers (from 18 in FY15) which in turn supports 1,900+ children (420+ in FY15) in the tender age group of 3-5 years. The Company organises voluntary medical camps periodically to provide medical help and conducts counseling sessions for the parents which can help them in channelising the energy and acumen of the children in the right direction. During the pandemic when the anganwadis remained inactive, the Company reached out to most of the beneficiary kids at their respective communities to support them.

Education

Research has it that women are more responsible in building stronger homes and cohesive families - leading to more solid society. With this resolve, 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 etc., and encouraging students to opt for higher education.

Sanitation

Cleanliness of the neighbourhood and environment is a prerequisite for mental and social health. It enhances our status in the society. With this objective, HBL conducts programmes and workshops with local communities to introduce and imbibe the habit of hygiene and sanitation.

Potable Water

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

Well-being

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

Kavita Prasad
Whole Time Director

M S S Srinath
Whole Time Director
(upto August 31, 2020)

Non-Executive Independent Directors

P Ganapathi Rao
Preeti Khandelwal
K V Sriram
Richa Datta
M Chandra Mohan (Upto August 14, 2020)

Non-Executive Non-Independent Directors

Ajay Bhaskar Limaye
Abhishek G Poddar

Audit Committee

P Ganapathi Rao
Chairperson

Richa Datta
Member

Preeti Khandelwal
Member

Kavita Prasad
Member

K V Sriram
Member

Key Managerial Personnel

K. Sridharan
Chief Financial Officer

MVSS Kumar
Company Secretary

Auditors

Statutory

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

Cost

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

Bankers

State Bank of India

Axis Bank Limited

ICICI Bank Limited

Registrar and Share Transfer Agent

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

Registered Office

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

Notice

Notice is hereby given that the Thirty-fifth Annual General Meeting of the members of HBL POWER SYSTEMS LIMITED will be held on Saturday, September 25, 2021 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, 2021 together with the reports of the Board of directors and auditors thereon.
2. To declare dividend for the year ended March 31, 2021.
3. To appoint a director in place of Mrs. Kavita Prasad Aluru (DIN: 00319292) who retires by rotation and is eligible for re- appointment.
4. To appoint auditors for the year 2021-22 till the conclusion of the next Annual General Meeting (AGM) and to authorize the Board to fix their remuneration.

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

SPECIAL BUSINESS:

5. **Appointment of Mr. Advay Bhagirath Mikkilineni (DIN 09207003) as a Director in the capacity of Non-Executive Non-Independent promoter group Director.**

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

   “RESOLVED THAT Mr. Advay Bhagirath Mikkilineni (DIN 09207003), who was appointed by the Board of Directors as an Additional Director of the Company with effect from June 21, 2021 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("Act") and Articles of Association of the Company be and is hereby appointed as a Director of the Company in the capacity of Non-Executive Non-Independent promoter group Director."

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

6. **Appointment of Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) as Non-Executive Independent Director of the Company for a period of Five Years**

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) who has been appointed as an Additional Director in the capacity of Non-Executive Independent Director of the Company by the Board of Directors effective August 13, 2021 in terms of Section 161 of the Companies Act, 2013, and whose appointment as an Independent Director is recommended by the Nomination and Compensation Committee and the Board of Directors of the Company, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from August 13, 2021 to August 11, 2026, not subject to retirement by rotation, upon such terms and conditions as may be determined by the Board of Directors of the Company from time to time within the permissible limits of the relevant provisions of the Companies Act, 2013 and rules made thereunder.

For and on behalf of the Board

Place: Hyderabad
MVSS Kumar

Date : August 13, 2021
Company Secretary

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. 5 and 6 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,

2021 to September 25, 2021 (both days inclusive). The Company has fixed September 17, 2021 as the 'Record Date' for determining entitlement of members to final dividend for the financial year ended March 31, 2021, 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, 2021 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, 2021.
    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, 2021.

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, 2021 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 2020-21 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 2020-21 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, 2021. 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, 2021.
18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
19. Instructions for e-voting and joining the AGM are as follows:

PROCEDURE FOR REMOTE E-VOTING

i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFintech, on all the resolutions set forth in this Notice. The instructions for e-Voting are given herein below.

ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.

iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.

iv. The remote e-Voting period commences September 22, 2021 (9.00 a.m.) till September 24, 2021 (5.00 p.m.)

v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date i.e. September 17, 2021.

vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at Einward.ris@fintech.com or evoting@Kfintech.com. However, if he / she is already registered with KFintech for remote e-Voting then he / she can use his / her existing User ID and password for casting the vote.

vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

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

Step 1: Access to Depositories e-Voting system in case of individual shareholders.

Step 2: Access to KFintech e-Voting system in case physical and non-individual shareholders.

Step 3: Access to join virtual meetings of the Company on KFintech e-Voting System and cast your vote electronically.

Details on Step 1 are mentioned below:

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	1. User already registered for IDeAS facility: I. Visit URL: https://eservices.nsdl.com II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. 2. User not registered for IDeAS e-Services i. To register click on link : https://eservices.nsdl.com ii. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp iii. Proceed with completing the required fields. iv. Follow steps given in points 1 3. Alternatively by directly accessing the e-Voting website of NSDL i. Open URL: https://www.evoting.nsdl.com/ ii. Click on the icon "Login" which is available under 'Shareholder/Member' section. iii. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. iv. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFintech. v. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing user who have opted for Easi / Easiest i. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com ii. Click on New System Myeasi iii. Login with your registered user id and password. iv. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFintech e-Voting portal. v. Click on e-Voting service provider name to cast your vote. 2. User not registered for Easi/Easiest i. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration ii. Proceed with completing the required fields. iii. Follow the steps given in point 1 3. Alternatively, by directly accessing the e-Voting website of CDSL i. Visit URL: www.cdslindia.com ii. Provide your demat Account Number and PAN No.

Type of shareholders	Login Method
	iii. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. iv. After successful authentication, user will be provided links for the respective ESP, i.e KFintech where the e- Voting is in progress.
Individual Shareholder login through their demat accounts / Website of Depository Participant	i. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. ii. Once logged-in, you will be able to see e-Voting option.Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. iii. Click on options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFintech for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

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

Details on Step 2 are mentioned below:

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

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

i. Launch internet browser by typing the URL: https://emeetings.kfintech.com/

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

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

vi. On successful login, the system will prompt you to select the "EVEN" i.e., "HBL Power Systems Limited - AGM" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

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

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id cs.gvinay@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."

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

i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx . Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

ii Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

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

i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at https://emeetings.kfintech.com/ by using the e-voting login credentials provided in the email received from the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and

Password may retrieve the same by following the remote e-Voting instructions mentioned above.

ii. Facility for joining AGM though VC/ OAVM shall open atleast 15 minutes before the commencement of the Meeting.

iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at investor@hbl.in. Questions /queries received by the Company from September 22, 2021 9.00 AM till September 23, 2021 at 5.00 PM shall only be considered and responded during the AGM.

vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.

vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.

ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

i. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit https://emeetings.kfintech.com and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will opened from September 22, 2021 9.00 AM and closes on September 23, 2021 at 5.00 PM. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

ii. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.kfintech.com (KFintech Website) or contact B Srinivas , at einward.ris@kfintech.com and evoting@kfintech.com or call KFintech's toll free No. 1-800-309-4001 for any further clarifications.

iii. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September 17, 2021, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

iv. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:

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

   Example for NSDL:
   MYEPWD <SPACE> IN12345612345678

   Example for CDSL:
   MYEPWD <SPACE> 1402345612345678

   Example for Physical:
   MYEPWD <SPACE> XXXX1234567890

b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.kfintech.com/ , the member may click “Forgot Password” and enter Folio No. or DP ID Client ID and PAN to generate a password.

c) Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at Einward.ris@fintech.com or evoting@kfintech.com.

v. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company.

EXPLANATORY STATEMENT

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5

The Board, upon the recommendations of the Nomination and Remuneration Committee, at its meeting held on June 21, 2021, recommended appointment of Mr. Advay Bhagirath Mikkilineni (DIN 09207003) as an Additional Director in the category of Non-Executive Non-Independent and Promoter group Director.

The resolution seeks the approval of the members in terms of Sections 161 read with the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) for the appointment of Mr. Advay Bhagirath Mikkilineni (DIN 09207003) as an Additional Director in the category of Non-Executive Non-Independent and Promoter group Director.

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

The Board recommends the resolution set forth in Item no. 5 for the approval of members.

ITEM NO. 6

On August 13, 2021, the Board of Directors appointed Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) as an Additional Director of the Company in the capacity of Independent Director for a term of 5 years with effect from August 13, 2021 to August 11, 2026, subject to approval of the Members of the Company.

In terms of section 160 of the Companies Act, 2013, the Nomination and Compensation Committee and the Board have recommended the appointment of Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013. The Company has also received a notice in writing from a Member proposing the candidature of Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) to be appointed as Director of the Company.

The Company has received a declaration from Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) confirming that he meets the criteria of independence under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the Company has also received Dr. Ramanujulu Nandakumar Ramnath's (DIN 03639492) consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board, Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Director of the Company and is independent of the management.

Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) will be entitled to receive remuneration by way of sitting fees as approved by the Board of Directors, reimbursement of expenses for participation in the Board meetings on a quarterly basis.

Additional information in respect of Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492), pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2), is provided as Annexure to this Notice. A brief profile of Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) is also provided to this Notice.

None of the directors and Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

The Board of Directors recommends the resolution proposing the appointment of Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) as an Independent Director of the Company, as set out in Item No. 6 for approval of the Members by way of an Ordinary Resolution

For and on behalf of the Board

Place: Hyderabad
MVSS Kumar

Date : August 13, 2021
Company Secretary

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

Name of the appointee	Mrs Kavita Prasad Aluru	Mr. Advay Bhagirath Mikkilineni	Dr. Ramanujulu Nandakumar Ramnath
DIN	00319292	09207003	03639492
Category	Executive Director – Promoter group	Non-Executive Director Non-Independent – Promoter group	Independent Director
Date of Birth		05.01.1990	15.01.1978
Date of appointment / re-appointment	10.08.2018	21.06.2021	13.08.2021
Qualification(s)	A graduate degree in commerce	MSc Molecular Genetics from Kings College London	Doctorate : PhD, City University, London, London, UK, 2008 Post Graduate: M.B.A, Cranfield School of Management, Cranfield, UK 2009
Brief profile and expertise in specific functional area	Extensive expertise in business management and specific focus on international marketing activities and corporate finance, SAP, banking and internal control.	Studying Molecular Genetics	Dr Ramnath, aged 43 years, is Director of Armstrong Energy Global Limited, United Kingdom (AEG, UK). As a risk management specialist, he has managed around $1 billion over a six-year period. He was earlier the Head of Energy at Hanson, UK, a part of Heidelberg Cement. He has a master's degree in business administration from Cranfield University and a Doctorate from City University, London. He is a member of the UK Parliamentary Energy Committee. He is also credited for designing UK's first physically settled crude derivative contract. He also developed and deployed the UK's first spot market linked long term electricity power purchase agreement – this project was voted as the best solar project in the UK in 2014. In Armstrong Energy Group, UK, Dr Ramnath is responsible for mobilising and managing investor's funds and investing in projects in the renewable energy sector across the world, with special focus on investing in solar power in India. He is also the Director on the Boards of various companies in India engaged in setting up plants for solar power generation.
Chairman/ Member of Committees of the Board of Companies of which he is a director	Member in 3committees of the Board of Directors	NIL	NIL
Shareholding as on 31.03.2021 (Equity)	96,36,976	39,17,600	NIL
Last remuneration drawn	23.41 Lakhs	NIL	NIL
Relationship with other Directors/KMP etc.	Related to Dr. A J Prasad, Chairman and Managing Director	Son of Mrs Kavita Prasad Aluru and grandson of Dr. A J Prasad.	NIL
Meetings of Board attend in 2020-21	4	NA	NA

For and on behalf of the Board

Place: Hyderabad

MVSS Kumar

Date : August 13, 2021

Company Secretary

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the 35th Annual Report for the financial year ended on March 31, 2021. The standalone financial performance is presented below prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) as amended.

(₹ in Lakhs)

Sl.	Particulars	2020-21	2019-20
1	Revenue from Operations	90,894.59	1,07,709.15
2	Other Income	948.47	1,643.57
3	Total Income	91,843.06	1,09,352.72
4	Total Expenditure	89,358.96	1,06,080.08
5	Earnings before interest, depreciation and tax (EBIDTA)	7,775.51	9,484.24
6	Finance Costs	1,448.59	2,187.06
7	Depreciation & Amortization expenses	3,842.82	4,024.54
8	Profit before Exceptional items and Tax	2,484.10	3,272.64
9	Exceptional Items – Income / (Expenses)	538.95	(490.28)
10	Profit before tax (PBT)	1,945.15	3,763.46
11	Provision for tax & Deferred tax adjustment	487.19	1,356.19
12	Other comprehensive income (net)	(145.99)	(168.69)
13	Total Comprehensive Income for the Period (PAT)	1,311.98	2,238.58
14	Earnings Per Share (Diluted EPS of Rupees)	0.47	0.81
15	Interim dividend declared and paid	-	20%
16	Proposed Dividend for the FY 2020-21 (on share of ₹ 1 each)	35%	10%

Performance Review 2020-21

Performance during the year was muted due to continued challenges in the market place in telecom segment, both on volumes and prices, impacting the sales and profitability. Further, preventive lockdown measures were imposed during the first quarter of the year to curb spread of Covid-19; and this lead to complete stoppage of operations and shipments to customers. 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 a decent level of profit despite registering lower sales. The Company continued to monetize non-productive 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 Govt guidelines on preventive healthcare measures in mid May. We continued to face challenges in mobilising the manpower requirements and operations could only be gradually ramped up. The operations of the Company, like many others, have been severely impacted by the various Covid-19 pandemic related developments. The effect was felt in the financial year 2020-21 more specifically in the April-June 2020 quarter. We had taken austerity measures as necessary to effect cost reductions in these difficult times and maintained a healthy financial condition for the rest of the year.

Dividend

Your Directors are pleased to recommend a final dividend of 35% (i.e. ₹ 0.35 paise per equity share of ₹ 1 each fully paid up) for the Financial Year 2020-21 subject to the approval of the members at the ensuing annual general meeting. The proposed final dividend will absorb ₹ 970.18 Lakhs.

Subsidiaries, Associate and Joint Venture Companies (as on March 31, 2021)

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. GBC financial statements have not been available for including them in the consolidated financial statements of the Company. Accumulated losses of GBC are over 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. A negotiated settlement agreement has been arrived at with a Saudi national who is in-charge of GBC for transfer of Company's shareholding. Your Company benefits by gaining direct access to the Saudi market in future.

Material Changes and Commitments

No material changes and commitments have occurred after the closure of the FY 2020-21 on March 31, 2021, till the date of this report which would affect the financial position of your Company except due to Covid-19 pandemic related lockdown, restrictions 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 2020-21.

Directors and Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mrs. Kavita Prasad Aluru (DIN: 00319292) will retire by rotation at the 35th AGM and being eligible, has offered herself for re-appointment.

Pursuant to the recommendation of Nomination and Remuneration Committee, the Board has, approved the appointment of Mr. Advay Bhagirath Mikkileneni (DIN 09207003) as an Additional Director (Non-Executive Non-Independent Director) with effect from June 21, 2021 and appointment of Dr. Ramanujulu Nandakumar Ramnath (DIN 03639492) as an Additional Director in the capacity of Non-Executive Independent Director. Dr. Ramanujulu Nandakumar Ramnath will hold office for a term of 5 years with effect from August 13, 2021, subject to approval of the shareholders of the Company at the ensuing AGM. Necessary resolutions for their appointments are being placed for the approval of shareholders as part of the notice of the 35th AGM. Brief profile and experience of the appointees has been provided elsewhere in the annual report.

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

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

Number of meetings of the board

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

Board evaluation

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

Policy on Directors' appointment and remuneration and other details

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

Audit committee

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

Risk Management

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

Internal financial controls

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

Particulars of loans, guarantees and investments

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

Transactions with related parties

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

Corporate social responsibility

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

Extract of Annual Return

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the extract of Annual Return is given in Annexure III in the prescribed Form MGT-9, which forms part of this report.

Information regarding employees and related disclosures

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

S. No	Category	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
Total remuneration CTC (₹ Lakhs)	₹ 69.59 Lakhs and commission ₹ 71.93 Lakhs	₹ 118.06 Lakhs	₹ 58.42 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)	75	57	57
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
Mr. K Sridharan	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: 1,625 (as at March 31, 2021)

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

Aggregate remuneration of key managerial personnel (KMP) in 2020-21	₹ Lakhs	136.65
Commission on profits to CMD		71.93
Revenue	₹ Lakhs	90,894.59
Remuneration of KMPs	as % of revenue	0.23
Remuneration of KMP	as % of PBT	10.72

f. Comparison of remuneration of each the key managerial personnel (March 31, 2021):

Name of the KMP	Designation	Remuneration	Commission on profit	Total
Dr. AJ Prasad	Chairman and Managing Director	69.59	71.93	141.52
Kavita Prasad	Executive Director	23.41	-	23.41
K Sridharan	Chief Financial Officer	28.75	-	28.75
MVSS Kumar	Company Secretary	14.90	-	14.90
Total		**136.65**	**71.93**	**208.58**

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

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

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

Disclosure requirements

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

Vigil Mechanism / Whistle blower policy

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

Deposits from public

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

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

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

Corporate Governance

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

Statutory Auditors

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

The Report given by M/s. s Rao & Kumar, Chartered Accountants on the financial statements of the Company for the year 2020-21 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 Vinay Babu Gade, Practicing Company Secretary issued a Secretarial Auditor for the financial year 2020-21 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 2020-21.

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

Place: Hyderabad — **Dr. A J Prasad**

Date : August 13, 2021 — Chairman and Managing Director

ANNEXURE ON
Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

for the Financial Year 2020-2021

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:

SL. NO.	PARTICULARS	2020-21	2019-20
A	**VALUE OF IMPORTS (ON ACCRUAL BAISI)**		
	Raw Materials, Components & Spares	6,914.14	8,803.77
	Capital Items/Equipment	80.55	476.27
B	**EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**		
	Travelling Expensise	11.78	159.40
	Professional Charges	472.17	438.74
	Commission	88.58	94.42
	Marketing Expenses	205.38	293.88
	Advances/Others	124.51	129.54
	Total	7,897.10	10,396.01
C	**INCOME IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**		
	Export Sale	16,751.68	19,176.26
	Services	113.05	24.89

For and on behalf of the Board

Dr. A J Prasad

Chairman and Managing Director

Place: Hyderabad

Date : August 13, 2021

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 2020-21.

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 50.92% 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 (upto 31.08.2020)
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. 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 ₹105.00 Lakhs for FY 2020-21 was approved by the CSR Committee and the Board of Directors. Against the approved budget, the Company could spend ₹ 45.24 Lakhs during the reporting period as per the statement below. The Company's obligation towards CSR spending for the financial year 2020-21 as per the provisions of the Companies Act, 2013 was ₹ 89.53 Lakhs. But due to the unexpected pandemic situation and lockdowns across the nation did not leave scope for spending. The Board of Directors on the recommendations of the CSR Committee, decided to transfer the balance amount remain unspent at the end of the financial year ended March 31, 2021 out of the allocated budget of ₹ 105 Lakhs into a separate bank account for spending the same in next three financial years.

(₹ 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	14.31	1.20	15.51
		Nandigaon & Bhoothpur	5.50	0.48	5.98
		Vizianagaram and VSEZ	11.05	5.00	16.05
2	**Water:** Providing safe drinking water to school children	Shameerpet, Narsaraopeta, Tumkunta	0.05	-	0.05
		Nandigaon & Bhoothpur	0.05	-	0.05
		Vizianagaram and VSEZ	0.01	-	0.01
3	**Health:** Promoting preventive health care through medical camps	Shameerpet , Narsaraopeta, Tumkunta	0.01	-	0.01
		Nandigaon & Bhoothpur	0.01	-	0.01
		Vizianagaram and VSEZ	0.03	-	0.03

Table contd. to the next page

Sl	CSR Project	Project area	Spent directly	Spent through agencies	Total
4	Livelihood: Providing livelihood enhancing skills, empowering women and youth	Shameerpet, Narsaraopeta, Tumkunta	0.03	-	0.03
		Nandigaon & Bhoothpur	0.03	-	0.03
		Vizianagaram and VSEZ	0.02	-	0.02
5	Education: Promoting quality of education for children by providing required facilities (Soft and Hard)	Shameerpet, Narsaraopeta, Tumkunta	0.44	-	0.44
		Nandigaon & Bhoothpur	0.01	-	0.01
		Vizianagaram and VSEZ	0.02	-	0.02
6	Gender equality: Promoting education and gender equality through assisting finance to girl child and under privileged children	Shameerpet, Narsaraopeta, Tumkunta	1.40	-	1.40
		Nandigaon & Bhoothpur	0.04	-	0.04
		Vizianagaram and VSEZ	0.05	-	0.05
7	To provide financial assistance to the projects related to setting up old age homes/orphanages and such other facilities for senior citizens.		-	1.20	1.20
8	To provide financial assistance to the projects related to skills development for differently abled and livelihood enhancement.		-	1.65	1.65
9	Rural development projects - Village Development		-	2.65	2.65
	Grand Total		**33.06**	**12.18**	**45.24**

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, 2021

[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

Cate-gory	Category of Shareholders	No. of Shares held at the end of the year i.e. 31.03.2020				No. of Shares held at the end of the year i.e. 31.03.2021				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**PROMOTERS**									
1.	**INDIAN**									
a.	Individual /HUF	2,05,39,681	-	2,05,39,681	7.41	2,09,18,323	-	2,09,18,323	7.55	+0.14
b.	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
c.	Bodies Corporate	13,98,03,916	-	13,98,03,916	50.44	14,12,63,643	-	14,12,63,643	50.96	+0.52
d.	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**16,03,43,597**	**-**	**16,03,43,597**	**57.85**	**16,21,81,966**	**-**	**16,21,81,966**	**58.51**	**+0.66**
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)		**16,03,43,597**	**-**	**16,03,43,597**	**57.85**	**16,21,81,966**	**-**	**16,21,81,966**	**58.51**	**+0.66**
B	**PUBLIC SHAREHOLDING**									
1	**Institutions**									
a.	Mutual Funds	40,67,819	-	40,67,819	1.47	-	-	-	-	-1.47
b.	Financial Institutions /Banks	4,04,840	4,000	4,08,840	0.15	5,000	-	5,000	0.00	-0.15
c.	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
d.	Venture Capital Funds	2,68,42,240	-	2,68,42,240	9.68	2,68,42,240	-	2,68,42,240	9.68	-
e.	Insurance Companies			-				-		-
f.	Foreign Institutional / Portfolio Investors	16,32,855	-	16,32,855	0.59	5,92,000	-	5,92,000	0.21	-0.38
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.	Alternate Investment fund	-	-	-	-	1,72,300	-	1,72,300	0.06	+0.06
i.	Others	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)		**6,19,31,489**	**4,000**	**6,19,35,489**	**22.34**	**5,65,95,275**	**-**	**5,65,95,275**	**20.42**	**-1.94**
2	**Non- Institutions**									
a.	Bodies Corporate	36,83,660	2,000	36,85,660	1.33	18,09,876	2,000	18,11,876	0.65	-0.68
b.	Individuals									
i.	Individuals holding nominal share capital upto ₹ 2 Lakhs	4,04,22,546	25,43,844	4,29,66,390	15.50	4,76,52,687	25,03,454	5,01,56,141	18.09	+2.59
ii.	Individuals holding nominal share capital in excess of ₹ 2 Lakhs	35,95,647	-	35,95,647	1.30	26,80,149	-	26,80,149	0.97	-0.33
c.	Others	46,68,163	-	46,68,163	1.68	37,69,539	-	37,69,539	1.36	-0.32
Sub-Total (B) (2)		**5,23,70,016**	**25,45,844**	**5,49,15,860**	**19.81**	**5,59,12,251**	**25,05,454**	**5,84,17,705**	**21.07**	**+1.26**
Total Public Shareholding Group (B)		**11,43,01,505**	**25,94,844**	**11,68,51,349**	**42.15**	**11,25,07,526**	**25,05,454**	**11,50,12,980**	**41.49**	**-0.66**
C.	**Shares held by Custodians and against which depository Receipts have been issued**	-	-	-					-	
	GRAND TOTAL (A)+(B)+(C)	**27,46,45,102**	**25,49,844**	**27,71,94,946**	**100.00**	**27,46,89,492**	**25,05,454**	**27,71,94,946**	**100.00**	**-**

b. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year i.e. 01.04.2020			Shareholding at the end of the year i.e. 31.03.2021			% 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	95,06,077	3.43	0.00	96,36,976	3.48	0.00	+0.05
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	19,56,920	0.70	0.00	+0.01
5.	Mikkilineni Deeksha	20,31,187	0.73	0.00	20,31,187	0.73	0.00	-
6.	Mrs. A Uma Devi	7,52,654	0.27	0.00	9,50,397	0.34	0.00	+0.07
7.	Barclays Wealth Trustees India Private Limited - Trusetee for Aluru Family Private Trust	13,96,81,916	50.39	0.00	14,11,41,643	50.92	0.00	+0.53
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	**16,03,43,597**	**57.85**	**0.00**	**16,21,81,966**	**58.51**	**0.00**	**+0.66**

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	Kavita Prasad	95,06,077	3.43	Acquired on various days.	+1,30,899	+0.05	96,36,976	3.48
2	Barclays Wealth Trustees India Private Limited - Trustee for Aluru Family Private Trust	13,96,81,916	50. 39	Acquired on various days.	+14,59,727	+0.53	14,11,41,643	50. 92
3	Uma Devi Aluru	7,52,654	0.27	Acquired on various days	+1,97,743	+0.07	9,50,397	0.34
4	MSS Srinath	19,06,920	0.69	Acquired on various days	+50,000	0.01	19,56,920	0.69

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

Sl No	Top 10 Shareholders	Shareholding as at 01.04.2020		Cumulative Shareholding as at 31.03.2021	
	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.	**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.	Investor Education And Protection Fund Authority	9,72,210	0.35	9,72,210	0.35
4.	Bharat Taparia	10,90,000	0.51	8.05,000	0.29
5.	Acadian Emerging Markets Small Cap Equity Fund LLC	-	-	5,34,722	0.19
6.	Viraj Impex Private Limited	4,20,000	0.15	4,20,000	0.15
7.	K. Swapna	1,10,000	0.04	4,00,009	0.14
8.	Jagdish Amritlal Shah	2,79,940	0.10	2,79,940	0.10
9.	Nimitt Indubhai Vassa	2,56,400	0.09	2,56,400	0.09
10.	Chandra Sekhar Reddy Sura	4,70,307	0.17	2,56,000	0.09

e. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Beneficiary Account no	Name of the Shareholder	Date	Shareholding as at 01.04.2020		Cumulative Shareholding as at 31.03.2021	
				No. of shares	**% of total shares**	**No. of shares**	**% of total shares**
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			19,56,920	0.70
3	IN303559-10001666	Mrs. Kavita Prasad	01.04.2019	95,06,077	3.29		
			31.03.2020			96,36,976	3.48

f. Indebtedness: Indebtedness of the Company including interest outstanding / accrued but not due for payment as at 31.03.2021

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness In Lakhs
Indebtedness at the beginning of the financial year				
i. Principal Amount	942.71	-	-	942.71
ii. Interest due but not paid		-	-	
iii. Interest accrued but not due	7.97	-	-	7.97
Total (i+ii+iii)	**950.68**	**-**	**-**	**950.68**
Change in indebtedness during the financial year				
- Addition	1,018.69	-	-	1,018.69
- Reduction	-944	-	-	-944
Net Change	1,025.37	-	-	1,025.37
Indebtedness at the end of the financial year				
i. Principal Amount	1,024.93	-	-	1,024.93
ii. Interest due but not paid		-	-	
iii. Interest accrued but not due	0.44	-	-	0.44
Total (i+ii+iii)	**1,025.37**	**-**	**-**	**1,025.37**

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 (₹)	69.59	37.10	23.41	130.09
2.	Commission on profit (₹)	71.93	-	-	71.93
	Total	**141.52**	**37.10**	**23.41**	**202.02**

Note: Remuneration paid to Mr. MSS Srinath was as Director upto August 31, 2020 and thereafter as President.

(ii). Remuneration to other Directors:

Fee for attending board / committee meetings: Independent Directors	Amount (₹) Gross
CA. P Ganapathi Rao	1,90,000.00
Mr. K V Sriram	1,90,000.00
Total	**3,80,000.00**

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

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total ₹ Lakhs
		MVSS Kumar Company Secretary	K. Sridharan Chief Financial Officer	
	Total Salary	**14.90**	**28.75**	**43.65**

h. Penalties / Punishment/ Compounding of Offences:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2021.

ANNEXURE IV

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2021

[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, 2021 (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, 2021 and were made available to me, according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies (Amendment) Act, 2017 (to the extent notified and applicable);
II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') (as amended by the Finance Act, 2017) and the rules made thereunder;
III. The Depositories Act, 1996 (as amended by the Finance Act, 2017) and the regulations and bye-laws framed thereunder;
IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (as amended from time to time);
V. Compliance report with respect to Securities and Exchange Board of India Act, 1992 ('SEBI Act'), various listing and other Regulations prescribed by SEBI have been covered in my Annual Secretarial Compliance Report dated May 27, 2019, copy of which is annexed to this report as Annexure B, issued for the financial year ended March 31, 2021 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 2 (two) Executive Directors, 6 (Six) Non-Executive Directors out of which 4 (Four) are Independent Directors including 2 (Two) Women Director.

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.

Vinay Babu Gade
Company Secretary in Practice
ACS No.: 20592 CP No. :20707
UDIN: A020592C000780329

Place: Hyderabad
Date : August 13, 2021

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.

Vinay Babu Gade
Company Secretary in Practice
ACS No.: 20592 CP No. :20707
UDIN: A020592C000780329

Place: Hyderabad
Date : August 13, 2021

Report on Corporate Governance

For the year 2020-21

I. Corporate Governance and Company's philosophy:

Effective corporate governance observes strong base on which prosperous enterprises are built to last. The Company's philosophy on corporate governance administers corporate policies and ensures economic answerability, principled corporate conduct and impartiality to all stakeholders comprising investors, employees, customers, regulators, and the society.

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, 2021, the Board of Directors of your Company comprises of an Executive Chairman and Managing Director, one Executive Director, six non-executive directors (i.e. 75% of Board) of which four 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.
  - serves as Director or as Independent Directors (ID) in more than seven listed entities; and
  - who are the Executive Directors serves as IDs in more than three listed entities

  Necessary disclosures regarding committee positions in other public companies as on March 31, 2021 have been made by the directors. None of the directors is related to each other except Dr. A J Prasad and Mrs. Kavita Prasad.
- 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. Four Board meetings were held during the reporting period and the gap between two meetings did not exceed one hundred twenty days. Necessary quorum was present for all the meetings. The said meetings were held on June 22, 2020; August 14, 2020; November 12, 2020 and February 12, 2021.
- 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, 2021 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 24, 2020	Directorships in other Public Companies @		Committee positions held in other Public Companies	
				Chairman	Member	Chairman	Member
Dr. A J Prasad Chairman and Managing Director (DIN: 00057275)	PED	4	Yes	-	-	-	-
CA. P Ganapathi Rao (DIN: 00089685)	NEID	4	Yes	-	-	-	-
Mrs. Preeti Khandelwal (DIN: 00027999)	NEID	4	No	-	-	-	-
Mr. Ajay Bhaskar Limaye (DIN: 02762738)	NENID	4	No	-	-	-	-
Mr. K V Sriram (DIN: 00073911)	NEID	4	Yes	-	2	-	-
Mrs. Richa Datta (DIN: 08084501)	NEID	4	No	-	-	-	-
Mrs. Kavita Prasad Executive director (DIN:00319292)	ED	4	No	-	-	-	-
Mr. Abhishek G Poddar (DIN:07143528)	NENID	4	No	-	2	-	-

Directors who have quit the Board during the reporting period:

Name of the Director	Category#	Board meetings attendance during the year	Attendance at last AGM held on September 24, 2020	Directorships in other Public Companies @		Committee positions held in other Public Companies	
				Chairman	Member	Chairman	Member
Mr. MS S Srinath Executive director (DIN:00319175)	ED	2	Yes	Term of office ended and ceased w.e.f. 31.08.2020			
Mr. M C Mohan (DIN: 00633439)	NEID	-	No	Resigned w.e.f 14.08.2020			

Note:

\# PED: Promoter and Executive Director; ED: Executive Director; NEID: Non-Executive Independent Director; NENID: Non-Executive Non-Independent Director and NEND: Non-Executive Nominee Director

@ Directorship in other public entities excluding this company.

- 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 12, 2021 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, 2021 are given below. The Company has not issued any convertible instruments.

Name	Category	No of equity shares	% of holding
Dr. A J Prasad	Chairman and Managing Director	24,25,243	0.87
Mrs. Kavita Prasad	Executive Director	96,36,976	3.48
Mr. MSS Srinath - In office as Director upto 31.08.2020	Executive Director	19,56,920	0.70

- 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, 2021, details of which are as follows:

Name of the Committee	Category and composition	Major terms of reference	Other details
Audit Committee	**Name** / **Category*** 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 ** Upto 31.08.2020	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.	• Four meetings of the Audit Committee were held during the year and the gap between two meetings did not exceed one hundred and twenty days. • Committee invites head of the finance function, representatives of the statutory auditors, cost and internal auditors, as it considers appropriate, to be present at its meetings. • The Company Secretary acts as the Secretary to the Audit Committee. • The previous AGM of the Company was held on September 24, 2020 and was attended by CA P. Ganapthi Rao, Chairman of the Audit Committee.
Nomination and Remuneration Committee	**Name** / **Category*** CA. P. Ganapathi Rao (Chairperson) – NEID Mrs. Preeti Khandelwal – NEID Mr. K. V. Sriram – NEID Mrs. Richa Datta – NEID	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.	Nomination and Remuneration Committee met twice 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.

Table contd. to the next page

<table>
<tr><th>Name of the Committee</th><th colspan="2">Category and composition</th><th>Major terms of reference</th><th>Other details</th></tr>
<tr><td></td><td colspan="2"></td><td>• Oversee the Human Resource philosophy, Human Resource and People strategy and Human Resource practices including those for leadership development, rewards and recognition, talent management and succession planning.
• Oversee familiarization programmes for directors.</td><td></td></tr>
<tr><td rowspan="6">Stakeholders Relationship Committee</td><td>Name</td><td>Category*</td><td rowspan="6">Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.
• Consider and resolve the grievances of security holders.
• Consider and approve issue of share certificates, transfer and transmission of securities, etc.</td><td rowspan="6">Four meetings of the Stakeholders' Relationship Committee were held during the year.
• The Company has always valued its customer relationship. This philosophy has been extended to investor relationship. The Committee focuses on servicing the needs of various stakeholders viz., investors, analysts, brokers and the general public.
• Details of investor complaints and the Compliance Officer are provided in this report.</td></tr>
<tr><td>CA. P. Ganapathi Rao (Chairperson)</td><td>NEID</td></tr>
<tr><td>Mrs. Preeti Khandelwal</td><td>NEID</td></tr>
<tr><td>Mr. K. V. Sriram</td><td>NEID</td></tr>
<tr><td>Mrs. Richa Datta</td><td>NEID</td></tr>
<tr><td>Mrs. Kavita Prasad</td><td>ED</td></tr>
<tr><td rowspan="7">Corporate Social Responsibility (CSR) Committee</td><td>Name</td><td>Category*</td><td rowspan="7">Committee is constituted in line with the provisions of Section 135 of the Act.
• Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act.
• Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.
• Monitor the CSR Policy</td><td rowspan="7">Three meetings of the CSR Committee were held during the year.</td></tr>
<tr><td>CA. P. Ganapathi Rao (Chairperson)</td><td>NEID</td></tr>
<tr><td>Mrs. Preeti Khandelwal</td><td>NEID</td></tr>
<tr><td>Mr. MSS Srinath</td><td>Member</td></tr>
<tr><td>Mr. K. V. Sriram</td><td>NEID</td></tr>
<tr><td>Mrs. Richa Datta</td><td>NEID</td></tr>
<tr><td>Mrs. Kavita Prasad</td><td>ED</td></tr>
</table>

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

(2) Stakeholder Relationship Committee – Other details

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

MVSS Kumar, Company Secretary
HBL Power Systems Limited
8-2-601, Road 10, Banjara Hills, Hyderabad– 500034
Ph: 040-23355575, fax No. 040-23355048
Email: investor@hbl.in

b. Details of investor complaints :

S. No	Subject Description	Opening Balance as on April 01, 2020	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	1	3	4	6	14	14	0
2	Non receipt of dividend warrants	0	4	21	26	16	67	67	0
3	Correspondence/query NSDL operations	0	1	0	1	1	3	3	0
4	Loss of securities / request for issue of duplicate	0	0	1	2	6	9	9	0
5	Receipt of documents for issue of dup securities	0	0	2	3	1	6	6	0
6	Non receipt of securities	0	2	3	5	0	10	10	0
7	Non receipt of annual reports	0	0	4	0	0	4	4	0
8	Stock Exchanges Complaints	0	0	0	0	0	0	0	0
9	SEBI Complaints	0	0	0	0	0	0	0	0
	Total	**0**	**8**	**34**	**41**	**30**	**113**	**113**	**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 2020-21 (₹ in Lakhs)

Name of the Director	Designation	Remuneration paid	Commission Paid	Total
Dr. A J Prasad	Chairman and Managing Director	69.59	71.93	141.52
Mr. MSS Srinath	Executive Director	37.10	-	37.10
Mrs. Kavita Prasad	Executive Director	23.41	-	23.41
Total		**130.09**	**71.93**	**202.02**

Mrs. Kavita Prasad, Executive Director (who is a relative of the Chairman and Managing Director and Mr. MSS Srinath, Executive Director upto 31.08.2020 and working as President w.e.f 01.09.2020) 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 2020-21.

Name of Directors	Board meetings	Committee meeting (for all)	Sitting fees paid (₹)
CA. P Ganapathi Rao	4	13	1,90,000.00
Mrs. Preeti Khandelawal	4	13	NIL*
Mr. K V Sriram	4	13	1,90,000.00
Mrs. Richa Datta	4	13	NIL*
Total			**3,80,000.00**

* Mrs. Preeti Khandelwal and Mrs. Richa Datta, Non-Executive Independent Directors, 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	Four meetings 22.06.2020, 14.08.2020, 12.11.2020 and 12.02.2021	Two meeting held on 22.06.2020 and 14.08.2020.	Four meetings held on 22.06.2020, 14.08.2020, 12.11.2020 and 12.02.2021	Three meetings held on 22.06.2020, 12.11.2020 and 12.02.2021

(ii) Attendance record

Name of the member				
Mr. MSS Srinath	2	-	2	2
CA. P Ganapathi Rao	4	4	4	4
Mrs. Preeti Khandelwal	4	4	4	4
Mr. K V Sriram	4	4	4	4
Mrs. Richa Datta	4	4	4	4
Mrs. Kavita Prasad	4	-	4	4

IV. General Meetings

(1) (a) Annual General Meetings

Date	Venue	Time
September 27, 2018	Federation of Telangana and AP Chambers of Commerce & Industry, Red Hills, Hyderabad-500 004, Telangana State	4:00 pm
September 26, 2019		
September 24, 2020	Meeting conducted through VC / OAVM pursuant to the Circular issued by Ministry of Corporate Affairs.	4:00 PM

(b) Extraordinary General Meeting:

No extraordinary general meeting was held during the financial year 2020-21.

(c) Special Resolutions:

Following Two special resolutions were passed by the Company in its previous AGM held on September 24, 2020

1	Re-appointment of Dr. Aluru Jagadish Prasad as Chairman and Managing Director of the Company for a further period. (Item No. 6 of the Notice of AGM of the previous year)
2	Appointment of Mr. MSS Srinath as President of the Company. (Item No. 7 of the Notice of AGM of the previous year)

(2) Details of special resolution passed through postal ballot: No resolution was passed by postal ballot during the reporting period.

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

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

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

IV. 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, 2021. 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 25, 2021 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	2020-21
	Financial reporting:	
	First quarter ending 30/06/20	August 14, 2020
	Half-year ending 30/09/20	November 12, 2020
	Third quarter ending 31/12/20	February 12, 2021
	Forth and Audited annual results	Standalone and Consolidated : June 21, 2021
3.	Dates of book-closure	18.09.2021 to 25.09.2021 (both days inclusive)
4.	Dividend recommended (subject to approval of shareholders at AGM)	Final Dividend : on equity share capital @ 35%
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. Kandivalasa, Posapatirega, Vizainagaram, AP 4. VSEZ, Visakhapatnam, AP 5. Thumkunta, Shameerpet, RR Dist, TS 6. 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 292BO1021
	Corporate Identity Number (CIN)	L40109TG1986PLC006745

VIII. Distribution of shareholding as on March 31, 2021

Shareholder category	No. of shares held	% of shares held
a. Indian promoters and relatives	16,21,81,966	58.51
b. Foreign promoters	Nil	Nil
c. Foreign collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	11,50,12,980	41.49
Total	**27,71,94,946**	**100.00**

IX. Distribution Schedule (based on folios, not consolidated on the basis of PAN) as on March 31, 2021 is as follows

S.No	Category	No of Shareholders	% of Shareholders	No. of shares	% to total equity
1	1-5000	77,495	98.19	3,17,36,383	11.45
2	5001- 10000	794	1.00	60,86,673	2.20
3	10001- 20000	352	0.44	49,22,911	1.78
4	20001- 30000	129	0.16	31,95,006	1.15
5	30001- 40000	45	0.06	15,74,887	0.57
6	40001- 50000	25	0.03	11,81,142	0.43
7	50001- 100000	49	0.06	35,20,055	1.26
8	100001& Above	37	0.04	22,49,77,889	81.16
	Total:	**78,926**	**100.00**	**27,71,94,946**	**100.00**

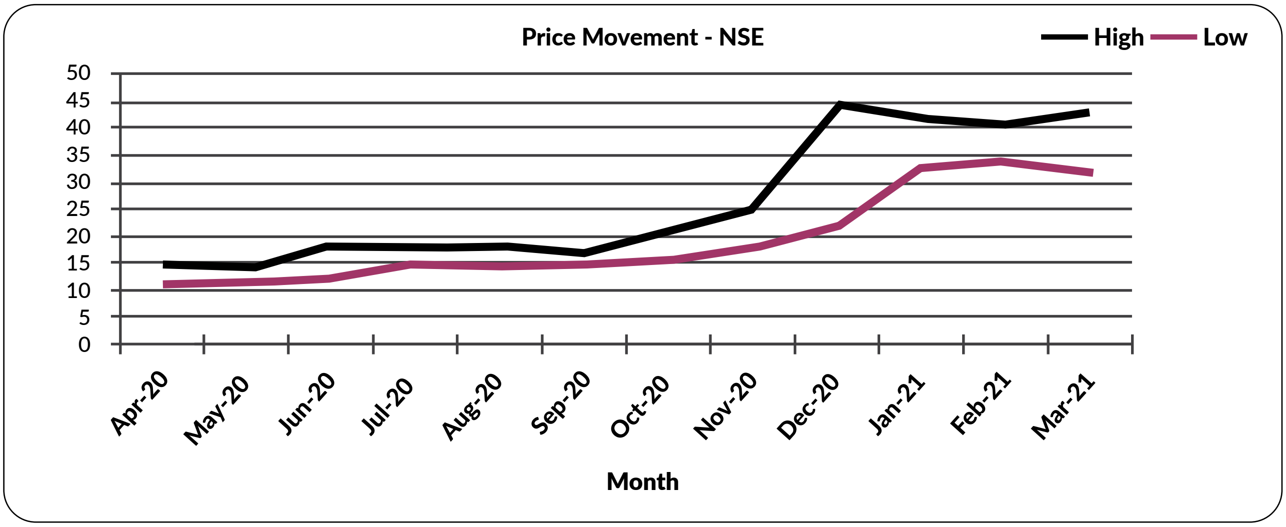
X. Top ten shareholders as on March 31, 2021 (other than promoters / promoters group

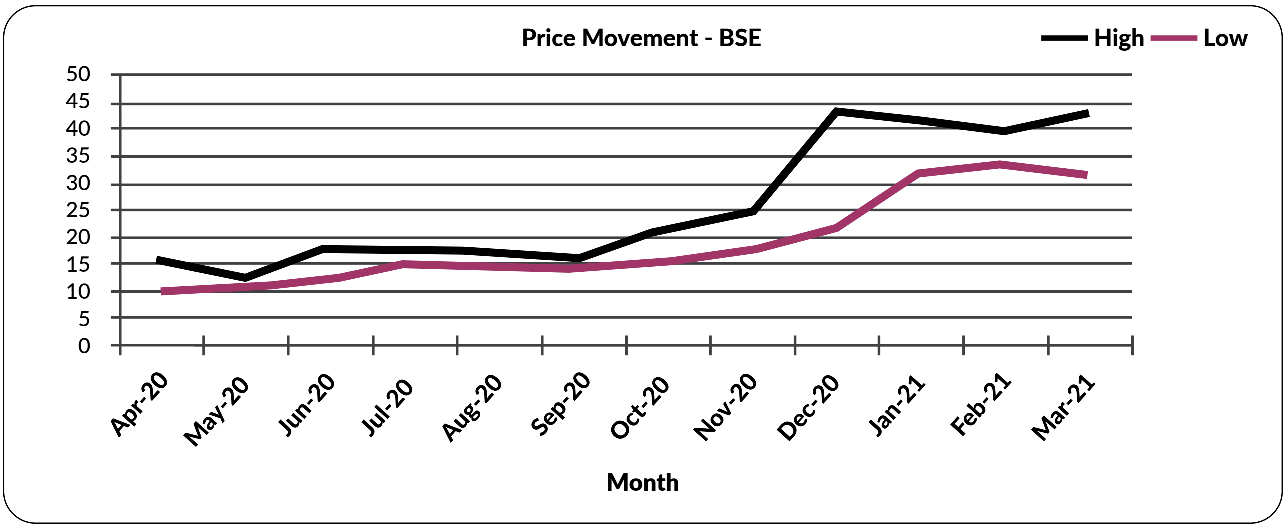
Sl No	Name of the shareholder Shareholding based on PAN of the Shareholder	No. of Shares	% holding
1	Banyantree Growth Capital, L.L.C.	2,89,83,735	10.46
2	Oman India Joint Investment Fund	2,68,42,240	9.68
3.	Investor Education And Protection Fund Authority	9,72,210	0.35
4.	Bharat Taparia	8.05,000	0.29
5.	Acadian Emerging Markets Small Cap Equity Fund LLC	5,34,722	0.19
6.	Viraj Impex Private Limited	4,20,000	0.15
7.	K. Swapna	4,00,009	0.14
8.	Jagdish Amritlal Shah	2,79,940	0.10
9.	Nimitt Indubhai Vassa	2,56,400	0.09
10.	Chandra Sekhar Reddy Sura	2,56,000	0.09

XI. Stock market price data during 2020-21

Stock market price (high, low based on closing prices) and number of equity shares traded during each month in the year 2020-21 on NSE and BSE:

Month	National Stock Exchange of India Limited			BSE Limited		
	Price		No. of shares traded	Price		No. of shares traded
	High	Low		High	Low	
Apr-20	14.40	10.80	28,74,679	15.30	10.85	1,84,548
May-20	13.45	11.05	20,79,520	12.95	11.30	1,43,958
Jun-29	17.70	12.05	1,78,57,098	17.85	12.12	14,32,269
Jul-20	17.80	14.45	1,35,32,609	17.75	14.50	9,38,849
Aug-20	18.10	14.10	1,92,09,646	18.03	14.05	16,66,282
Sep-20	17.00	14.95	69,29,057	17.00	14.95	3,99,380
Oct-20	21.35	15.15	1,43,19,800	21.25	15.30	12,64,548
Nov-20	25.00	18.10	1,57,44,666	25.10	18.00	18,76,857
Dec-20	43.90	22.05	5,03,32,264	43.90	22.05	77,32,620
Jan-21	41.70	32.60	1,96,86,717	42.00	32.60	36,37,075
Feb-21	40.30	33.45	2,53,10,283	40.40	33.50	29,46,703
Mar-21	42.80	32.05	1,66,42,388	42.75	32.10	25,29,623





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 ₹ 3,76,347. /- for Financial Year 2012-2013 to the Central Government's Investor Education and Protection Fund (IEPF) account on December 12, 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 31.03.2021	Due for transfer to IEPF (₹)
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	5,24,729	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	8,13,877.70	02.11.2026
Interim	2019-20	18.02.2020	20%	5,54,38,989	8,69,778.60	26.03.2027
34th Final	2019-20	24.09.2020	10%	2,77,19,946	2,61,878.40	30.10.2027

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, 2021

Form of existence	Agency	No of Share Holders	No of shares	% of Total Issued Capital
Demat	Central Depositaries Securities Limited	48,437	2,53,53,952	9.15
Demat	National Securities Depositories Limited	28,408	24,93,31,540	89.95
Physical	-	2,081	25,09,454	0.90
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 99.10% of the Company's equity share capital are dematerialised as on March 31, 2021. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 292BO1021.

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

There are no outstanding GDRs, ADRs, Warrants or Convertible Instruments etc. as on March 31, 2021

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, 2021.

For and on behalf of the Board

Place: Hyderabad
Date: August 13, 2021

Dr A J Prasad
Chairman & Managing Director

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.

Place: Hyderabad	**Dr A J Prasad**	**Mr. K Sridharan**
Date: August 13, 2021	Chairman and Managing Director	Chief Financial Officer

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

To
The Members of
M/s HBL Power Systems Limited

We have examined the compliance of the conditions of Corporate Governance by HBL Power Systems Limited ('the Company') for the year ended on March 31, 2021, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub- regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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 our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2021.

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

Vinay Babu Gade
Company Secretary in Practice
ACS No.: 20592, CP No.: 20707
UDIN:A020592C000780331

Place: Hyderabad
Date: August 13, 2021

IMPORTANT COMMUNICATION TO MEMBERS

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

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

Independent Auditors' Report

To the Members of

HBL Power Systems Limited

Hyderabad

Report on the audit of the standalone financial statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of HBL Power Systems Limited Hyderabad, ("the Company") which comprise the Balance Sheet as at March 31, 2021, 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, 2021 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
Impact of COVID-19 : The COVID-19 pandemic 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, 2021, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2021 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: 21214919AAAABW2487

Place: Visakhapatnam
Date: June 21, 2021

Annexure – "A"

to the Independent Auditors Report

(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, 2021	Net block as at March 31, 2021
Freehold land	8	492.36	492.36
Non-factory buildings	2	118.44	73.77
Total	**10**	**610.80**	**566.13**

(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, 2021, Paragraphs 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 involved ₹ in Lakhs	Forum where the Dispute is pending as at March 31, 2021
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
Central Excise Act	Tax and Penalty on disputed reversal of input due to Cyclone Damage for the year 2014-15.	112.45	Commissioner Appeals, Visakhapatnam
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 on Sale-in-Transit for the year 2015-16	1.27	ADC, Panjagutta
CST Act	Tax Demand due to Non-submission of forms for the years 2010-11 and 2011-12	3.85	CT, Appeals, Lucknow
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	DCCT Appeals, Ernakulam
KVAT Act	Tax and penalty demanded for defects in documents of transport	3.39	DC Appeals, Thiruvananthapuram

Table contd. to the next page

Name of the Statute	Nature of the dues and Period to which it relates	Amount involved ₹ in Lakhs	Forum where the Dispute is pending as at March 31, 2021
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
UP VAT Act	Tax Demand on sale of Exempt Solar Batteries for the year 2016-17	65.78	Appellate Authority, UP
J&K VAT ACT	Levy of Tax, Interest and Penalty on Free Supplies for the year 2015-16	19.25	AA, Jammu Circle
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: 21214919AAAABW2487

Place: Visakhapatnam
Date: June 21, 2021

Annexure – "B"

to the Independent Auditors Report

(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, 2021 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, 2021, 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: 21214919AAAABW2487

Place: Visakhapatnam
Date: June 21, 2021

Standalone

Balance Sheet

as at March 31, 2021

(₹ in Lakhs)

Particulars	Note	As at March 31, 2021		As at March 31, 2020	
I) ASSETS					
1 Non current assets					
(a) Property, Plant and Equipment	4	25,123.75		26,891.74	
(b) Capital works in progress	6	1,426.81		446.59	
(c) Right of use assets		837.56		819.44	
(d) Intangible assets	7	1,739.88		2,422.65	
(e) Intangible assets under development	8	2,859.30	31,987.30	2,249.84	32,830.26
(f) Financial assets					
(i) Investments	9	342.14		342.14	
(ii) Other financial assets	10	4,632.06		2,323.08	
(g) Other non current assets	11	84.20	5,058.40	8.44	2,673.66
2 Current assets					
(a) Inventories	12	28,354.86		30,261.13	
(b) Financial assets					
(i) Investments	9	2.59		1.02	
(ii) Trade receivables	13	27,379.96		31,717.56	
(iii) Cash and cash equivalents	14	2,548.02		3,981.97	
(iv) Other bank balances	14	4,188.82		3,413.21	
(v) Others	14	741.69		1,245.92	
(c) Current tax assets (Net)	15	52.74		479.49	
(d) Other current assets	16	2,137.88		2,119.22	
(e) Assets held for sale	5	1,862.42	67,268.98	1,939.33	75,158.84
Total			**1,04,314.68**		**1,10,662.76**
II) EQUITY AND LIABILITIES					
1 Equity					
(a) Equity share capital	17	2,771.95		2,771.95	
(b) Other equity	18	76,543.23	79,315.18	75,508.45	78,280.40
2 Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	19	1,011.55		7.75	
(ii) Lease liability	19	818.01		641.46	
(b) Provisions	20	199.50		185.41	
(c) Deferred tax liabilities (Net)	21	1,176.60		1,258.14	
(d) Other non current liabilities			3,205.66		2,092.76
3 Current liabilities					
(a) Financial liabilities					
(i) Borrowings	22	4,724.10		13,959.00	
(ii) Lease liability	23	176.89		220.12	
(iii) Trade payables:					
(a) Total outstanding dues of MESE	24	937.51		673.78	
(b) Total outstanding dues to creditors other than MESE	24	5,735.66		6,940.49	
(iv) Other financial liabilities	25	5,207.51		4,423.41	
(b) Other current liabilities	26	3,146.21		2,325.60	
(c) Provisions	20	1,865.96	21,793.84	1,747.20	30,289.60
Total			**1,04,314.68**		**1,10,662.76**

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 : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABW2487

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Standalone **Statement of Profit & Loss**

for the year ended March 31, 2021

(₹ in Lakhs)

	Particulars	Note	Year ended March 31, 2021		Year ended March 31, 2020	
	Revenue					
I	Revenue from operations	27		90,894.59		1,07,709.15
II	Other income	28		948.47		1,643.57
III	**Total income (I + II)**			**91,843.06**		**1,09,352.72**
IV	**Expenses**					
	Cost of material consumed	29		54,899.93		67,198.01
	Purchases of stock in trade			281.09		164.89
	Changes in inventories of finished goods, stock -in - trade and work - in - progress	30		1,188.60		715.16
	Employee benefits expense	31		7,864.88		8,685.07
	Finance costs	32		1,448.59		2,187.06
	Depreciation and amortization expense	33		3,842.82		4,024.54
	Manufacturing expenses	34		11,532.21		13,260.76
	Administrative expenses	35A		3,712.17		4,298.56
	Selling expenses	35B		4,588.67		5,546.04
	Total Expenses (IV)			**89,358.96**		**1,06,080.08**
V	**Profit before exceptional items and tax (III - IV)**			2,484.10		**3,272.64**
VI	Exceptional items - income/ (expense)	36		(538.95)		490.82
VII	**Profit before tax (V - VI)**			**1,945.15**		**3,763.46**
VIII	Tax expense					
	(1) Current tax		675.00		1,250.00	
	(2) Deferred tax (asset)/liability		(32.44)		93.45	
	(3) Income tax relating to previous years		(155.37)	487.19	12.74	1,356.19
IX	**Profit for the period (VII - VIII)**			**1,457.96**		**2,407.27**
X	Other comprehensive income (Net)					
	Items that will not be reclassified to profit or loss -					
	Remeasurement of defined benefit plans		(195.09)		(225.42)	
	Income tax		49.10	(145.99)	56.73	(168.69)
XI				**1,311.98**		**2,238.58**
XII	**Earnings per equity share**	**37**				
	(1) Basic (of ₹1/-each)			0.47		0.81
	(2) Diluted (of ₹1/-each)			0.47		0.81

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 : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABW2487

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Standalone
Cash Flow Statement
for the year ended March 31, 2021

(₹ in Lakhs)

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
A	**Cash flow from operating activities**				
	Net profit before tax and exceptional items		2,484.10		3,272.65
	Exceptional items - income / (expenditure)*		(538.95)		490.82
	Other comprehensive income (net)		(195.09)		(225.42)
	Total comprehensive income before tax		**1,750.06**		**3,538.04**
	Adjustments for:				
	Depreciation	2,942.40		3,337.83	
	Amortisation	682.77		510.12	
	Diminution in value of investments	(1.57)		1.01	
	Profit/Loss on sale of assets	(133.18)		(491.83)	
	Advances & deposits written off	15.51		38.04	
	Interest income	(440.02)		(417.44)	
	Interest expense	695.28		1,319.00	
	Provision for doubtful debts	356.56		188.99	
	Other provisions	132.86		198.80	
			4,250.61		**4,684.53**
	Operating profit before working capital changes		**6,000.67**		**8,222.56**
	(Increase)/decrease in trade receivables	3,981.04		6,025.02	
	(Increase)/decrease in inventories	1,906.26		1,814.92	
	(Increase) / decrease in loans & advances **	(2,614.52)		(1,539.51)	
	Increase/(decrease) in trade payables	(941.10)		(27.88)	
	Increase/(decrease) in current liabilities	2,865.22		1,482.10	
			5,196.89		**7,754.65**
	Cash generated from operations		11,197.56		15,977.21
	Income tax paid net of refunds		(248.25)		(1,254.68)
	Income tax adjustment relating to previous years		155.37		(12.74)
	Net cash flow from operating activities (A)		**11,104.68**		**14,709.79**
B	**Cash flow from investing activities**				
	Purchase of fixed assets	(3,653.93)		(3,589.36)	
	Sale proceeds of fixed assets	1,006.05		2,886.76	
	Interest received	440.02		417.44	
	Net Cash flow from investing activities (B)		**(2,207.85)**		**(285.16)**

Table contd. to the next page

Standalone **Cash Flow Statement**

for the year ended March 31, 2021

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
C	**Cash flow from financing activities**				
	Long-term borrowings	(82.22)		1,249.02	
	Payment of lease liability	205.62		220.12	
	(Increase)/decrease in working capital borrowings	9,084.90		6,742.13	
	Repayment of interest free sales tax loan	-		31.49	
	(Increase)/decrease in unsecured loans	150.00		150.00	
	Dividend payment	277.20		1,670.87	
	Interest paid	695.28		1,319.00	
	Net cash flow used in financing activities (C)		**10,330.77**		**11,382.63**
D	**Net increase in cash and cash equivalents (A+B-C)**		**(1,433.95)**		**3,042.01**
	Cash and cash equivaents at beginning of the period		3,981.97		939.96
	Cash and cash equivalents at end of the period		2,548.02		3,981.97
	Cash and cash equivalents				
	Cash on hand		3.60		11.23
	Balances with banks in current account		2,544.42		3,970.74
	Total		**2,548.02**		**3,981.97**

Notes to the cash flow statement for the year ended 31-03-2021

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 : 03089 S

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABW2487

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

Place : Visakhapatnam
Date : June 21, 2021

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Standalone **Statement of Changes in Equity**

for the year ended March 31, 2021

a) Share capital

(₹ in Lakhs)

Particulars	Amount
Balance as on March 31, 2020	2,771.95
Balance as on March 31, 2021	**2,771.95**

b) Other equity

Particulars	Capital reserve	Securities premium	Other reserves: Capital redemption reserve	Other reserves: Investment subsidy	General reserve	Retained earnings	Total
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
Dividend (including tax)						(1,002.52)	(1,002.52)
Interim dividend (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**
Balance at the beginning of the current reporting period April 1, 2020	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**20,165.95**	**75,508.45**
Total comprehensive income						1,311.98	1,311.98
Dividend						(277.20)	(277.20)
Balance at the end of the current reporting period March 31, 2021	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**21,200.73**	**76,543.23**

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABW2487

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

1. Company overview

HBL Power Systems Limited ("HBL" or "The Company") is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The Company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The financial statements were authorized for issuance by the Company's Board of Directors and Audit Committee on June 21, 2021.

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.

2. Basis of preparation and measurement

2.1 Statement of compliance

The financial statements as at and for the year ended March 31, 2021 have been prepared in accordance with applicable Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Accounting convention and basis of measurement

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

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

ii) Defined benefit and other long-term employee benefits

iii) Provision for Warranties

iv) Lease liability on Right of use assets

2.3 Functional and presentation currency

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

2.4 Use of judgments, estimates and assumptions

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

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

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

ii) Measurement of Defined Benefit Obligations

iii) Measurement and likelihood of 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.

3. Summary of significant accounting policies

3.1 Property, Plant and Equipment (PPE)

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

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

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

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

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

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

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

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

B) To the extent not directly identifiable to any specific Plant / Unit, is kept under 'Expenditure During Construction' for allocation to Property, Plant and Equipment and is grouped under 'Capital Work-in- Progress'.

3.2 Intangible Assets

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

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

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

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

3.3 Leases

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

i) Assets taken under lease

a) The Company recognises Right-of-use asset representing its right to use the

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

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.

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.

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 recognized on an accrual basis using the effective interest rate (EIR) method. Dividends, are recognized at the time the right to receive is established.

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

3.9 Employee benefits

i) Short term benefits:

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

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

ii) Post-employment benefits:

A) Defined contribution plans:

The contribution paid/payable under Provident Fund Scheme, ESI Scheme and Employee Pension Scheme is recognised as expenditure in the period in which the employee renders the related service.

B) Defined benefit plans:

The Company's obligation towards Gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit method. Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in Other Comprehensive Income and subsequently not reclassified to the Statement of Profit and Loss.

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

iii) Long term employee benefits:

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

3.10 Foreign currency transactions

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

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

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

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

3.11 Current tax and deferred tax

i) Taxation

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

ii) Current tax

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

iii) Deferred tax

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

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

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

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

iv) Current and deferred tax for the year

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

3.12 Borrowing costs

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

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

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

3.13 Financial instruments (financial assets and financial liabilities):

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

ii) Non - Derivative financial instruments

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

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

C) Financial Instruments are subsequently carried at amortized cost wherever applicable using Effective Interest Rate (EIR) method less impairment loss.

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

iii) Derivative financial instruments

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

B) Changes in the fair value of any derivative Asset or Liability are recognized immediately in the Income

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

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 .

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

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

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

3.15 Earnings Per Share (EPS)

i) Basic EPS is computed by dividing the profit after tax attributable to equity share holders by the weighted average number of Equity Shares outstanding during the year / period.

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

3.16 Recent accounting pronouncements

In March, 2021 the Ministry of Corporate Affairs notified further amendments to Schedule III of the Companies Act, 2013 which are applicable from April 1, 2021. The Company is evaluating the new requirements and its impact on the financial statements.

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 4

Property, Plant and Equipment

(₹ in Lakhs)

Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As On April 1, 2020	Additions	Adjust-ments/ deletions	As On March 31, 2021	As On April 1, 2020	For the Period	Adjust-ments/ deletions	As On March 31, 2021	As On March 31, 2021	As On March 31, 2020
Land - freehold	3,647.31		16.48	3,630.83	-	-	-	-	3,630.83	3,647.31
Buildings - factory	16,166.03	164.49	45.91	16,284.62	6,267.97	462.42	11.25	6,719.13	9,565.49	9,898.07
Buildings - others	476.39	-	-	476.39	101.96	8.10	-	110.06	366.33	374.44
Plant and equipment	44,016.99	1,516.84	5,015.06	40,518.77	29,873.97	2,236.01	4,224.17	27,885.81	12,632.96	14,143.02
Furniture & fixtures	497.97	74.87	55.10	517.74	380.74	30.47	48.31	362.91	154.83	117.23
Vehicles	897.43	53.72	57.61	893.54	600.80	56.65	45.54	611.92	281.62	296.63
Office equipment	1,866.04	160.45	314.17	1,712.31	1,518.65	146.23	302.20	1,362.68	349.63	347.38
Office equipment under finance lease	86.48	-	-	86.48	79.47	2.52	-	82.00	4.49	7.01
Technical library	1.89	-	-	1.89	1.89	-	-	1.89	-	-
Total	**67,656.53**	**1,970.37**	**5,504.33**	**64,122.57**	**38,825.45**	**2,942.40**	**4,631.46**	**37,136.40**	**26,986.17**	**28,831.07**
Less: Transferred to assets held for sale	-	-	-	-	-	-	-	-	1,862.42	1,939.33
Net Total	**67,656.53**	**1,970.37**	**5,504.33**	**64,122.57**	**38,825.45**	**2,942.40**	**4,631.46**	**37,136.40**	**25,123.75**	**26,891.74**
Carrying value as at March 31, 2020	70,763.07	1,844.01	4,950.55	67,656.53	38,043.24	3,337.83	2,555.62	38,825.45	26,891.74	

Note 4
Property, Plant and Equipment
(Contd.)

4.1 In respect of Dies & Moulds included in Plant & Machinery group, the Management had, in the past, technically estimated their useful lives at 5 years and the company had continued to charge such higher depreciation (as compared to Schedule II) on the same basis.

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 ₹ 3,488.55 Lakhs and Land Development Charges Capitalized of ₹142.28 Lakhs.

b) Out of the value of ₹ 3,488.55 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	61.34	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)	**492.36**	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)	**3,488.55**	

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.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2021

Note 4

Property, Plant and Equipment (Contd.)

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 :

(₹ in Lakhs)

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

Note 5

Assets held for sale

Refer note 3.7 for accounting policy on Assets held for sale

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Groups of assets held for sale		
Land freehold	376.65	453.45
Buildings	1,485.78	1,485.88
Total	**1,862.42**	**1,939.33**

Note 6

Capital work in progress

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Machinery under erection	1,365.63	378.38
Civil works in progress	61.18	68.21
Total	**1,426.81**	**446.59**

Note 7
Intangible assets

(₹ in Lakhs)

Description	Gross carrying amount			Accumulated amortization			Net carrying amount	
	As on April 1, 2020	Additions	As on March 31, 2021	As on April 1, 2020	For the period	As on March 31, 2021	As on March 31, 2021	As on March 31, 2020
New product development expenditure (internally generated)	5,577.68		5,577.68	3,564.13	482.80	4,046.93	1,530.75	2,013.55
Power facility	96.16	-	96.16	96.16	-	96.16	-	-
Technical knowhow fee	1,019.73	-	1,019.73	934.48	31.00	965.48	54.25	85.25
Software development	991.49		991.49	667.65	168.96	836.61	154.88	323.84
Total	**7,685.06**	**-**	**7,685.06**	**5,262.42**	**682.76**	**5,945.18**	**1,739.88**	**2,422.65**
Carrying value as at March 31, 2020	5,678.43	2,006.63	7,685.06	4,752.31	510.12	5,262.41	2,422.65	

Note 8
Intangible assets under development

(₹ in Lakhs)

Description	As on March 31, 2021	As on March 31, 2020
1) New product development expenditure (Internally generated)		
a) Battery products	363.47	233.76
b) Electronic products	1,852.50	1,371.24
2) Technical knowhow fee paid	643.33	643.33
3) Software development	-	1.51
Total	**2,859.30**	**2,249.84**

Note 9
Investments

(₹ in Lakhs)

Number		Face value	Name of the entity	March 31, 2021	March 31, 2020
Current year	Previous year				
Non - current - un-quoted					
i) In equity instruments: (fully paid-up)					
a) Subsidiary companies					
250	250	Euro 100	HBL Germany GMBH	14.92	14.92
99,99,500	99,99,500	₹ 10	SCIL Infracon Private Limited	1,248.37	1,248.37
600	600	USD 1,000	HBL America Inc.	323.02	323.02
b) Associate company					
41,000	41,000	₹ 10	Naval Systems & Technologies Private Limited*	4.10	4.10

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 9

Investments

(Contd.)

Number – Current year	Number – Previous year	Face value	Name of the entity	March 31, 2021	March 31, 2020
c) Joint venture entity					
11,00,000	11,00,000	SR 10	Gulf Batteries Company Limited (Kingdom of Saudi Arabia)	1,424.51	1,424.51
Non -current - quoted					
d) Other companies (Listed but not quoted)					
200	200	₹ 10	Indian Lead Limited	0.10	0.10
Total				**3,015.02**	**3,015.02**
Less : Aggregate provision for diminution in value of investments				2,672.88	2,672.88
Carrying value of non-current investments				**342.14**	**342.14**

Current investments-quoted

(₹ in Lakhs)

Number – Current year	Number – Previous year	Face value	Name of the entity	March 31, 2021	March 31, 2020
In Equity instruments of other companies: (fully paid-up)					
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 : Aggregate provision for diminution in value of investments				-	1.57
Carrying value of current investments				**2.59**	**1.02**

9.1

(₹ in Lakhs)

	Non - current	Current	Non - current	Current
Aggregate amount of quoted investments	0.10	2.59	0.10	2.59
Aggregate market value of quoted investments	Not Available	3.23	Not Available	1.02
Aggregate amount of unquoted investments	3,014.92	-	3,014.92	-
Aggregate amount of Impairment / diminution in value of investments	2,672.88	-	2,672.88	1.57

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.

Note 9
Investments
(Contd.)

9.3 Investee Company

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

Note 10
Other financial assets

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Non-Current		
Bank deposits (maturity beyond 12 months)		
Fixed deposits	40.49	40.58
Margin money deposits	3,153.36	1,046.90
Security deposits with Government and others	1,435.95	1,234.10
Advances to employees	2.26	1.50
	4,632.06	**2,323.08**

Note 11
Other non-current assets

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Capital advances	84.20	8.44
Total	**84.20**	**8.44**

Note 12
Inventories*

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Raw materials	14,701.88	14,720.21
Stores, spares. process chemicals, fuels & packing material	919.52	1,054.30
Stock -in-trade (in respect of goods acquired for trading)	957.07	1,299.41
Material In transit	434.98	988.38
Consumable tools	106.38	117.51
Work in progress	6,494.31	7,270.09
Finished goods	4,740.73	4,811.22
Total	**28,354.86**	**30,261.13**

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

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 13
Trade receivables

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Unsecured, considered good	27,379.96	31,717.56
Unsecured and having significant Credit Risk	356.56	714.99
Allowance for Credit Risk	(356.56)	(714.99)
Total	**27,379.96**	**31,717.56**

13.1 Particulars of trade receivables due from the related parties

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
HBL Germany, GMBH	1,199.25	1,182.45
HBL America Inc.	1,463.78	1,253.94
Gulf Batteries Company Limited (KSA) (Joint venture entity)	-	525.65
Total	**2,663.03**	**2,962.04**

Note 14

14.1 Cash and cash equivalents

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Balances with banks in current accounts	8.28	61.45
Working capital bank balances	1,486.92	3,822.90
Cash on hand	3.60	11.23
Fixed deposits (maturity of less than three months)	1,049.23	86.39
Total	**2,548.02**	**3,981.97**

14.2 Other bank balances

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Balances with banks in other current accounts	29.16	54.62
Fixed deposits	2,643.11	456.39
Margin money deposits	1,476.40	2,857.74
Dividend account	40.15	44.47
Total	**4,188.82**	**3,413.21**

14.3 Financial Assets - others (current)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Security deposits with Government and others	71.39	59.05
Advances to employees	94.21	103.56
Claims & other receivables	393.95	377.28
Interest accrued but not due on deposits	182.14	706.03
Total	**741.69**	**1,245.92**

Note 14
(Contd.)

14.4 Claims and other receivables include

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Insurance claim on account of heavy rainfall (Refer Note : 14.5)	95.16	95.16
b) Payments under protest for pending litigations	298.79	282.12
Total	**393.95**	**377.28**

14.5

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

Note 15
Current tax assets (net)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Advance payment of income tax (including TDS)	1,820.01	5,577.58
Less : Provision for income tax	1,767.27	5,098.09
Total	**52.74**	**479.49**

Note 16
Other current assets

(₹ in Lakhs)

		March 31, 2021	March 31, 2020
A)	**Advances other than capital advances:**		
	Advances to employees	47.81	35.29
	Advances to vendors for supply of goods / services	1,241.09	1,548.51
B)	**Others:**		
	Prepaid expenses	282.45	185.70
	Export incentives receivable	41.29	229.26
	GST/Service tax input/VAT receivables	134.24	109.46
	Capital advances	391.00	11.00
Total		**2,137.88**	**2,119.22**

Note 17
Equity share capital

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
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**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2021

Note 17

Equity share capital

(Contd.)

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

(₹ in Lakhs)

Equity Shares	March 31, 2021		March 31, 2020	
	No.of Shares	Value ₹	No.of Shares	Value ₹
At the beginning of the period	27,71,94,946	2,771.95	27,71,94,946	2,771.95
Outstanding at the end of the period	27,71,94,946	2,771.95	27,71,94,946	2,771.95

17.2 Terms/rights attached to equity shares

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

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

(₹ in Lakhs)

Name of the Shareholder	March 31, 2021		March 31, 2020	
	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	14,11,41,643	50.92	13,96,81,916	50.39
Public				
BanyanTree Growth Capital LLC	2,89,83,735	10.46	2,89,83,735	10.46
Oman India Joint Investment Fund Management Company Pvt Ltd	2,68,42,240	9.68	2,68,42,240	9.68

Note 18

Other equity - (refer statement of changes in equity)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
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)	21,200.73	20,165.95
	76,543.23	**75,508.45**

Note 19
Non- current - financial liabilities

19.1 Borrowings

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Term Loans from banks (secured)		
ICICI Bank Ltd	1,000.00	-
HDFC Bank Ltd - against vehicles	11.55	7.75
Total	**1,011.55**	**7.75**

19.2 Lease liability

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Lease liability	818.01	641.46
Total	**818.01**	**641.46**

19.3 Current - financial liabilities

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Borrowings (current maturities)		
Long term debt from banks (secured)		
HDFC Bank Ltd	-	925.25
HDFC Bank Ltd - against vehicles	13.39	9.71
Total	**13.39**	**934.96**

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.

a) Term loan from ICICI

ICICI Bank sanctioned term Loan of ₹ 4,500.00 Lakhs (drawn ₹ 1,000.00 Lakhs) for Li-ion & Electronic Drive Train project. 1) The loan is secured by a first Paripassu charge on present and future assets (movable or immovable) of the company alongwith other term lenders ; 2) All the loans are guaranteed by some of the promoters in their personal capacity.

(₹ in Lakhs)

Name of the bank	Loan amount drawn	No of instalments	% of interest	Outstanding as on March 31, 2021
ICICI Bank				
Drawal I	1,000.00	22 (QTLY) commencing from Oct 22	8.00	1,000.00

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.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2021

Note 20

20.1 Provisions (non - current)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for earned leave encashment	199.50	185.41
Total	**199.50**	**185.41**

20.2 Provisions (current)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for earned leave encashment	42.04	27.10
Provision for gratuity	265.05	295.80
Other provisions		
Provision for warranties	1,486.94	1,314.26
Provision for commission on profits to director	71.93	110.03
Total	**1,865.96**	**1,747.20**

Note 21
Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Deferred tax liability (as per last balance sheet)	1,258.14	1,221.42
Add: Deferred tax (asset)/liability for the year	(81.54)	36.72
Total	**1,176.60**	**1,258.14**

Note 22
Borrowings

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
A) Loans repayable on demand from banks (secured)		
State Bank of India	750.00	5,499.70
ICICI Bank Ltd	500.00	2,573.27
Axis Bank Ltd	500.00	3,450.00
Total (A)	**1,750.00**	**11,522.97**
B) Loans repayable on demand from related parties (unsecured)		
Loans from directors	411.00	561.00
Total (B)	**411.00**	**561.00**
C) Other loans from banks (unsecured)		
Purchase bill discounting from Kotak Mahindra Bank Ltd	256.87	329.43
Purchase bill discounting from IDBI Bank Ltd	-	703.32
Purchase bill discounting from HDFC Bank Ltd	33.17	842.27
Purchase bill discounting from Axis Bank Ltd	2,273.06	-
Total (C)	**2,563.10**	**1,875.03**
Total (A + B + C)	**4,724.10**	**13,959.00**

Note 22
Borrowings
(Contd.)

22.1 Working capital loans

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

22.2

Purchase bill discounting from Kotak Mahindra Bank Ltd. and HDFC Bank are guaranteed by some of the promoters of the Company in their personal capacity and undated cheque of the Company for the limit value. Purchase Bill Discounting from Axis Bank Ltd. is secured by some of the promoters in their personal capacity and undated cheque of the Company equivalent to limit/ standing instructions for making payment on due date.

22.3 Loan from Directors is repayable on demand with interest.

Note 23
Lease liability

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Lease liability	176.89	220.12
	176.89	**220.12**

Note 24
Trade payables

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Total outstanding dues of :		
(a) Micro Enterprises and Small Enterprises (MESE)	937.51	673.78
(b) Creditors other than micro enterprises and small enterprises	5,735.66	6,940.49
Total	**6,673.17**	**7,614.26**

24.1 Details relating to micro, small & medium enterprises : (₹ in Lakhs)

	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	937.51	673.77
Within due date	937.51	659.47
Beyond due date	-	14.30
Interest	-	2.05
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
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
The amount of interest accrued and remaining unpaid	-	26.27

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 24
Trade payables
(Contd.)

Note: The above information has been given only in respect of those suppliers who have informed the Company that they are registered under MSMED Act 2006. Some of these vendors were associated with the Company for long periods of time and do maintain a harmonious continuous business relationship. The Company is normally prompt in servicing these vendors' claims as per mutually agreed terms of payment. The company had not received any claim towards interest from any of the Vendors and in view of the said longstanding business relationship, does not expect or foresee any claims in future as well. The company does not have any claims for interest remaining due and payable.

Note 25
Other financial liabilities - current

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Current maturities of long-term debt (refer note - 19.3)	13.39	934.96
Interest accrued but not due on loans	0.44	7.97
Unpaid/unclaimed dividends (refer note - 25.1)	40.15	44.47
Trade deposits	156.47	157.54
Creditors for capital expenditure	236.12	36.16
Invoice mart payable	2,537.54	1,394.43
Statutory dues	867.57	436.72
Directors' current account	146.66	333.04
Accrued compensations to employees	1,209.18	1,078.10
Total	**5,207.51**	**4,423.41**

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, 2021	March 31, 2020
Advances against sales	1,082.62	1,264.83
Advance against sale of assets	-	10.00
Un earned and deferred revenue	1,194.43	-
Accrued expenses	869.17	1,050.77
Total	**3,146.21**	**2,325.60**

Note 27
Revenue from operations

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Sale of products	82,527.49	1,01,922.91
b) Sale of traded goods	152.82	223.20
c) Sale of services	6,427.17	4,457.38
d) Other operating revenue - sale of scrap	1,787.11	1,105.66
Total	**90,894.59**	**1,07,709.15**

Note 28
Other income

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Interest income		
Interest received on deposits with banks/others	440.02	417.44
Interest on IT refunds	16.05	-
b) Other non-operating income (net of directly attributable expenses)		
Exchange gains	406.62	775.37
Deferrend income-Govt grant	-	55.92
Gain / Loss on termination / Modification of leases	1.12	-
Miscellaneous income	84.66	394.84
Total	**948.47**	**1,643.57**

Note 29
Cost of material consumed

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Opening stocks	14,720.21	16,417.41
Purchases, material,components & consumables	54,909.93	65,509.88
	69,630.14	**81,927.29**
Less : Closing stocks	14,701.88	14,720.21
	54,928.26	**67,207.08**
Less : Internal capitalisation	28.33	9.07
Cost of material consumed	**54,899.93**	**67,198.01**

Note 30
(Increase) / Decrease in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Manufactured goods		
i) Opening stocks		
a) Semi finished goods	7,270.09	6,849.38
b) Finished goods	4,811.22	6,107.77
Total (A)	**12,081.31**	**12,957.14**
ii) Closing stocks		
a) Semi finished goods	6,494.31	7,270.09
b) Finished goods	4,740.73	4,811.22
Total (B)	**11,235.04**	**12,081.31**
(Increase) / Decrease (C = A - B)	**846.27**	**875.84**
b) Traded Goods		
Opening stock of traded goods	1,299.41	1,138.73
Closing stock of traded goods	957.07	1,299.41
(Increase) / Decrease (D)	**342.33**	**(160.68)**
(Increase) / Decrease in inventory (C+D)	**1,188.60**	**715.16**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2021

Note 31
Employee benefits expense

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Salaries & bonus	6,519.43	7,018.86
Contribution to provident & other funds	544.34	551.03
Gratuity	79.46	81.08
Staff welfare expenses	532.32	706.12
Recruitment & training	8.56	20.14
Remuneration to directors:		
Salaries & allowances	94.93	180.01
Contribution to provident fund	10.10	14.21
Commission on profits	71.93	110.03
Directors sitting fees	3.80	3.60
Total	**7,864.88**	**8,685.07**

Note 32
Finance cost

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Interest on term loans	44.42	126.36
Interest on bank borrowings	601.55	1,130.92
Interest on vehicle loans	1.70	2.45
Interest on unsecured loans	47.61	59.27
Interest on lease liability	104.28	98.34
Interest - others	49.95	116.69
Bank charges & commission	599.52	653.04
	1,449.03	**2,187.06**
Less: Transfers to pre-operative expenses	0.44	-
Total	**1,448.59**	**2,187.06**

Note 33
Depreciation and amortization expense

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Depreciation on tangible assets	2,942.40	3,337.83
Amortisation on intangible assets	682.77	510.12
Amortisation on right of use assets	217.65	176.59
Total	**3,842.82**	**4,024.54**

Note 34
Manufacturing expenses

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Stores & spares consumed	1,240.81	1,230.00
Equipment lease rentals	34.41	37.90
Factory rent	-	3.19
Consumable tools charged off	106.75	79.52
Contract wages	6,294.96	7,218.76
Testing charges	209.78	137.66
Power and fuel	3,645.50	4,553.73
Total	**11,532.21**	**13,260.76**

Note 35

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
A) Administrative expenses		
Rent	108.11	108.15
Rates, duties & taxes	130.69	231.48
Insurance	232.95	196.24
Professional & consultancy charges	897.05	880.54
Expenditure incurred on corporate social responsibility activities	105.01	115.69
Repairs and maintenance	822.87	821.97
Travelling and conveyance	632.99	1,087.03
Sundry expenses	736.65	779.88
Payments to auditors (refer note 35.1)	30.00	35.00
Audit expenses	0.33	4.53
Advances & deposits written off	15.51	38.04
	3,712.17	**4,298.56**
B) Selling expenses		
Freight & insurance on sales	2,806.61	3,538.02
Liquidated damages	28.81	287.98
Commission on sales	89.34	98.34
Credit impairment	555.57	504.80
Lifetime expected credit loss	356.56	188.99
Provision for warranties	172.68	(8.07)
Installation charges paid	229.11	345.54
Televan hire charges	6.20	31.04
Other selling expenses	343.81	559.39
Total	**4,588.67**	**5,546.04**

35.1 Details of payments to auditor towards :

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Audit fee	30.00	35.00
GST on audit fee	5.40	6.30
	35.40	**41.30**

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 36

Exceptional items of (income)/ expenditure

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Impairment / diminution In value of investments	(1.57)	1.01
(Profit)/Loss on sale of assets	(133.18)	(1,066.29)
Assets written off	673.70	574.46
Total	**538.95**	**(490.82)**

Note 37

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

Computation of EPS (Basic & Diluted) (₹ in Lakhs)

	March 31, 2021	March 31, 2020
Profit before OCI	1,457.96	2,407.27
Profit after OCI	1,311.98	2,238.58
No. of shares (basic)	27,71,94,946	27,71,94,946
No. of shares (diluted)	27,71,94,946	27,71,94,946
EPS Before OCI		
Basic ₹	0.53	0.87
Diluted ₹	0.53	0.87
EPS after OCI		
Basic ₹	0.47	0.81
Diluted ₹	0.47	0.81

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 2020-21 (₹ in Lakhs)

Particulars		**Provision for warranties**
a)	the carrying amount at the beginning of the period	1,314.26
b)	additional provisions made in the period, including increases to existing provisions	1,257.60
c)	amounts reversed on completion of warranty period	(1,012.27)
d)	unused amounts reversed during the period	-
e)	the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	(72.65)
f)	the carrying amount at the end of the period ;	1,486.94

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 30 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

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

38.2 Contingent liabilities not provided for and commitments:

All known and undisputed claims and liabilities where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for. The contingent liabilities and commitments are as under:

(₹ in Lakhs)

Nature of contingent liability	March 31, 2021	March 31, 2020
i) Contingent liabilities not provided for:		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	415.31	302.86
Sales tax	728.40	709.68
Custom duty	488.70	488.70
Service tax	132.48	132.48
Goods and service tax	15.41	15.41
Income tax	190.57	190.57
Property tax	134.25	134.25
Fuel surcharge adjustment	228.08	156.29
Erstwhile promoters of SCIL Infracon Private Limited	188.31	188.31
Others	80.47	75.24
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	16,000.86	16,766.75
ii) Commitments:		
Estimated amount of contracts remaining to be executed on Capital account and not provided for	695.52	396.51

*The civil suit filed by erstwhile promoters, of SCIL Infracon Private Limited, was dismissed. However on July 17, 2020 the Hon'ble High Court appointed a sole arbitrator. Subsequently, the claimants then filed a fresh petition with the arbitrator, wherein several new claims were made against the Company and others. In the opinion of the company's legal counsel, the petitioners' grounds are weak and all the claims made by them are baseless, vexatious and frivolous, since they are in utter distortion of facts. The Company does not recognize any of these said claims and deny all of them out right. The matter is still under the process of arbitration hearing. In view of the above, as the management is confident of the matter being decided in their favour, the said fresh claims are not reported under contingent liabilities.

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

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 38

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

(Contd.)

38.2 Commitment towards dividend

The Board in its meeting held on June 21, 2021 has recommended a dividend of ₹ 0.35 ps per Equity Share of ₹ 1/- each for the financial year ended March 31, 2021. The proposal is subject to the approval of Sharedolders at the Annual General Meeting to be held, and if approved would result in a cash outflow of ₹ 970.18 Lakhs towards dividend.

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:

In the case of income tax returns filed, the taxes were paid and charged off to revenue. In respect of pending assessments, the liability, if any, that may arise upon completion of assessments is not ascertainable at this stage.

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.

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, 2021, ₹ 52.55 Lakhs (March 31, 2020, ₹ 37.56 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	Unsecured loans
Opening balance	942.72	13,398.00	561.00
Borrowed during the year	1,018.25	-	-
Repaid during the year	(936.03)	-	(150.00)
Net movement	82.22	(9,084.90)	(150.00)
Closing balance	1,024.94	4,313.10	411.00

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

A) 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	
2020-21					
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time	57,410.45	12,522.51	12,775.57	4,221.61	86,930.14
(b) Over time	769.15	-	3,195.30	-	3,964.45
Total	**58,179.60**	**12,522.51**	**15,970.87**	**4,221.61**	**90,894.59**
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**

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian Accounting Standard (Ind AS)

(Contd.)

Customer category wise disaggregation

(₹ in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Battery	Electronics & Others	Battery	Electronics & Others
Revenue from customers				
Railways	8,484.72	6,529.78	10,774.25	4,474.53
Telecom/Industry	48,771.23	3,536.13	61,916.46	7,039.30
Defence	923.65	5,904.78	786.13	3,549.42
Exports	12,522.51	4,221.79	13,510.00	5,659.06
Total	**70,702.11**	**20,192.48**	**86,986.84**	**20,722.31**

B) Contract balances

The following table provides information about trade receivables, contracts assets, and contract liabilities from contracts with customers.

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Receivables	27,379.96	31,717.56
Contract assets	545.32	767.92
Contract liabilities	1,082.62	1,264.83

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

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Opening Balance	1,264.83	639.05
Received during the year	9,225.23	16,533.00
Revenue recognised / Adjusted	(9,407.44)	(15,907.22)
Closing Balance	**1,082.62**	**1,264.83**

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

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

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.

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

(₹ in Lakhs)

Provision movement	**March 31, 2021**		**March 31, 2020**	
	Trade receivables	**Contract assets**	**Trade receivables**	**Contract assets**
Opening balance	714.99	-	526.00	-
Add: Additions / Expected lifetime credit loss	912.13	-	693.80	-
Less: Write off / Impairment	1,270.56	-	504.80	-
Less: Reversal	-	-	-	
Closing balance	356.56	-	714.99	-

42.4 Disclosure as per Ind AS -12 - Income tax

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

(₹ in Lakhs)

Particulars		**Year ended March 31, 2021**		**Year ended March 31, 2020**
Profit before tax but after other comprehensive income excluding profit on sale of land		1,714.51		2,985.40
Profit on sale of land		35.55		1,003.48
Profit before tax but after other comprehensive income		1,750.06		3,988.88
Enacted tax rates (%)				
On business income	25.17		25.17	
On capital gains	25.17		25.17	
Computed expected tax expense		440.46		1003.92
Tax effect due to non-taxable income		(33.52)		(81.16)
Tax reversals		(231.74)		(28.82)
Tax effect due to non-deductible expenses		533.46		469.87
Tax effect on others		(33.65)		(113.81)
Income tax expense		**675.00**		**1,250.00**
Effective tax rate %		38.57		31.34

Notes forming part of the **Standalone Financial Statements**
for the year ended March 31, 2021

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

b) Details of income tax assets and income tax liabilities are as follows:

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Advance Tax / MAT Credit / TDS	1,820.01	5,577.58
Provision for income tax	1,767.27	5,098.09
Asset / (Liability)	52.74	479.49

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

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Net current income tax asset / (liability) at the beginning	479.49	474.81
Add : income tax paid / adjusted (net of refund received)	248.25	1,254.68
Less : provision for current tax	675.00	1,250.00
Net current income tax asset / (liability) at the end	52.74	479.49

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

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Deferred tax liability		
Property, Plant and Equipment	1,370.09	1,505.31
Total	**1,370.09**	**1,505.31**
Deferred tax asset		
Leave encashment	60.79	53.48
Provision for doubful debts	89.74	179.95
Impact of IND AS-116 (Leases)	42.95	13.74
Total	**193.48**	**247.17**
Deferred tax liability after set off of deferred tax asset	**1,176.60**	**1,258.14**

e) The gross movement in the deferred income tax account is as follows:

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Net deferred tax liability at the beginning	1,258.14	1,221.43
Credit / (charge) relating to temporary differences	(81.54)	36.71
Net deferred income tax liability at the end	1,176.60	1,258.14

42.5 Disclosure as per Ind AS-17 - 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).

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS) (Contd.)

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 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, 2020	417.69	578.80	996.49
Additions/Adjustments	226.13	9.63	235.76
As on March 31, 2021	643.82	588.43	1,232.25
Accumulated amortization			
As on April 01, 2020	33.46	143.59	177.05
For the period	34.22	183.42	217.64
As on March 31, 2021	67.68	327.01	394.69
Net carrying amount			
As on March 31, 2021	576.14	261.42	837.56
As on March 31, 2020	384.23	435.21	819.44

(iii) Lease liabilities:

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Opening balance	861.59	983.37
Additions/Adjustments	234.65	-
Interest for the year	104.28	98.34
Cash outflow for leases	205.62	220.12
Closing balance	994.90	861.59
Current lease liability	176.89	220.13
Non-current lease liability	818.01	641.46

(iv) The company incurred ₹ 142.52 Lakhs for the year ended March 31, 2021 (Previous year ₹ 149.24 Lakhs) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 348.14 Lakhs for the year ended March 31, 2021 (Previous year ₹ 369.36 Lakhs) , including cash outflow for short term and low value leases.

(v) Lease contracts for land & building entered by the company are primarily to conduct its business in the ordinary course.

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS) **(Contd.)**

42.6 Disclosure as per Ind AS-19 -Employee benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under:

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Employer's contribution to PF/ESI/ pension plan	554.45	565.24

b) Defined benefit plan:

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, under the Payment of Gratuity Act, the Company has obtained actuarial valuation of the said liability. As per the valuation made under projected unit credit method by the actuary, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/provided for by the Company. To meet the actual liability, the company has taken a Group Gratuity Policy of the LIC of India and to keep the policy alive, the Company also paid the annual risk premium and recognised it as expense for the year.

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

Particulars	March 31, 2021	March 31, 2020
Present value of obligation	1,860.34	1,639.23
Fair value of plan assets	1,595.28	1,343.43
Surplus / (deficit)	(265.05)	(295.80)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(265.05)	(295.80)

Expense recognized during the period (including premium paid) (₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
In income statement (P&L a/c--expense provision)	79.98	81.08
In other comprehensive income (B/sheet item)	195.09	225.42

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.

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

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	₹ 20,00,000
Gratuity formula	(15/26) x last drawn salary x number of completed years

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

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

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

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

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

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

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

Notes forming part of the Standalone Financial Statements
for the year ended March 31, 2021

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

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, 2021	March 31, 2020
Present value of obligation as at the beginning	**1,639.23**	**1,425.89**
Current service cost	64.88	57.21
Interest expense or cost	110.98	108.80
Actuarial (gains) / loss on obligations	210.49	227.39
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(165.24)	(180.06)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	**1,860.34**	**1,639.23**
Bifurcation of net liability		
Current liability (short term)	214.58	115.22
Non-current liability (long term)	1,645.76	1,524.01
Net liability	**1,860.34**	**1,639.23**

Changes in the fair value of plan assets

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Fair value of plan assets as at the beginning	1,343.43	1,333.67
Acquisition adjustment	5.26	(16.83)
Expected return on plan assets	90.95	101.76
Contributions	306.00	102.92
Benefits paid	(165.24)	(180.06)
Actuarial gain/(loss) on plan assets	14.88	1.97
Fair value of plan assets as at the end	1,595.28	1,343.43

Change in the effect of asset ceiling

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
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

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

Expenses recognised in the income statement

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Current service cost	64.88	49.77
Past service cost	-	-
Expected return on plan assets	(90.95)	(101.76)
Interest cost	110.98	112.06
Expenses recognised in the income statement	84.91	60.07

Other comprehensive income

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Actuarial (gains) / losses - change in financial assumptions	0.82	118.31
Actuarial (gains) / losses - experience variance	209.68	109.08
Actuarial (gains) / loss on obligations	210.49	227.39
Actuarial (gains) / loss on plan assets	14.88	1.97
Total Other Comprehensive Income(OCI)	195.61	225.42

Financial assumptions

Particulars	For the period ending	
	March 31, 2021	March 31, 2020
Discount rate (per annum)	6.76%	6.77%
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, 2021	March 31, 2020
18-30	5%	5%
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.

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian Accounting Standard (Ind AS)

(Contd.)

Table of sample mortality rates from Indian assured lives mortality 2012-14 Ult

Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

Membership status

(₹ in Lakhs)

Particulars	As on	
	March 31, 2021	March 31, 2020
Number of employees	1,625	1,713
Total monthly salary (₹ in Lakhs)	368.71	383.64
Average past service (years)	10	10
Average age (years)	40	40
Average remaining working life (years)	18	18
Number of completed years valued		
Decrement adjusted remaining working life (years)	15.53	15.49

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 :

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Defined benefit obligation (base)	1,860.34	1,639.23
Discount rate:(% change compared to base due to sensitivity)		
Increase: +1%	1,714.80	1,502.68
Decrease: -1%	2,026.99	1,796.30

Table contd. to the next page

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

Particulars	March 31, 2021	March 31, 2020
Salary growth rate:(% change compared to base due to sensitivity)		
Increase: +1%	2,027.43	1,795.83
Decrease: -1%	1,712.22	1,501.08
Attrition rate:(% change compared to base due to sensitivity)		
Increase: +50%	1,895.34	1,674.09
Decrease: -50%	1,819.84	1,598.80
Mortailtiy rate:(% change compared to base due to sensitivity)		
Increase: +10%	1,861.69	1,640.62
Decrease: -10%	1,858.97	1,637.83

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

Asset liability matching strategies

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

Effect of plan on entity’s future cash flows

Funding arrangements and funding policy

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

Expected contribution during the next annual reporting period:

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
The Company’s best estimate of contribution during the next year remains similar to current year.	265.05	295.80

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian Accounting Standard (Ind AS) **(Contd.)**

Maturity profile of defined benefit obligation (₹ in Lakhs)

	March 31, 2021	March 31, 2020
Weighted average duration (based on discounted cashflows) in years	15.53	15.49
Expected cash flows over the next (valued on undiscounted basis):		
1 year	171.83	115.22
2 to 5 years	450.93	303.86
6 to 10 years	703.56	705.67
More than 10 years	2,524.43	2,834.39

(ii) Long term compensated absences - leave encashment:

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

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

Particulars	March 31, 2021	March 31, 2020
Present value of obligation	230.78	202.94
Fair value of plan assets	-	-
Surplus / (deficit)	(230.78)	(202.94)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(230.78)	(202.94)

Expense recognized during the period (₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
In Income statement (P&L--expense provision)	27.84	42.92

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.

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

The benefits valued

The benefit valued in this report are summarised below:

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

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

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

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

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

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

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

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

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian Accounting Standard (Ind AS)

(Contd.)

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Present value of obligation as at the beginning	202.94	184.54
Current service cost	26.13	22.98
Interest expense or cost	13.74	14.08
Actuarial (gain)/ loss on obligations	(12.03)	5.86
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	-	(24.52)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	230.78	202.94

Bifurcation of net liability

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Current liability (short term)	31.28	17.54
Non-current liability (long term)	199.50	185.40
Net liability	230.78	202.94

Changes in the fair value of plan asset

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	-	24.52
e) Benefits paid	-	(24.52)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Change in the effect of asset ceiling

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
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

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

Expenses recognised in the income statement

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Current service cost	-	-
Past service cost	26.13	22.98
Expected return on plan assets	-	-
Interest cost	**13.74**	**14.08**
Net actl. (gain)/ loss recognized in the period:	**(12.03)**	**5.86**
Expenses recognised in the income statement	27.84	42.92

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, 2021	March 31, 2020
Discount rate (per annum)	6.76%	6.77%
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%	5.00%
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 2012-14

Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian Accounting Standard (Ind AS) (Contd.)

Membership status

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Number of employees	1,625	1,713
Total monthly salary (₹ in Lakhs)	368.71	383.64
The number of leaves valued	40,116	-
Average past service (years)	10	10
Average age (years)	40	40
Average remaining working life (years)	18	18
Number of completed years valued	-	-
Decrement adjusted remaining working life (years)	15.53	15.49

42.7 Disclosure as per Ind AS -21 - The effects of changes in foreign exchange rates

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Exchange differences arising out of settlement / translation on account of :		
a) Exports	154.55	680.66
b) Imports	253.25	104.61
c) Others	(1.18)	(9.90)
Net gain (loss) recognised during the year	406.62	775.37

42.8 Disclosure as per Ind AS– 24 - Related party disclosures

1	Subsidiaries	SCIL Infracon Private Limited	
		HBL Germany, GMBH	
		HBL America	
2	Joint venture entity	Gulf Batteries Company Ltd, Kingdom of Saudi Arabia	
3	Associate	Naval Systems & Technologies Private Limited	
4	Key Management Personnel	Dr A J Prasad	Chairman & Managing Director
		M S S Srinath	President
		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
		Ajay Bhaskar Limaye	Non- Executive Director
		Abhishek G Poddar	Non- Executive Director

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

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, 2021	
				Gross trade receivables (un-secured)	Gross trade payables
1	Subsidiaries	Sale of goods	4,075.72	2,663.04	
			(3,909.76)	(2,436.39)	
		Purchase of goods	3.90	-	1.36
			(2.17)		(1.10)
		Reimbursement of expenses	46.57		-
			(123.60)		(57.57)
2	Joint venture entity	Sale of goods	-	-	
			-	(525.64)	
3	Key management personnel	Funds repaid	150.00	-	411.00
			(150.00)	-	(561.00)
		Remuneration paid	173.74	-	
			(245.00)		
		Commission on profits	71.93	-	221.45
			(110.03)		(333.04)
		Rent paid	7.73	-	
			(7.73)		
		Interest paid	47.61	-	
			(59.27)		
		Sitting fee paid to non-executive directors	3.80	-	-
			(3.60)		

Figures in brackets represent previous year balances

Directors / key management personnel interested companies for the FY 2020-21

Sl No	Name	Designation	Directorship in other Companies	Percentage of Shareholding in other Companies
I	**Directors**			
1	Dr. A J Prasad	Promoter – Chairman & Managing Director	Beaver Technologies Private Limited	Beaver Technologies Private Limited (39.20%)
2	Mr. MSS Srinath	Promoter and President	Naval Systems & Technologies Private Limited	Naval Systems & Technologies Private Limited (10%)
			Beaver Technologies Private Limited	Beaver Technologies Private Limited (30.40%)
			Torquedrive Technologies Private Limited	Torquedrive Technologies Private Limited (50%)

Table contd. to the next page

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

Sl No	Name	Designation	Directorship in other Companies	Percentage of Shareholding in other Companies
3	Mrs. Kavita Prasad	Promoter - whole time director	Naval Systems & Technologies Private Limited	-
			Beaver Technologies Private Limited	Beaver Technologies Private Limited (30.40%)
			Torquedrive Technologies Private Limited	Torquedrive Technologies Private Limited (50%)
II	**Key managerial personnel**			
1	Mr. K Sridharan	Chief financial officer	Not Applicable	Not Applicable
2	Mr. MVSS Kumar	Company secretary	SCIL Infracon Private Limited	Not Applicable

42.9 Disclosure as per Ind AS - 38 - Intangible assets (expenditure on research & development

Aggregate amount of research and development expenditure that is not eligible for capitalization, recognised as an expense during the period in which they were incurred and grouped under other expenses is as under:

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Employee costs	28.72	36.98
Other expenses	14.75	25.61
Finance cost	0.59	-
Depreciation and amortization	27.05	14.59
Total	**71.11**	**77.18**

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, Securities Premium and all other Equity Reserves attributable to the Equity holders.

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

B) Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2021 were as follows:

(₹ in Lakhs)

Particulars	March 31, 2021			March 31, 2020		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
Assets :						
Cash cash equivalents	2,548.02	2,548.02	2,548.02	3,981.97	3,981.97	3,981.97
Other bank balances	4,188.82	4,188.82	4,188.82	3,413.21	3,413.21	3,413.21
Investments in Subsidiaries, Associates & Joint Arrangements	344.73	344.73	345.37	343.16	343.16	343.16
Trade receivables	27,379.96	27,379.96	27,379.96	31,717.56	31,717.56	31,717.56
Other financial assets	5,373.75	5,373.75	5,373.75	3,569.01	3,569.01	3,569.01
Total	**39,835.28**	**39,835.28**	**39,835.92**	**43,024.90**	**43,024.90**	**43,024.90**
Liabilities :						
Trade payables	6,673.17	6,673.17	6,673.17	7,614.26	7,614.26	7,614.26
Borrowings	5,749.03	5,749.03	5,749.03	14,901.71	14,901.71	14,901.71
Other financial liabilities	6,189.02	6,189.02	6,189.02	4,350.03	4,350.03	4,350.03
Total	**18,611.22**	**18,611.22**	**18,611.22**	**26,866.01**	**26,866.01**	**26,866.01**

C) 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.

Notes forming part of the Standalone Financial Statements

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian Accounting Standard (Ind AS)

(Contd.)

Analysis of foreign currency risk from financial instruments as of March 31, 2021 :

(Currency in Lakhs)

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	52.99	15.25	6.01	74.25
Other financial assets	-	-	-	-
Trade payables	(8.45)	(4.72)	(0.22)	(13.39)
Other financial liabilities	(0.97)	(0.52)	-	(1.49)
Net assets/(liabilities)	**43.57**	**10.01**	**5.79**	**59.37**

Analysis of foreign currency risk from financial instruments as of March 31, 2020 :

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**

For the year ended March 31, 2021 and March 31, 2020, 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 ₹ 406.62 Lakhs and ₹ 775.37 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 ₹ 27,379.96 Lakhs and ₹ 31,717.56 Lakhs as of March 31, 2021 and March 31, 2020, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

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

Particulars	March 31, 2021	March 31, 2020
Revenue from top customer	4.56%	11.54%
Revenue from top five customers	18.20%	25.77%

Note 42
Disclosures as prescribed by Indian Accounting Standard (Ind AS)
(Contd.)

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 was ₹ 356.56 Lakhs. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 was ₹ 188.99 Lakhs.

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning	714.99	526.00
Lifetime expected credit loss	912.13	693.79
Credit Impairment	(1,270.56)	(504.80)
Balance at the end	**356.56**	**714.99**

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, 2021, the Company had a working capital of ₹ 43,612.72 Lakhs including cash and cash equivalents of ₹ 2,548.02 Lakhs. As of March 31, 2020, the Company had a working capital of ₹ 42,929.90 Lakhs including cash and cash equivalents of ₹ 3,981.97 Lakhs.

As of March 31, 2021 and March 31, 2020, the outstanding gratuity and compensated absences were ₹ 506.59 Lakhs and ₹ 508.30 Lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

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

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021:

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	> 2 years	Total
Trade payables	6,673.17	-	-	6,673.17
Long term borrowings	13.39	102.45	909.09	1,024.94
Short term borrowings	4,724.10	-	-	4,724.10
Other financial liabilities (excluding borrowings from banks and financial institutions)	6,189.02	-	-	6,189.02

Notes forming part of the **Standalone Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian Accounting Standard (Ind AS)

(Contd.)

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020 :

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	> 2 years	Total
Trade payables	7,614.26	-	-	7,614.26
Long term borrowings	934.96	7.75	-	942.71
Short term borrowings	13,959.00	-	-	13,959.00
Other financial liabilities (excluding borrowings from banks and financial institutions)	4,350.03	-	-	4,350.03

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 ₹ 89.53 Lakhs (Previous year ₹ 99.86 Lakhs).

b) The details of amounts spent during the year on CSR activities are as follows:

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
i) Eradication of malnutrition and hunger	14.80	44.50
Ii) COVID-19 contributions	5.00	-
iii) Promotion of children education	17.28	56.97
iv) Environment protection and restoration	1.00	1.00
v) Contribution to eligible entities	7.18	13.22
Total	**45.26**	**115.69**
vi) Unspent balance provided in the books	59.75	-
Total	**105.01**	**115.69**
CSR Budget approved by the Board	105.00	100.00

Note 44

Impact of COVID-19

Covid-19, a highly infectious disease and recognized as a global pandemic by WHO, has forced Governments, across the world, to undertake drastic measures to contain the spread, including lockdown of the entire country.

The Indian Government was also forced to pronounce a country wide lockdown from March 21, 2020 till Mid-May 2020. This caused disruptions to Company's business and posed several challenges across all functions of the business. The organization did encounter key challenges in the spheres of (a) employee safety and workmen availability, (b) continuity in supplies from vendors, (c) customers' project progress / readiness to accept products, (d) demand slowdown, especially in export markets, and (e) input cost escalations.

The Company was successful in resuming the operations gradually and cautiously, post lockdown, by adopting a robust and well-structured SOPs on people safety and by strictly complying with the stipulated government regulations and guidelines. The financial year ended March 31, 2021, witnessed the full impact of the lockdown and post-lockdown challenges due to first wave of the

Note 44
Impact of COVID-19
(Contd.)

pandemic.

During the year ended March 31, 2021, the Company had incurred ₹ 665.00 Lakhs as Covid-19 exceptional costs. The Company had initiated various measures to mitigate and / or minimize the adverse impact of the pandemic on business outcomes. There were no customer order cancellations; no major disturbances in input supplies; no major risk of employee and workmen safety; no credit risk; and absolutely nil interruptions in requisite funds flow. The servicing of debts and dues to vendors were normal. However, there was demand slowdown and increase in cost of doing business.

The Company was successful in achieving the FY2020-21 business plans set at the year beginning and in the background of pandemic, despite various challenges. This was possible due to continuous/ close monitoring of evolving business environment; adoption of various safety protocols; proper material and production planning; close interactions with suppliers and customers; various cost control initiatives and judicious deployment of financial resources. These measures helped the Company to record satisfactory financial results and continue its business, as a going concern, without requiring any major changes to its structure and focus.

Post lock-down, the cost of all commodities, fuel, wages and major inputs have continued to show an inflationary trend. This had an adverse impact on the cost of product and thereby a stress on the margin. The Company has commenced its efforts, to increase the price of its products, to cover input and conversion cost inflation, through proper interaction with all major customers, though the efforts are yet to yield results. It is also focusing on further improving efficiency across all spectrums of business.

The onset of second wave of pandemic in the Country in early March 2021 is expected to have its adverse effect on the business operations, as many of the state governments Pan India are resorting to various control measures including lockdowns and restrictions. Since the Company has gained experience in managing the business under such restrictive and challenged business environment, it is taking all appropriate measures, ensuring continuity in business, as a going concern. The Company has cautiously estimated, based on current business environment, the adverse impacts of possible interruptions in business due to second wave of pandemic and factored those costs in its FY2021-22 annual plan.

Subsequent to the period ended March 31, 2021, the management is continuously assessing the impact on future demand, sales, input supplies, production, inventory, receivables and additional costs. This assessment is being monitored and updated for any possible future disruptions. Based on 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.

Important management actions to assess and minimize the likely adverse impact include – Continuous review of evolving business environment, cost reduction initiatives, limited essential capex, close interaction with customers and suppliers, cash flow assessment, tactical restructuring of 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 : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABW2487

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Independent Auditors' 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, 2021, 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, 2021, 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
Impact of COVID-19 :	**Principal audit procedure:**
The COVID-19 pandemic 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.	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 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 ₹ 1,729.28 Lakhs as at March 31, 2021, total revenues of ₹ 4,403.32 Lakhs and net cash flows amounting to ₹ (10.63) 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 ₹ 100.06 Lakhs for the year ended March 31, 2021, 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, 2021 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, 2021 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: 21214919AAAABX5811

Place: Visakhapatnam
Date: June 21, 2021

Annexure – “A”

to the Independent Auditors Report

(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, 2021, 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, 2021, 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: 21214919AAAABX5811

Place: Visakhapatnam
Date: June 21, 2021

(₹ in Lakhs)

Consolidated
Balance Sheet
as at March 31, 2021

Particulars	Note	As at March 31, 2021		As at March 31, 2020	
I) ASSETS					
1 Non current assets					
(a) Property, Plant and Equipment	4	25,161.88		26,909.59	
(b) Capital works in progress	6	1,426.81		446.59	
(c) Right of use assets		992.96		1,031.25	
(d) Intangible assets	7	1,745.83		2,428.60	
(e) Intangible assets under development	8	2,859.31		2,249.84	
(f) Equity accounted investments	8A	704.71	32,891.50	604.64	33,670.51
(g) Financial assets					
(i) Investments	9	0.10		0.10	
(ii) Other financial assets	10	4,636.63		2,330.52	
(h) Other non current assets	11	84.19	4,720.92	8.44	2,339.06
2 Current assets					
(a) Inventories	12	28,985.63		30,432.08	
(b) Financial assets					
(i) Investments	9	2.59		1.02	
(ii) Trade receivables	13	25,371.61		30,515.58	
(iii) Cash and cash equivalents	14	2,635.59		4,080.17	
(iv) Other bank balances	14	4,188.82		3,413.22	
(v) Others	11	741.70		1,176.96	
(c) Current tax assets (Net)	15	52.74		471.31	
(d) Other current assets	16	2,172.55		2,212.90	
(e) Assets held for sale	5	1,862.43	66,013.65	1,939.33	74,242.58
Total			**1,03,626.07**		**1,10,252.15**
II) EQUITY AND LIABILITIES					
1 Equity					
(a) Equity share capital	17	2,771.95		2,771.95	
(b) Other equity	18a	75,432.94	78,204.89	74,515.09	77,287.04
2 Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	19	1,053.15		74.95	
(ii) Lease liability		956.79		812.42	
(b) Provisions	20	199.50		185.41	
(c) Deferred tax liabilities (Net)	21	1,226.15		1,222.19	
(d) Other non current liabilities	0	-	3,435.59	-	2,294.97
3 Current liabilities					
(a) Financial liabilities					
(i) Borrowings	22	4,724.10		13,959.00	
(ii) Lease liability	23a	206.57		273.32	
(iii) Trade payables					
(a) Total outstanding dues of MESE	24	937.51		673.78	
(b) Total outstanding dues to creditors other than MESE	24	5,796.86		7,134.78	
(iv) Other financial liabilities	25	5,275.53		4,512.35	
(b) Other current liabilities	26	3,178.12		2,368.73	
(c) Provisions	20	1,866.90	21,985.59	1,748.19	30,670.14
Total			**1,03,626.07**		**1,10,252.15**

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 : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABX5811

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Consolidated **Statement of Profit & Loss**

for the year ended March 31, 2021

(₹ in Lakhs)

	Particulars	Note	Year ended March 31, 2021		Year ended March 31, 2020	
	Revenue					
I	Revenue from operations	27		91,203.86		1,09,178.13
II	Other income	28		962.90		1,658.37
III	**Total Income (I + II)**			**92,166.76**		**1,10,836.50**
IV	**Expenses**					
	Cost of material consumed	29		55,257.42		67,598.20
	Purchases of stock in trade			281.09		164.89
	Changes in inventories of finished goods, stock -in - trade and work - in - progress	30		728.80		953.30
	Employee benefits expense	31		8,217.32		9,070.01
	Finance costs	32		1,471.36		2,219.82
	Depreciation and amortization expense	33		3,881.07		4,074.80
	Manufacturing expenses	34		11,539.97		13,270.84
	Administrative expenses	35		3,824.50		4,404.66
	Selling expenses	35		4,617.53		5,662.72
	Total Expenses (IV)			**89,819.05**		**1,07,419.24**
V	**Profit before exceptional items and tax (III - IV)**			**2,347.71**		**3,417.26**
VI	Exceptional items income (expense)	36		(539.71)		489.32
VII	**Profit after exceptional items (V - VI)**			**1,807.99**		**3,906.58**
VIII	Share in profit / (loss) of associate / joint venture	8B		134.19		102.78
IX	**Profit before tax (VII - VIII)**			**1,942.18**		**4,009.36**
X	**Tax expense**					
	(1) Current tax		709.34		1,284.66	
	(2) Deferred tax (asset)/liability		15.56		90.32	
	(3) Income tax relating to previous years		(155.37)	569.53	12.74	1,387.72
XI	**Profit after tax for the period (IX - X)**			**1,372.65**		**2,621.64**
XII	**Other comprehensive income (Net)**					
	Items that will not be reclassified to profit or loss -					
a)	Remeasurement of defined benefit plans		(195.09)		(225.42)	
b)	Tax effect		49.10		56.73	
c)	**Total - (c = a + b)**		**(145.99)**		**(168.69)**	
	Items that may be reclassified to profit or loss -					
d)	Exchange differences in translating the financial statements of foreign operations		5.79		(129.10)	
e)	Tax effect		(1.46)		32.49	
f)	**Total - (f = d + e)**		**4.33**		**(96.61)**	
g)	Total other comprehensive income (Net) - (g= c+f)			(141.66)		(265.30)
XIII	**Total comprehensive income for the period (XI + XII)**			1,231.00		2,356.34
	Profit/(Loss) for the year attributable to:					
	Owner of the Company			1,372.65		2,621.64
	Non-controlling interest					-
				1,372.65		**2,621.64**
	Other comprehensive income for the year attributable to:					
	Owner of the Company			(141.66)		(265.30)
	Non-controlling interest			-		-
				(141.66)		**(265.30)**
	Total comprehensive income for the year attributable to:					
	Owner of the Company			1,231.00		2,356.34
	Non-Controlling Interest			-		-
				1,231.00		**2,356.34**
XIV	**Earnings per Equity Share (Face value ₹ 1/- per share)**	37				
	(1) Basic ₹			0.44		0.85
	(2) Diluted ₹			0.44		0.85

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 : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABX5811

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Consolidated
Cash Flow Statement
for the year ended March 31, 2021

(₹ in Lakhs)

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
A	**Cash flow from operating activities**				
	Net profit before tax and exceptional items		2,481.90		3,520.05
	Exceptional items - income / (expenditure) *		(539.71)		489.32
	Other comprehensive income (net)		(189.30)		(354.52)
	Total comprehensive income before tax		1,752.89		3,654.85
	Adjustments for:				
	Depreciation	2,952.39		3,347.75	
	Amortisation of intangible assets	682.77		510.12	
	Diminution in value of investments	(2.48)		1.01	
	Profit on sale of assets	541.28		(490.33)	
	Advances & deposits written off	15.51		38.04	
	Interest income	(440.02)		(417.44)	
	Interest expense	647.67		1,259.73	
	Provision for doubtful debts	356.56		287.59	
	Other provisions	132.80		199.80	
			4,886.47		**4,736.28**
	Operating profit before working capital changes		**6,639.36**		**8,391.13**
	(Increase)/decrease in sundry debtors	4,787.41		5,505.76	
	(Increase)/decrease in inventories	1,446.45		2,053.08	
	(Increase) / decrease in loans & advances **	(2,621.60)		(1,544.32)	
	Increase/(decrease) in trade paybles	(1,074.19)		189.93	
	Increase/(decrease) in current liabilities	2,824.72		1,576.24	
			5,362.80		**7,780.69**
	Cash generated from operations		12,002.16		16,171.82
	Income tax paid net of refunds		(290.76)		(1,281.16)
	Income tax adjustment relating to previous years		155.37		(12.74)
	Net cash flow from operating activities (A)		**11,866.77**		**14,877.92**
B	**Cash flow from investing activities**				
	Purchase of fixed assets	(3,628.66)		(3,801.62)	
	Sale proceeds of fixed assets	332.45		2,886.76	
	Investment of associates/JV	(100.07)		(75.93)	
	Interest received	440.02		417.44	
	Net cash flow from investing activities (B)		**(2,956.25)**		**(573.35)**

Table contd. to the next page

Consolidated
Cash Flow Statement
for the year ended March 31, 2021

	Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
C	**Cash flow from financing activities**				
	Repayment of long-term borrowings	(56.19)		1,276.38	
	Payment of lease liability	251.53		273.32	
	(Increase)/decrease in working capital borrowings	9,084.90		6,742.12	
	Repayment of interest free sales tax loan	-		31.49	
	(Increase)/decrease in unsecured loans	150.00		150.00	
	Dividend payment	277.19		1,670.87	
	Interest paid	647.67		1,259.73	
	Net cash flow used in financing activities (C)		**10,355.10**		**11,403.91**
D	**Net increase in cash and cash equivalents (A+B-C)**		**(1,444.58)**		**2,900.67**
	Cash and cash equiv.at beginning of the period		4,080.17		1,179.50
	Cash and cash equiv. at end of the period		2,635.59		4,080.17
	Cash and cash equivalents				
	Cash on hand		3.62		11.23
	Balances with banks in current account		2,631.97		4,068.94
	Total		**2,635.59**		**4,080.17**

Notes to the cash flow statement for the year ended 31-03-2021

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 : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABX5811

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Consolidated

Statement of Changes in Equity

for the year ended March 31, 2021

a) Share capital

(₹ in Lakhs)

Particulars	**Amount**
Balance as on March 31, 2020	2,771.95
Balance as on March 31, 2021	**2,771.95**

b) Other equity

Particulars	**Capital reserve**	**Securities premium account**	**Other reserves**		**General reserve**	**Retained earnings**	**Foreign currency translation reserve**	**Total**
			Capital redemption reserve	**Investment subsidy**				
Balance at the beginning of the 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**
Balance at the beginning of the current reporting period April 1, 2020	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**19,495.19**	**(322.61)**	**74,515.09**
Profit for the Year						1,372.65		1,372.65
Other comprehensive Income for the year,net of income tax						(145.99)	4.33	(141.66)
Dividend						(277.19)		(277.19)
Adjustment to retained earnings on account of consolidation						(35.96)		(35.96)
Balance at the end of the reporting period March 31, 2021	**1.02**	**23,010.66**	**2.70**	**55.77**	**32,272.35**	**20,408.71**	**(318.27)**	**75,432.94**

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN : 03089 S

On behalf of the board

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABX5811

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

Place : Visakhapatnam
Date : June 21, 2021

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

1. Corporate information

The Consolidated Financial Statements (CFS) comprise of financial statements of HBL Power Systems Limited (the parent Company) and its Subsidiaries (collectively the Group), its joint venture Company and associate Company for the year ended March 31, 2021.

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 Bombay Stock Exchange 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 21, 2021.

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.

2. Basis of preparation and measurement

2.1 Statement of compliance

The CFS as at and for the year ended March 31, 2021 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

2.2 Accounting convention and basis of measurement

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

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

iii) Provision for warranties

iv) Lease liability on right of use assets

2.3 Functional and presentation currency

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

2.4 Use of judgments, estimates and assumptions

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

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

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

ii) Measurement of defined benefit obligations

iii) Measurement and likelihood of 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.

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 & 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

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

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

3. Summary of significant accounting policies

3.1 Property, Plant and Equipment (PPE)

i) PPE are measured at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

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

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

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

3.2 Intangible assets

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

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

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

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

3.3 Leases

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

i) Assets taken under lease

a) The Group recognises Right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset is measured in accordance with the measurement criteria as per Ind AS 116.

The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may 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

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

reflecting a constant periodic rate of return on the lessor's net investment in the lease.

3.4 Investment in subsidiaries, associates and joint arrangements

i) Investments in associate and joint arrangements are accounted for using equity method

ii) Investments in entities other than associate and joint arrangements are carried at cost and diminution / impairment with reference to market value is recognized.

3.5 Government grants

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

3.6 Inventories are valued as under:

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

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

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

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

3.9 Employee benefits

i) Short term benefits:

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

ii) Post-employment benefits:

A) Defined contribution plans:

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

B) Defined benefit plans:

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

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

iii) Long term employee benefits:

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

3.10 Foreign currency

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

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (and attributed to non-controlling interests as appropriate).

vi) On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent Company are reclassified to profit or loss.

vii) In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3.11 Current tax and deferred tax

i) Taxation

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

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

iii) Deferred tax

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

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

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

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

iv) Current and deferred tax for the year

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

3.12 Borrowing costs

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

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

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

3.13 Financial instruments (financial assets and financial liabilities):

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

ii) Non-derivative financial instruments

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

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

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

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

iii) Derivative financial instruments

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

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

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

(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

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

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.

3.15 Earnings Per Share (EPS)

i) Basic EPS is computed by dividing the profit after tax attributable to equity share holders by the weighted average number of Equity Shares outstanding during the year / period.

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

3.16 Recent accounting pronouncements

In March 2021 the Ministry of Corporate Affairs notified further amendments to Schedule III of the Companies Act, 2013 which are applicable from April 1, 2021. The Company is evaluating the new requirements and its impact on the financial statements.

Note 4

Property, Plant and Equipment

(₹ in Lakhs)

Description	Gross carrying amount				Accumulated depreciation				Net carrying amount	
	As On April 1, 2020	Additions	Adjust-ments/ deletions	As On March 31, 2021	As On April 1, 2020	For the Period	Adjust-ments/ deletions	As On March 31, 2021	As On March 31, 2021	As On March 31, 2020
Land - freehold	3,647.31	-	16.48	3,630.83	-	-	-	-	3,630.83	3,647.31
Land - leasehold	-	-	-	-	-	-	-	-	-	
Buildings - factory	16,166.03	164.49	45.90	16,284.62	6,267.96	462.42	11.25	6,719.13	9,565.49	9,898.07
Buildings - others	476.39	-	-	476.39	101.95	8.10	-	110.05	366.34	374.44
Plant and equipment	44,109.55	1,547.98	5,035.38	40,622.15	29,949.31	2,245.75	4,243.74	27,951.32	12,670.83	14,160.26
Furniture & fixtures	497.97	74.87	55.10	517.74	380.75	30.47	48.31	362.91	154.83	117.22
Vehicles	897.43	53.72	57.61	893.54	600.80	56.65	45.53	611.92	281.62	296.63
Office equipment	1,883.16	160.45	330.59	1,713.02	1,535.17	146.48	318.50	1,363.15	349.87	347.99
Office equipment under finance lease	86.48	-	-	86.48	79.47	2.52	-	81.99	4.49	7.01
Technical library	1.89	-	-	1.89	1.89	-	-	1.89	-	-
Total	**67,766.21**	**2,001.51**	**5,541.06**	**64,226.66**	**38,917.30**	**2,952.39**	**4,667.33**	**37,202.36**	**27,024.30**	**28,848.93**
Less: Transferred to assets held for sale									1,862.43	1,939.33
Net Total	**67,766.21**	**2,001.51**	**5,541.06**	**64,226.66**	**38,917.30**	**2,952.39**	**4,667.33**	**37,202.36**	**25,161.87**	**26,909.59**
Carrying value as at March 31, 2020	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	

4.1 In respect of Dies & Moulds in Plant & Machinery group, the Management had, in the past, technically estimated their useful lives at 5 years and the company had continued to charge such higher depreciation (as compared to Schedule II to the Act) on the same basis.

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

(₹ in Lakhs)

Note 5
Assets held for sale

	March 31, 2021	March 31, 2020
Groups of assets held for sale		
Lease hold land		
Land freehold	376.65	453.45
Buildings	1,485.78	1,485.88
Total	**1,862.43**	**1,939.33**

(₹ in Lakhs)

Note 6
Capital work in progress

	March 31, 2021	March 31, 2020
Machinery under erection	1,365.63	378.38
Civil works-in-progress	61.18	68.21
Pre-operative expenses to be capitalised	-	-
	1,426.81	**446.59**

(₹ in Lakhs)

Note 7
Intangible assets

	Gross carrying amount				Accumulated Amortization				Net carrying amount	
Description	**As on April 1, 2020**	**Addi-tions**	**Adjust-ments/ Dele-tions**	**As on March 31, 2021**	**As on April 1, 2020**	**For the period**	**Adjust-ments/ Dele-tions**	**As on March 31, 2021**	**As on March 31, 2021**	**As on March 31, 2020**
New product development expenditure (internally generated)	5,593.20	-	-	5,593.20	3,579.64	482.80	-	4,062.44	1,530.75	2,013.55
Power facility	96.16	-	-	96.16	96.16	-	-	96.16	-	-
Technical knowhow fee	1,019.73	-	-	1,019.73	934.48	31.00	-	965.48	54.25	85.25
Software development	991.49	-	-	991.49	667.65	168.96	-	836.61	154.88	323.84
Trade marks and other business intangibles	5.95	-	-	5.95	-	-	-	-	5.95	5.95
Total	**7,706.53**	**-**	**-**	**7,706.53**	**5,277.93**	**682.76**	**-**	**5,960.69**	**1,745.84**	**2,428.60**
Carrying value as at March 31, 2020	5,699.89	2,006.64	-	7,706.53	4,767.81	510.12	-	5,277.93	2,428.60	

Note 8
Intangible assets under development

(₹ in Lakhs)

Description	As on March 31, 2021	As on March 31, 2020
1) New product development expenditure (Internally generated)		
a) Battery products	363.48	233.76
b) Electronic products	1,852.50	1,371.24
2) Technical knowhow fee paid	643.33	643.33
3) Software development	-	1.51
Total	**2,859.31**	**2,249.84**

Note 8A
Equity accounted investments

Gulf Batteries Company (Joint Venture Company)

The Group had a 40% interest in the entity which was involved in the manufacture of some of the groups' main product lines out side India. Upto the financial year ending March 31, 2017 the groups' interest in the enity was accounted for using the equity method in the consolidated financial statements. However for the reasons setout in note No. 44 the JV Company is not considered for consolidation for the current financial year.

Naval Systems and Technologies Private Limited (Associate Company)

The Group has a 41% interest in the entity which is involed in providing services to foreign original equipment manufactures. The groups interest in the enity is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate Company along with reconciliation is set out below

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Current assets	1,801.66	1,760.80
Non current assets	206.58	393.67
Current liabilities	(288.92)	(678.98)
Non current liabilities	(0.52)	(0.73)
Equity	**1,718.80**	**1,474.76**
Proportion of the group's ownership	41%	41%
Carrying amount of the Investment	**704.71**	**604.65**

Equity accounted investments (₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Gulf Batteries Company	-	-
Naval Systems and Technologies Private Limited	704.71	604.64
Total	**704.71**	**604.64**

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

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 No. 44 the JV Company is not considered for consolidation for the current financial year.

Summarised statement of profit and loss of Naval Systems and Technologies Private Limited

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Revenue	**1,568.80**	**1,298.88**
Cost of raw material and components consumed	(912.59)	(693.49)
Depreciation & amortisation	(3.94)	(4.00)
Finance cost	(13.63)	(6.45)
Employee benefits	(168.95)	(170.15)
Other expenses	(142.40)	(174.10)
Profit before tax	327.29	250.69
Proportion of the group's ownership	41%	41%
Group's share of profit / (loss) for the year	**134.19**	**102.78**

Share in profit / (loss) of associate / joint venture

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Gulf Batteries Company	-	-
Naval Systems andTechnologies Private Limited	134.19	102.78
Total	**134.19**	**102.78**

Note 9
Investments

(₹ in Lakhs)

Number		Face value	Name of the entity	March 31, 2021	March 31, 2020
Current year	Previous year				
Non - current - un-quoted					
i) In equity instruments: (fully paid-up)					
a) Subsidiary Companies					
99,99,500	99,99,500	₹10	SCIL Infracon Private Limited	1248.37	1248.37
			Less: Provision for impairment (refer note no. 44)	1248.37	1248.37
a) Joint arrangement company					
11,00,000	11,00,000	SR 10	Gulf Batteries Company Limited (Kingdom of Saudi Arabia)	1424.51	1424.51
			Less: Provision for impairment (refer note no. 44)	1424.51	1424.51
Non -current - quoted					
a) 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**

Note 9
Investments
(Contd.)

(₹ in Lakhs)

Number - Current year	Number - Previous year	Face value	Name of the entity	March 31, 2021	March 31, 2020
Current investments- quoted					
In Equity instruments of other companies: (fully paid-up) (Received in pursuance of business combination)					
690	-	₹ 1	JSW Steel Limited	2.58	2.58
In liquid mutual funds: (Fully paid-up) (Received in pursuance of business combination)					
1	-	₹ 10	Reliance Mutual Fund Shares Liquid BEES	0.01	0.01
Total				**2.59**	**2.59**
Less : Aggregate provision for diminution in value of investments				-	1.57
Carrying value of current investments				**2.59**	**1.02**

9.1

(₹ in Lakhs)

	Non - current	Current	Non - current	Current
Aggregate amount of quoted investments	0.10	2.59	0.10	2.59
Aggregate market value of quoted investments	Not available	3.23	Not available	1.02
Aggregate amount of unquoted investments	-	-	-	-
Aggregate amount of impairment / diminution in value of investments	2,672.88	-	1,442.51	1.57

Note 10
Other financial assets

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Non-current		
Bank deposits (maturity beyond 12 months)		
Fixed deposits	40.50	40.58
Margin money deposits	3,153.36	1,046.90
Security deposits with government and others	1,440.51	1,241.54
Advances to employees	2.27	1.50
Total	**4,636.63**	**2,330.52**

Note 11
Other non-current assets

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Capital advances	84.19	8.44
	84.19	**8.44**

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 12
Inventories*

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Raw materials	14,701.88	14,720.21
Stores, spares. process chemicals, fuels & packing material	919.52	1,054.30
Stock -in-trade (in respect of goods acquired for trading)	957.07	1,299.41
Bonded stocks/In transit	434.98	988.39
Consumable tools	106.38	117.51
Work in progress	6,494.31	7,270.09
Finished goods	5,371.49	4,982.17
Total	**28,985.63**	**30,432.08**

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

Note 13
Trade receivables

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Unsecured, considered good	25,371.61	30,515.58
Unsecured and having significant Credit Risk	356.56	813.59
Allowance for Credit Risk	(356.56)	(813.59)
Total	**25,371.61**	**30,515.58**

Note 14
Trade receivables

14.1 Cash and cash equivalents

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Balances with banks in current accounts	95.83	159.65
Working capital bank balaces	1,486.92	3,822.90
Cash on hand	3.62	11.23
Fixed deposits (maturity of less than three months)	1,049.23	86.39
Total	**2,635.59**	**4,080.17**

14.2 Other bank balances

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Balances with banks in other current accounts	29.16	54.62
Fixed deposits	2,643.10	456.39
Margin money deposits	1,476.41	2,857.74
Dividend account	40.15	44.47
Total	**4,188.82**	**3,413.22**

Note 14
Trade receivables
(Contd.)

14.3 Financial Assets - others (current)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Security deposits with government and others	71.40	59.04
Advances to employees	94.20	34.61
Claims & other receivables	393.95	377.28
Interest accrued but not due on deposits	182.14	706.03
Total	**741.70**	**1,176.96**

14.4 Claims and other receivables include :

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Insurance claim on account of heavy rainfall (refer note : 14.5)	95.16	95.16
b) Payments under protest for pending litigations	298.79	282.12
Total	**393.95**	**377.28**

14.5

During the year 2011-12, certain assets of the parent company were damaged due to heavy rainfall. The parent 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 parent company filed a suit for recovery. The matter is still sub-judice.

Note 15
Current tax assets (net)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Advance payment of income tax (including TDS)	1,820.01	5,577.58
Less : Provision for income tax	1,767.27	5,106.27
Total	**52.74**	**471.31**

Note 16
Other current assets

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
A) Advances other than capital advances:		
Advances to employees	47.81	104.24
Advances to vendors for supply of goods / services	1,241.09	1,548.51
B) Others:		
Prepaid expenses	300.83	202.30
Export incentives receivable	41.30	229.26
GST/service tax input/vat receivables	150.53	117.60
Capital advances	391.00	11.00
Total	**2,172.55**	**2,212.90**

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 17
Equity share capital

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
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, 2021		March 31, 2020	
	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 parent 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 parent 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 parent Company

Name of the Shareholder	March 31, 2021		March 31, 2020	
	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	14,11,41,643	50.92	13,96,81,916	50.39
Public				
BanyanTree Growth Capital LLC	2,89,83,735	10.46	2,89,83,735	10.46
Oman India Joint Investment Fund	2,68,42,240	9.68	2,68,42,240	9.68

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

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
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)	20,408.71	19,495.19
Foreign currency translation reserve	(318.27)	(322.61)
Total	**75,432.94**	**74,515.09**

Note 19
Non- current - financial liabilities

19.1 Borrowings

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Term loans from banks (secured)		
ICICI Bank Ltd	1,000.00	-
HDFC Bank Ltd - against vehicles	11.55	7.75
Loan from others (Refer note - 19.5 (c))	41.60	67.20
Total	**1,053.15**	**74.95**

19.2 Lease liability

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Lease liability	956.79	812.42
Total	**956.79**	**812.42**

19.3 Current - financial liabilities

(₹ in Lakhs)

Borrowings (current maturities)	March 31, 2021	March 31, 2020
Long term debt from banks (secured)		
HDFC Bank Ltd	-	925.25
HDFC Bank Ltd - against vehicles	13.39	9.71
Loan from others (Refer note - 19.5 (c))	40.29	40.73
Total	**53.68**	**975.69**

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.

a) Term loan from ICICI

ICICI Bank sanctioned term Loan of ₹ 4,500.00 Lakhs (drawn ₹ 1,000.00 Lakhs) for Li-ion & Electronic Drive Train project. 1) The loan is secured by a first Paripassu charge on present and future assets (movable or immovable) of the parent company alongwith other term lenders ; 2) All the loans are guaranteed by some of the promoters in their personal capacity.

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 19
Non- current - financial liabilities
(Contd.)

(₹ in Lakhs)

Name of the bank	Loan amount drawn	No of instalments	% of interest	Outstanding as on March 31, 2021
ICICI Bank				
Drawal I	1,000.00	22 (QTLY) commencing from Oct 22	8.00	1,000.00

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.

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.

19.6 As on the Balance Sheet date, there were no continuing defaults in repayment of borrowings and interest.

Note 20

20.1 Provisions (non - current)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for earned leave encashment	199.50	185.41
Total	**199.50**	**185.41**

20.2 Provisions (current)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Provision for employee benefits		
Provision for earned leave encashment	42.04	27.10
Provision for gratuity	265.98	296.80
Other provisions		
Provision for warranties	1,486.94	1,314.26
Provision for commission on profits to director	71.93	110.03
Total	**1,866.90**	**1,748.19**

Note 21
Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Deferred tax liability (as per last balance sheet)	1,222.19	1,200.04
Add: Deferred tax (asset)/liability for the year	3.97	22.15
	1,226.15	**1,222.19**

Note 22
Borrowings

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
A) Loans repayable on demand from banks (secured)		
State Bank of India	750.00	5,499.70
ICICI Bank Ltd	500.00	2,573.27
Axis Bank Ltd	500.00	3,450.00
Total (A)	**1,750.00**	**11,522.97**
B) Loans repayable on demand from related parties (unsecured)		
Loan from director	411.00	561.00
Total (B)	**411.00**	**561.00**
C) Other loans from banks (unsecured)		
Purchase bill discounting from Kotak Mahindra Bank Ltd	256.87	329.43
Purchase bill discounting from IDBI Bank Ltd	-	703.32
Purchase bill discounting from HDFC Bank Ltd	33.17	842.27
Purchase bill discounting from Axis Bank Ltd	2,273.06	-
Total (C)	**2,563.10**	**1,875.03**
Total (A + B + C)	**4,724.10**	**13,959.00**

22.1 Working capital loans

The demand loans from Banks are secured by a first charge on all the chargeable current assets and by a second charge on the property, plant and equipment (both present and future) of the parent Company. All the loans are guaranteed by some of the promoters in their personal capacity.

22.2 Purchase bill discounting from Kotak Mahindra Bank Ltd. and HDFC Bank are guaranteed by some of the promoters of the parent Company in their personal capacity and undated cheque of the parent Company for the limit value. Purchase bill discounting from Axis Bank Ltd is secured by some of the promoters in their personal capacity and undated cheque of the parent Company equivalent to limit/standing instructions for making payment on due date.

22.3 Loan from Director is repayable on demand with interest.

Note 23
Lease liability

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Lease liability	206.57	273.32
Total	**206.57**	**273.32**

Note 24
Trade payables

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Total outstanding dues of :		
Micro Enterprises & Small Enterprises (MESE)	937.51	673.78
Payables other than MESE	5,796.86	7,134.78
Total	**6,734.37**	**7,808.55**

Notes forming part of the **Consolidated Financial Statements**
for the year ended March 31, 2021

Note 24
Trade payables

24.1 Details relating to Micro, Small & Medium Enterprises (Relating to Parent Company):

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	937.51	673.78
Within due date	937.51	659.47
Beyond due date	-	14.30
Interest	-	2.05
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
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
The amount of interest accrued and remaining unpaid	-	26.27

Note: The above information has been given only in respect of those suppliers who have informed the parent Company that they are registered under MSMED Act 2006. Some of these vendors were associated with the parent Company for long periods of time and do maintain a harmonious continuous business relationship. The parent Company is normally prompt in servicing these vendors' claims as per mutually agreed terms of payment. The parent company had not received any claim towards interest from any of the Vendors and in view of the said longstanding business relationship, does not expect or foresee any claims in future as well. The company does not have any claims for interest remaining due and payable.

Note 25
Other financial liabilities - current

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Current maturities of long-term debt(refer note - 19.3)	53.68	975.69
Interest accrued but not due on loans	0.44	7.97
Unpaid/unclaimed dividends (refer note - 25.1)	40.15	44.47
Trade deposits	156.47	157.54
Creditors for capital expenditure	236.12	36.16
Invoice mart payables	2,537.54	1,394.43
Statutory dues	867.98	437.10
Directors' current account	146.66	333.04
Accrued compensations to employees	1,236.49	1,125.94
Total	**5,275.53**	**4,512.35**

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, 2021	March 31, 2020
Advances against sales	1,098.37	1,283.43
Advances against sale of assets	-	10.00
Un earned and deferred revenue	1,194.43	
Accrued expenses	885.33	1,075.30
Total	**3,178.12**	**2,368.73**

Note 27
Revenue from operations

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Sale of products	82,836.76	1,03,391.89
b) Sale of traded goods	152.82	223.20
c) Sale of services	6,427.18	4,457.38
d) Other operating revenue - sale of scrap	1,787.11	1,105.66
Total	**91,203.86**	**1,09,178.13**

Note 28
Other income

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Interest income		
Interest received on deposits with banks/others	440.02	417.44
Interest on IT refunds	16.05	-
b) Other non-operating income (net of directly attributable expenses)		
Exchange gains	409.38	779.72
Deferred income-govt. grant	-	55.92
Gain / Loss on termination / Modification of leases	1.12	-
Miscellaneous income	96.33	405.29
Total	**962.90**	**1,658.37**

Note 29
Cost of material consumed

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Opening stocks	14,720.21	16,417.41
Purchases, material,components & consumables	55,267.42	65,910.07
	69,987.63	**82,327.48**
Less : closing stocks	14,701.88	14,720.21
	55,285.75	67,607.27
Less : internal capitalisation	28.33	9.07
Cost of material consumed	**55,257.42**	**67,598.20**

Notes forming part of the Consolidated Financial Statements
for the year ended March 31, 2021

Note 30
Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
a) Manufactured goods		
i) Opening stocks		
a) Semi finished goods	7,270.09	6,849.38
b) Finished goods	4,982.17	6,516.86
Total (A)	**12,252.26**	**13,366.24**
ii) Closing stocks		
a) Semi finished goods	6,494.31	7,270.09
b) Finished goods	5,371.49	4,982.17
Total (B)	**11,865.80**	**12,252.26**
(Increase) / decrease (C = A - B)	**386.46**	**1,113.98**
b) Traded goods		
Opening stock of traded goods	1,299.41	1,138.73
Closing stock of traded goods	957.07	1,299.41
(Increase) / decrease (D)	**342.34**	**(160.68)**
(Increase) / decrease in inventory (C + D)	**728.80**	**953.30**

Note 31
Employee benefits expense

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Salaries & bonus	6,813.61	7,360.12
Contribution to provident & other funds	544.34	551.03
Gratuity	116.42	124.76
Staff welfare expenses	553.21	706.12
Recruitment & training	8.97	20.14
Remuneration to directors:		
Salaries & allowances	94.93	180.01
Contribution to provident fund	10.10	14.21
Commission on profits	71.93	110.03
Directors sitting fees	3.80	3.60
Total	**8,217.32**	**9,070.01**

Note 32
Finance cost

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Interest on term loans	44.42	126.36
Interest on bank borrowings	601.55	1,130.92
Interest on vehicle loans	1.70	2.45
Interest on unsecured loans	47.61	59.27
Interest on lease liability	122.64	123.55
Interest - others	51.76	120.66
Bank charges & commission	602.12	656.61
	1,471.80	**2,219.82**
Less: transfers to pre-operative expenses	0.44	-
Total	**1,471.36**	**2,219.82**

Note 33
Depreciation and amortization expense

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Depreciation of tangible assets	2,952.39	3,347.75
Amortisation of intangible assets	682.77	510.12
Amortisation on right of use assets	245.91	216.93
Total	**3,881.07**	**4,074.80**

Note 34
Manufacturing expenses

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Stores & spares consumed	1,240.81	1,230.00
Equipment lease rentals	34.41	37.90
Factory rent	-	3.19
Consumable tools charged off	106.75	79.52
Contract wages	6,294.96	7,218.76
Testing charges	209.78	137.66
Power and fuel	3,653.26	4,563.81
Total	**11,539.97**	**13,270.84**

Note 35

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
A) Administrative expenses		
Rent	138.28	132.42
Rates, duties & taxes	130.90	231.71
Insurance	255.18	214.95
Professional & consultancy charges	907.81	890.15
Expenditure incurred on corporate social responsibility activities	105.01	115.69
Repairs and maintenance	832.97	825.21
Travelling and conveyance	639.77	1,111.42
Sundry expenses	752.42	788.07
Payments to auditors	46.30	52.47
Audit expenses	0.33	4.53
Advances & deposits written off	15.51	38.04
	3,824.50	**4,404.66**
B) Selling expenses		
Freight & insurance on sales	2,807.07	3,538.02
Liquidated damages	28.81	287.98
Commission on sales	99.03	117.62
Credit impairment	557.80	505.31
Lifetime expected credit loss	356.56	284.19
Provision for warranties	172.68	(8.07)
Installation charges paid	229.10	345.54
Televan hire charges	6.19	31.04
Other selling expenses	360.29	561.09
	4,617.53	**5,662.72**

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 36
Exceptional items of (income)/ expenditure

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Impairment / diminution In value of investments (refer note no. 44)	(1.57)	1.01
(Profit)/Loss on sale of assets	(132.45)	(1,066.29)
Assets written off	673.73	574.46
Others	-	1.50
	539.71	**(489.32)**

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

Computation of EPS (basic & diluted)

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
Profit before OCI	1,372.65	2,621.64
Profit after OCI	1,231.00	2,356.34
No. of shares (basic)	27,71,94,946	27,71,94,946
No. of shares (diluted)	27,71,94,946	27,71,94,946
EPS before OCI		
Basic ₹	0.50	0.95
Diluted ₹	0.50	0.95
EPS after OCI		
Basic ₹	0.44	0.85
Diluted ₹	0.44	0.85

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 2020-21

(₹ in Lakhs)

	Particulars	Provision for warranties
a)	the carrying amount at the beginning of the period ;	1,314.26
b)	(i) additional provisions made in the period, inluding increases to existing provisions ;	1,257.60
c)	amounts reversed on completion of warranty period	(1,012.27)
d)	unused amounts reversed during the period	-
e)	the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	(72.65)
f)	the carrying amount at the end of the period ;	1,486.94

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 30 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

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

38.2 Contingent liabilities not provided for and commitments:

All known and undisputed claims and liabilities where there is a present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for. The contingent liabilities and commitments are as under:

(₹ in Lakhs)

Nature of contingent liability	March 31, 2021	March 31, 2020
i) Contingent liabilities not provided for:		
HBL Power Systems Limited		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	415.31	302.86
Sales tax	728.40	709.68
Custom duty	488.70	488.70
Service Tax	132.48	132.48
Goods and service tax	15.41	15.41
Income tax	190.57	190.57
Property tax	134.25	134.25
Fuel surcharge adjustment	228.08	156.29
Erstwhile promoters of SCIL Infracon Private Limited	188.31	188.31
Others	80.47	75.24
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees		
HBL Power Systems Limited	16,000.86	16,766.75
ii) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	695.52	396.51

*The civil suit filed by erstwhile promoters, of SCIL Infracon Private Limited, was dismissed. However on July 17, 2020 the Hon'ble High Court appointed a sole arbitrator. Subsequently, the claimants then filed a fresh petition with the arbitrator, wherein several new claims were made against the Company and others. In the opinion of the company's legal counsel, the petitioners' grounds are weak and all the claims made by them are baseless, vexatious and frivolous, since they are in utter distortion of facts. The Company does not recognize any of these said claims and deny all of them out right. The matter is still under the process of arbitration hearing. In view of the above, as the management is confident of the matter being decided in their favour, the said fresh claims are not reported under contingent liabilities.

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.

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

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

38.3 Commitment towards dividend

The Board of the parent Company in its meeting held on June 21, 2021 has recommended a dividend of ₹ 0.35ps per Equity Share of ₹ 1/- each for the financial year ended March 31, 2021. The proposal is subject to the approval of Share Holders at the Annual General Meeting to be held, and if approved would result in a cash outflow of ₹ 970.18 Lakhs towards dividend.

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 parent Company's claim for the loss was repudiated by the insurers. A case was filed for recovery of the claim of ₹.234.60 Lakhs towards loss 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 parent company. Subsequently on an appeal by the insurer further proceedings of arbitration were stayed by the Commercial Court. The matter is sub judice.

Note 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.

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.

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, 2021, ₹ 52.55 Lakhs (March 31, 2020, ₹ 37.56 Lakhs) was recognised as an expense in respect of inventories carried at net realisable value in the statement of profit and loss.

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

42.2 Disclosure as per Ind AS -7

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

(₹ in Lakhs)

	Long-term borrowings	Working cpaital borrowings	Unsecured loans
Opening balance	1,050.64	13,398.00	561.00
Borrowed during the year	1,018.25	-	-
Repaid during the year	(962.06)	-	(150.00)
Net movement	56.19	(9084.90)	(150.00)
Closing balance	1,106.83	4,313.10	411.00

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:

(₹ in Lakhs)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax		1,942.18	4,009.36
Current tax @ 25.168%	(A)	490.00	1,009.00
Effect of unused tax losses of subsidiaries / associates		(34.12)	28.86
Effect of income exempt / taxed at lower rate		-	472.12
Effect of profit of foreign subsidiaries not liable to indian tax		-	(1.00)
Others		(45.41)	(878.70)
Total	**(B)**	**(79.53)**	**(378.72)**
Income tax expense recognised in statement of profit and loss	**(A - B)**	**569.53**	**1,387.72**

b) The income tax on other comprehensive income

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income tax benefit arising on income / (expense) recognised in other comprehensive income		
Tax on remeasurement of defined benefit plan	(49.10)	(56.73)
Others	1.46	(32.49)
Income tax benefit recognised in other comprehensive income	**(47.64)**	**(89.22)**

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian accounting standard (Ind AS)

(Contd.)

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

	March 31, 2021	March 31, 2020
Advance tax / MAT credit / TDS	1,820.01	5,577.58
Provision for income tax	(1,767.27)	(5,106.27)
Asset / (liability)	**52.74**	**471.31**

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

	March 31, 2021	March 31, 2020
Net current income tax asset / (liability) at the beginning	471.31	474.81
Add : income tax paid / adjusted (Net of refunds received)	290.76	1,281.16
Less Provision for current tax	709.34	1,284.66
Net current income tax asset / (liability) at the end	**52.74**	**471.31**

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

Particulars	March 31, 2021	March 31, 2020
Deferred tax liability		
Property, Plant and Equipment	1,370.09	1,505.31
Total	**1,370.09**	**1,505.31**
Deferred tax asset		
Employee benefits	60.79	53.48
Provision for bad debts	89.74	179.75
Other comprehensive income	1.46	(32.49)
Others	(8.05)	82.38
Total	**143.94**	**283.12**
Deferred tax liability after set off of deferred tax asset	**1,226.15**	**1,222.19**

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

	March 31, 2021	March 31, 2020
Net deferred tax liability at the beginning	1,222.19	1,200.04
Credit / (charge) relating to temporary differences	3.96	22.15
Net deferred income tax liability) at the end	**1,226.15**	**1,222.19**

42.2 Disclosure as per Ind AS-17 - 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

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

date of initial application. The Group has used a single discount rate to a portfolio of leases with similar characteristics.w

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.w

(ii) The details of the Right-of-use asset held by the Group is as follows: (₹ in Lakhs)

Description	Leasehold land	Buildings	Total
Gross carrying amount			
As on April 01, 2020	**417.69**	**830.95**	**1,248.64**
Additions	226.13	(18.52)	207.61
As on March 31, 2021	**643.82**	**812.43**	**1,456.25**
Accumulated Amortization			
As on April 01, 2020	**33.46**	**183.93**	**217.39**
For the period	34.22	211.68	245.90
As on March 31, 2021	**67.68**	**395.61**	**463.29**
Net carrying amount			
As on March 31, 2021	**576.14**	**416.82**	**992.96**
As on March 31, 2020	**384.23**	**647.02**	**1,031.25**

(iii) Lease liabilities: (₹ in Lakhs)

	March 31, 2021	March 31, 2020
Opening Balance	1,085.75	1,235.52
Additions/Adjustments	206.5	-
Interest for the year	122.65	123.55
Cash outflow for leases	251.54	273.32
Closing Balance	1,163.36	1,085.75
Current lease liability	176.89	273.33
Non-current lease liability	986.47	812.42

(iv) The Group incurred ₹ 171.88 Lakhs for the year ended March 31, 2021 (Previous year ₹ 172.74 Lakhs) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹ 423.42 Lakhs for the year ended March 31, 2021, including cash outflow for short term and low value leases.

(v) Lease contracts for land & building entered by the Group are primarily to conduct its business in the ordinary course.

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, 2021	March 31, 2020
Employer's contribution to PF/ESI/ pension plan	554.45	565.24

Notes forming part of the Consolidated Financial Statements

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian accounting standard (Ind AS)

(Contd.)

b) Defined benefit plan:

HBL Power Systems Limited

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, under the Payment of Gratuity Act, the Company has obtained Actuarial Valuation of the said liability. As per the valuation made under Projected Unit Credit method by the Actuary, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/provided for by the Company. To meet the actual liability, the company has taken a Group Gratuity Policy of the LIC of India and to keep the policy alive, the Company also paid the annual risk premium and recognised it as expense for the year.

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

Particulars	March 31, 2021	March 31, 2020
Present value of obligation	1,860.34	1,639.23
Fair value of plan assets	1,595.28	1,343.43
Surplus / (deficit)	(265.05)	(295.80)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(265.05)	(295.80)

Expense recognized during the period (including premium paid) (₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
In income statement (P&L a/c--expense provision)	116.42	124.76
In other comprehensive income (B/sheet item)	(195.09)	(225.42)

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

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

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Defined benefit
Employer's contribution	100%
Employees' contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal retirement age	58
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time).
Benefit on early retirement / termination / resignation /withdrawal	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	₹ 20,00,000
Gratuity formula	(15/26) x last drawn salary x number of completed years

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

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

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

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

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

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

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

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

Explanation of amounts in financial statements

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

Particulars	For the period ending	
	March 31, 2021	March 31, 2020
Present value of obligation as at the beginning	1,639.23	1,425.89
Current service cost	64.88	57.21
Interest expense or cost	110.98	108.80
Actuarial (gains) / loss on obligations	210.49	227.39
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(165.24)	(180.06)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-

Table contd. to the next page

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian accounting standard (Ind AS)

(Contd.)

Particulars	For the period ending	
	March 31, 2021	March 31, 2020
Present value of obligation as at the end	**1,860.34**	**1,639.23**
Bifurcation of net liability		
Current liability (short term)	214.58	115.22
Non-current liability (long term)	1,645.76	1,524.01
Net liability	**1,860.34**	**1,639.23**

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

Particulars	March 31, 2021	March 31, 2020
Fair value of plan assets as at the beginning	1,343.43	1,333.67
Acquisition adjustment	5.26	(16.83)
Expected return on plan assets	90.95	101.76
Contributions	306.00	102.92
Benefits paid	(165.24)	(180.06)
Actuarial gain/(loss) on plan assets	14.88	1.97
Fair value of plan assets as at the end	1,595.28	1,343.43

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

	March 31, 2021	March 31, 2020
Effect of asset ceiling at the end	Nil	Nil
Interest expense or cost (to the extent not recognised in net interest expense)	Nil	Nil
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	Nil	Nil
Effect of asset ceiling at the end	Nil	Nil

Expenses recognised in the income statement (₹ in Lakhs)

	March 31, 2021	March 31, 2020
Current service cost	57.21	49.77
Past service cost	-	-
Expected return on plan assets	(90.95)	(101.76)
Interest cost	110.98	112.06
Expenses recognised in the income statement	84.91	60.07

Other comprehensive income (₹ in Lakhs)

	March 31, 2021	March 31, 2020
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	0.82	118.31
Actuarial (gains) / losses - experience variance	209.68	109.08
Actuarial (gains) / loss on obligations	210.49	227.39
Actuarial (gains) / loss on plan assets	14.88	1.97
Total other comprehensive income (OCI)	195.61	225.42

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

Financial assumtpions

Particulars	For the period ending	
	March 31, 2021	March 31, 2020
Discount rate (per annum)	6.76%	6.77%
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, 2021**	**March 31, 2020**
18-30	5%	5%
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 2012-14 Ult

Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

Membership status

(₹ in Lakhs)

Particulars	As on	
	March 31, 2021	March 31, 2020
Number of employees	1,625	1,713
Total monthly salary (₹ in Lakhs)	368.71	383.64
Average past service (years)	10	10
Average age (years)	40	40
Average remaining working life (years)	18	18
Number of completed years valued		
Decrement adjusted remaining working life (years)	15.53	15.49

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian accounting standard (Ind AS)

(Contd.)

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 :

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

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Defined benefit obligation (base)	1,860.34	1,639.23
Discount rate: (% change compared to base due to sensitivity)		
Increase: +1%	1,714.80	1,502.68
Decrease: -1%	2,026.99	1,796.30
Salary growth rate: (% change compared to base due to sensitivity)		
Increase: +1%	2,027.43	1,795.83
Decrease: -1%	1,712.22	1,501.08
Attrition rate: (% change compared to base due to sensitivity)		
Increase: +50%	1,895.34	1,674.09
Decrease: -50%	1,819.84	1,598.80
Mortailtiy rate: (% change compared to base due to sensitivity)		
Increase: +10%	1,861.69	1,640.62
Decrease: -10%	1,858.97	1,637.83

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).

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

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)

	March 31, 2021	March 31, 2020
The Company's best estimate of contribution during the next year remains similar to current year.	265.05	295.80

Maturity profile of defined benefit obligation (₹ in Lakhs)

	March 31, 2021	March 31, 2020
Weighted average duration (based on discounted cashflows) in years	15.53	15.49
Expected cash flows over the next (valued on undiscounted basis):		
1 year	171.83	115.22
2 to 5 years	450.93	303.86
6 to 10 years	703.56	705.67
More than 10 years	2,524.43	2,834.39

(ii) Long term compensated absences - leave encashment:

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

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

Particulars	March 31, 2021	March 31, 2020
Present value of obligation	230.78	202.94
Fair value of plan assets	-	-
Surplus / (deficit)	(230.78)	(202.94)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(230.78)	(202.94)

Expense recognized during the period (₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
In Income statement (P&L--expense provision)	27.84	42.92

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 Consolidated Financial Statements
for the year ended March 31, 2021

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

The benefits valued

The benefit valued in this report are summarised below:

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

Description of regulatory framework in which plan operates

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

Description of risk exposures

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

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

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

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

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

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

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

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

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

Changes in the present value of obligation

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Present value of obligation as at the beginning	202.94	184.54
Current service cost	26.13	22.98
Interest expense or cost	13.74	14.08
Actuarial (gain)/ loss on obligations	(12.03)	5.86
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	-	(24.52)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	230.78	202.94

Bifurcation of net liability

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Current liability (short term)	31.28	17.54
Non-current liability (long term)	199.50	185.40
Net liability	230.78	202.94

Changes in the fair value of plan assets

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments	-	-
c) Expected return on plan assets	-	-
d) Contributions	-	24.52
e) Benefits paid	-	(24.52)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Change in the effect of asset ceiling

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
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

Notes forming part of the **Consolidated Financial Statements**
for the year ended March 31, 2021

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

Expenses recognised in the income statement (₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Current service cost	-	-
Past service cost	26.13	22.98
Expected return on plan assets	-	-
Interest cost	13.74	14.08
Net actl. (gain)/ loss recognized in the period:	(12.03)	5.86
Expenses recognised in the income statement	27.84	42.92

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, 2021	March 31, 2020
Discount rate (per annum)	6.76%	6.77%
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%	5.00%
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 2012-14

Age	Male	Female
20 years	0.092%	0.092%
25 years	0.093%	0.093%
30 years	0.098%	0.098%
35 years	0.120%	0.120%
40 years	0.168%	0.168%
45 years	0.258%	0.258%
50 years	0.444%	0.444%
55 years	0.751%	0.751%
60 years	1.116%	1.116%
65 years	1.593%	1.593%
70 years	2.406%	2.406%

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

Membership status

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Number of employees	1,625	1,713
Total monthly salary (₹ in Lakhs)	368.71	383.64
The number of leaves valued	40,116	-
Average past service (years)	10	10
Average age (years)	40	40
Average remaining working life (years)	18	18
Number of completed years valued	-	-
Decrement adjusted remaining working life (years)	15.53	15.49

42.6 Disclosure as per Ind AS -21 - the effects of changes in foreign exchange rates

(₹ in Lakhs)

Exchange differences arising out of settlement / translation on account of :	March 31, 2021	March 31, 2020
a) Exports	154.54	680.66
b) Imports	253.25	104.61
c) Others	1.58	(5.55)
Net gain (loss) recognised during the year	409.38	779.72

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	
4	Investors of Subsidiaries	Shakti Concrete Industries Limited (SCIL)	
5	Partners of Joint Venture Company	Abdullah Hamoud Al Shuwayer Sons Trading Company	
		Advance Electronic Company Limited	
6	Key Management Personnel	Dr A J Prasad	Chairman & managing director
		M S S Srinath	President
		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
		Ajay Bhaskar Limaye	Non- Executive Director
		Abhishek G Poddar	Non- Executive Director

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian accounting standard (Ind AS)

(Contd.)

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, 2021	
				Gross trade receivables (un-secured)	Gross trade payables
1	Joint Venture	Sale of Goods	-	-	
			-	(525.64)	
2	Key Management Personnel	Funds repaid	150.00	-	411.00
			(150.00)		(561.00)
		Remuneration Paid	173.74	-	
			(245.00)		
		Commission on Profits	71.93	-	
			(110.03)		221.45
		Rent Paid	7.73	-	(333.04)
			(7.70)		
		Interest Paid	47.61	-	
			(59.27)		
		Sitting Fee Paid to Non--Executive Directors	3.80	-	-
			(3.60)		

Figures in brackets represent previous year balances.

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.

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

(₹ in Lakhs)

	March 31, 2021		March 31, 2020	
Segment Revenue				
Batteries				
Exports	15,689.58		17,674.93	
Domestic sales	65,039.32	80,728.90	79,987.29	97,662.22
Electronics				
Exports	1,063.23		1,501.33	
Domestic sales	8,020.44	9,083.67	7,692.93	9,194.26
Unallocated				
Exports	-		0.00	
Domestic sales	1,886.08	1,886.08	3,416.87	3,416.87
Total		**91,698.65**		**1,10,273.35**
Less : Inter-segment Revenue		494.80		1,095.22
Net revenue		**91,203.85**		**1,09,178.13**
Identifiable operating expenses				
Batteries	68,942.17		83,167.09	
Electronics	6,875.34		7,074.78	
Unallocated	4,088.15	79,905.66	4,890.17	95,132.04
Allocated expenses				
Batteries	3,862.93		5,024.93	
Electronics	1,148.10		1,394.45	
Unallocated	807.37	5,818.40	1,437.34	7,856.72
Segment operating income		**5,479.79**		**6,189.37**
Unallocable expenses		2,623.63		2,210.68
Operating profit		**2,856.16**		**3,978.69**
Other income		962.90		1,658.37
Profit before interest and Exceptional		3,819.06		5,637.06
Exceptional items - Income/(Expenses)		(539.71)		489.32
Interest expenses		1,471.36		2,219.82
Share in profit / (loss) of associate / joint venture		134.19		102.78
Profit before income taxes		**1,942.18**		**4,009.36**
Income tax expenses		569.52		1,387.72
Net profit		**1,372.65**		**2,621.64**
Segment depreciation (including amortaisation of intangible assets)				
Batteries		2,437.27		2,737.59
Electronics		500.09		395.47
Unallocated		943.71		941.74
Total		**3,881.07**		**4,074.80**
Segment assets				
Batteries		67,658.32		73,840.13

Table contd. to the next page

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

	March 31, 2021	March 31, 2020
Electronics	15,670.19	15,053.95
Unallocated	20,297.56	21,358.06
Total assets	**1,03,626.07**	**1,10,252.14**
Segment liabilities		
Batteries	12,942.35	12,522.67
Electronics	3,182.76	1,862.11
Unallocated (includes term loans, bank loans, hire purchase loans)	9,296.07	18,580.33
Total liabilities	**25,421.18**	**32,965.11**

42.9 Financial instruments

A) Capital management

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

The Group monitors capital using a Gearing Ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes Issued Equity Capital, Securities 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, 2021 were as follows:

(₹ in Lakhs)

Particulars	March 31, 2021			March 31, 2020		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
Assets :						
Cash cash equivalents	2,635.59	2,635.59	2,635.59	4,080.17	4,080.17	4,080.17
Other bank balances	4,188.82	4,188.82	4,188.82	3,413.22	3,413.22	3,413.22
Investments in Others	2.69	2.69	5.92	1.12	1.12	1.12
Trade receivables	25,371.61	25,371.61	25,371.61	30,515.58	30,515.58	30,515.58
Other financial assets	5,378.32	5,378.32	5,378.32	3,507.48	3,507.48	3,507.48
Total	**37,577.03**	**37,577.03**	**37,580.26**	**41,517.58**	**41,517.58**	**41,517.58**
Liabilities :						
Trade payables	6,734.37	6,734.37	6,734.37	7,808.55	7,808.55	7,808.55
Borrowings	5,830.93	5,830.93	5,830.93	15,009.64	15,009.64	15,009.64
Other financial liabilities	6,385.21	6,385.21	6,385.21	4,622.40	4,622.40	4,622.40
Total	**18,950.50**	**18,950.50**	**18,950.50**	**27,440.59**	**27,440.59**	**27,440.59**

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

B) Financial risk management

Financial risk factors

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key Financial Risks include Market Risk, Credit Risk and Liquidity Risk. The management, review and design policies and procedures to minimise potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group's exposure to credit risk is influenced mainly by the customers' repayments. The Group's exposure to liquidity risks are on account of interest rate risk on borrowings. The following sections provide details regarding the Group's exposure to the above mentioned financial risks and the management thereof.

Market risk

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

The following table analyzes foreign currency risk from financial instruments as of March 31, 2021.

Particulars	U.S.dollars	Euro	GBP	Total
Trade receivables	52.99	15.25	6.01	74.25
Other financial assets	-	-	-	-
Trade payables	(8.45)	(4.72)	(0.22)	(13.39)
Other financial liabilities	(0.97)	(0.52)	-	(1.49)
Net assets/(liabilities)	43.57	10.01	5.79	59.37

The following table analyzes foreign currency risk from financial instruments as of March 31, 2020

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

For the year ended March 31, 2021 and March 31, 2020, 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 ₹ 409.38 Lakhs and ₹ 779.72 Lakhs respectively.

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 42

Disclosures as prescribed by Indian accounting standard (Ind AS)

(Contd.)

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 ₹ 25,371.61 Lakhs and ₹ 30,515.58 Lakhs as of March 31, 2021 and March 31, 2020, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Group's historical experience for customers.

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

Particulars	March 31, 2021	March 31, 2020
Revenue from top customer	4.55%	12.32%
Revenue from top five customers	18.13%	26.05%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2021 was ₹ 356.56 Lakhs. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2020 was ₹ 287.59 Lakhs.

(₹ in Lakhs)

Particulars	March 31, 2021	March 31, 2020
Balance at the beginning	813.59	526.00
Lifetime expected credit loss	912.12	792.39
Credit impairment	(1,369.15)	(504.80)
Balance at the end	356.56	813.59

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

The bank balances held by the foreign subsidiaries of HBL Power Systems Limited are generally within the insured limits of respective applicable laws.

Liquidity risk

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

As of March 31, 2021, the Group had a working capital of ₹ 42,165.64 Lakhs including cash and cash equivalents of ₹ 2,635.59 Lakhs. As of March 31, 2020, the Group had a working capital of ₹ 41,633.11 Lakhs including cash and cash equivalents of ₹ 4,080.17 Lakhs.

Note 42
Disclosures as prescribed by Indian accounting standard (Ind AS)
(Contd.)

As of March 31, 2021 and March 31, 2020, the outstanding gratuity and compensated absences were ₹ 507.52 Lakhs and ₹ 509.30 Lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

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

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2021 :

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	> 2 years	Total
Trade payables	6,734.37	-	-	6,734.37
Long term borrowings	53.68	144.06	909.09	1,106.83
Short term borrowings	4,724.10	-	-	4,724.10
other financial liabilities (excluding borrowings from banks and financial institutions)	6,385.21	-	-	6,385.21

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2020 :

(₹ in Lakhs)

Particulars	< 1 year	1-2 years	> 2 years	Total
Trade payables	7,808.55	-	-	7,808.55
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)	4,622.40	-	-	4,622.40

Note 43
Disclosures relating to corporate social responsibility

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 parent 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 — ₹ 89.53 Lakhs (Previous year ₹ 99.86 Lakhs)

Notes forming part of the Consolidated Financial Statements
for the year ended March 31, 2021

Note 43
Disclosures relating to corporate social responsibility (Contd.)

b) The details of amounts spent during the year on CSR activities are as follows:

(₹ in Lakhs)

	March 31, 2021	March 31, 2020
i) Eradication of malnutrition and hunger	14.80	44.50
Ii) COVID-19 contributions	5.00	-
iii) Promotion of children education	17.28	56.97
iv) Environment protection and restoration	1.00	1.00
v) Contribution to eligible entities	7.18	13.22
Total	**45.26**	**115.69**
vi) Unspent balance provided in the books	59.75	-
Total	**105.01**	**115.69**
CSR Budget approved by the Board	**105.00**	**100.00**

Note 44

a) Subsidiary Companies, Associate Company and Joint Venture Company considered in the preparation of the CFS.

	Name of Entity	Principal place of business	Country of incorporation	Ownership interest & voting right	
				March 31, 2021	March 31, 2020
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 subsidiary SCIL Infracon Private Limited had filed for Dormant status with the Registrar of Companies as at the year ended March 31, 2019. The parent company's investment in the entity had been fully provided for. In view of the foregoing, it has not been considered for consolidation as at March 31, 2021.

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

Note 44
(Contd.)

effective date for loss of control over the JV Company, is reckoned as April 1, 2017. The parent company has fully provided for the value of the investment in the said entity. Consequently, the entity had not been considered for consolidation since March 31, 2018.

Note 45

Additional information as required by Paragraph 2 of the General Instruction for preparation of CFS to Schedule III to the Companies Act, 2013 is attached.

Note 46

Form AOC -1 as required under Section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 is attached.

Note 47
Impact of COVID-19

Covid-19, a highly infectious disease and recognized as a global pandemic by WHO, has forced Governments, across the world, to undertake drastic measures to contain the spread, including lockdown of the entire country.

This caused disruptions to Company's business and posed several challenges across all functions of the business. The organization did encounter key challenges in the spheres of (a) employee safety and workmen availability, (b) continuity in supplies from vendors, (c) customers' project progress / readiness to accept products, (d) demand slowdown, especially in export markets, and (e) input cost escalations.

The Group was successful in resuming the operations gradually and cautiously, post lockdown, by adopting a robust and well-structured SOPs on people safety and by strictly complying with the stipulated government regulations and guidelines. The financial year ended March 31, 2021, witnessed the full impact of the lockdown and post-lockdown challenges due to first wave of the pandemic.

During the year ended March 31, 2021, the Group had incurred ₹ 665.00 Lakhs as Covid-19 exceptional costs. The Group had initiated various measures to mitigate and / or minimize the adverse impact of the pandemic on business outcomes. There were no customer order cancellations; no major disturbances in input supplies; no major risk of employee and workmen safety; no credit risk; and absolutely nil interruptions in requisite funds flow. The servicing of debts and dues to vendors were normal. However, there was demand slowdown and increase in cost of doing business.

The Group was successful in achieving the FY2020-21 business plans set at the year beginning and in the background of pandemic, despite various challenges. This was possible due to continuous/ close monitoring of evolving business environment; adoption of various safety protocols; proper material and production planning; close interactions with suppliers and customers; various cost control initiatives and judicious deployment of financial resources. These measures helped the Group to record satisfactory financial results and continue its business, as a going concern, without requiring any major changes to its structure and focus.

Post lock-down, the cost of all commodities, fuel, wages and major inputs have continued to show an inflationary trend. This had an adverse impact on the cost of product and thereby a stress on the margin. The Group has commenced its efforts, to increase the price of its products, to cover input and conversion cost inflation, through proper interaction with all major customers, though the efforts are yet to yield results. It is also focusing on further improving efficiency across all spectrums of business.

The onset of second wave of pandemic across Countries is expected to have its adverse effect on the business operations, as many of the Governments are resorting to various control measures including lockdowns and restrictions. Since the Group has gained experience in managing the business under such restrictive and challenged business environment, it is taking all appropriate

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

Note 47
Impact of COVID-19 (Contd.)

measures, ensuring continuity in business, as a going concern. The Group has cautiously estimated, based on current business environment, the adverse impacts of possible interruptions in business due to second wave of pandemic and factored those costs in its FY2021-22 annual plan.

Subsequent to the period ended March 31, 2021, the management is continuously assessing the impact on future demand, sales, input supplies, production, inventory, receivables and additional costs. This assessment is being monitored and updated for any possible future disruptions. Based on 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.

Important management actions to assess and minimize the likely adverse impact include – Continuous review of evolving business environment, cost reduction initiatives, limited essential capex, close interaction with customers and suppliers, cash flow assessment, tactical restructuring of business operations and review of SOPs.

Note 48

Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current year Classifications / disclosures.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABX5811

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

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)

(₹ in Lakhs)

Name of the Entity		Net Assets i.e. total asset less total liabilities		Share in Profit/ (Loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of Consoli-dated Net Assets	Amount (₹ in Lakhs)	As % of Consoli-dated Profit or (Loss)	Amount (₹ in Lakhs)	As % of other compre-hensive income	Amount (₹ in Lakhs)	As % of total compre-hensive income	Amount (₹ in Lakhs)
Parent	HBL Power Systems Limited	101.42%	79,315.18	106.21%	1,457.97	103.06%	(145.99)	106.58%	1,311.98
Subsidiaries	**Foreign**								
	HBL Germany GMBH	-0.93%	(725.71)	-3.01%	(41.25)	12.25%	(17.35)	-4.76%	(58.60)
	HBL America Inc.	-1.39%	(1,085.19)	-10.50%	(144.12)	-15.30%	21.68	-9.95%	(122.44)
Associates *	**Indian**								
	Naval Systems & Technologies Private Limited	0.90%	700.61	7.29%	100.06	-	-	8.13%	100.06
Total		**100%**	**78,204.89**	**100%**	**1,372.66**	**100%**	**(141.66)**	**100%**	**1,231.00**

* Investments as per equity method

Note : Subsidiary entity SCIL Infracon Private Limited and Joint Venture entity Gulf Batteries Company Limited have not been considered in the current year for reasons stated in Note no.44 (b).

Notes forming part of the **Consolidated Financial Statements**

for the year ended March 31, 2021

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 Equity	Total Assets (excluding investment)	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Tax & Def. Tax	Profit After Taxation	Dividend proposed	% of Share Holding
1)	HBL Germany, GmBH (Subsidiary Company)	31.03.2021	EURO	85.92	14.92	(630.68)	587.43	1,203.19	-	2,091.09	77.71	0.01	77.70	-	100
2)	HBL America,Inc (Subsidiary Company)	31.03.2021	USD	73.17	323.02	(846.01)	1,141.85	1,623.25	-	2,297.80	(23.08)	0.11	(23.19)	-	100

Note : Subsidiary entity SCIL Infracon Private Limited has 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 Sheet Date	31.03.2021
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	704.71
5	Profit/(Loss) for the year	244.05
	i. Considered in Consolidation	100.06
	i. Not Considered in Consolidation	143.99

Note : Joint Venture entity, Gulf Batteries Company Limited has not been considered in the current year for reasons stated in Note no.44 (b) (ii)

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN : 03089 S

Anirban Pal
Partner
M.No : 214919
UDIN : 21214919AAAABX5811

Place : Visakhapatnam
Date : June 21, 2021

On behalf of the board

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

Kavita Prasad
Director
DIN : 00319292

K Sridharan
Chief Financial Officer

M V S S Kumar
Company Secretary

Place : Hyderabad
Date : June 21, 2021

NOTE

NOTE

NOTE

HBL®
HBL Power Systems Limited
8-2-601
Road No.10, Banjara Hills
Hyderabad 500034
Telangana
India