

## Intimation for Shareholders of HBL Power Systems Limited

**August 15, 2020**

For the benefit of all the Shareholders and other interested parties, we would like to inform them of the following developments:

1. Performance in brief - FY 2019-20:

We closed the financial year 2019-20 with sales lower by 15% than previous year. The market place, specifically, the Telecom segment posted headwinds both on volumes and margins. Sales were also impacted adversely due to the unexpected lockdown due to COVID 19 pandemic as we lost the crucial final two weeks of the year in March 2020. Nevertheless, in spite of lower sales, we were able to sustain the profitability levels of the previous year due to effective working capital management, cost control measures and focus on higher margin products.

2. Performance in brief - Q1 of FY 2020-21:

The Company's factories and offices were shut down complying with Government instructions from April 1 to mid-May 2020. In accordance with the guidelines, operations at Factories restarted in the third week of May and it was a slow ramp up towards end of May and early June. This has severely affected the financial performance of the Company which is reflected in the results published on August 14, 2020.

In response to the above abnormal situation, your Company has taken proactive austerity measures to stay financially healthy. This included Salary reductions across the various levels of employees including Directors; freeze on new hiring and spending only very essential Capex. We continue to monitor and assess the situation arising out of Covid 19 and necessary actions will be taken as deemed appropriate. On the sales front, industrial customers have been slow to place orders and as the economy opens up, it will be our endeavour to pursue these opportunities to meet our targets.

3. Since our last communication to you in March 2020, we would like to highlight few of the areas we are focusing on:

- a. We signed a ToT (Transfer of Technology) agreement with National Science & Technology Laboratory (part of the Defence Research & Development Organisation) of the Government of India for manufacture of Li Ion batteries for Defence applications.

**HBL Power Systems Limited**

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This is the first such kind of an agreement and we believe it opens up avenues for HBL to pursue opportunities in future. The process of Technology transfer has been completed and now HBL will be able to bid for supply of Li Ion batteries for Defence applications throughout India.

- b. We are executing the ongoing order in TCAS (Train Collision Avoidance System) for Railways and bidding for more tenders in this product line. We expect to implement this order well ahead of our committed timeline which will augur well for our future bids with a strong reputation of having completed the work successfully and ahead of time.
- c. The manufacture of batteries for Type 1 Kilo class Submarines have started and we expect to deliver the first set by end of this calendar year.
- d. We are on schedule to execute the export orders received on Defence batteries and we are seeing increasing interest from our customers for further orders as we commence our supplies later this year.
- e. The order book position of the Company is healthy and we currently have an order backlog of about 460 Cr.
- f. The Government of India has activated after a long gap, the tender for supply of artillery fuses and we are working on submitting our Samples. We are positive on this tender which should give us a large and long lasting business in this product.

We would like to thank you all for your continued support and belief in the management of HBL. Even as we are sailing through these tough times, we are confident to come out of this in a healthier condition and continue to pursue our objectives of profitable business growth over the next several years.

Place: Hyderabad

for HBL Power Systems Limited

*Kavita Prasad*

Kavita Prasad, Director.