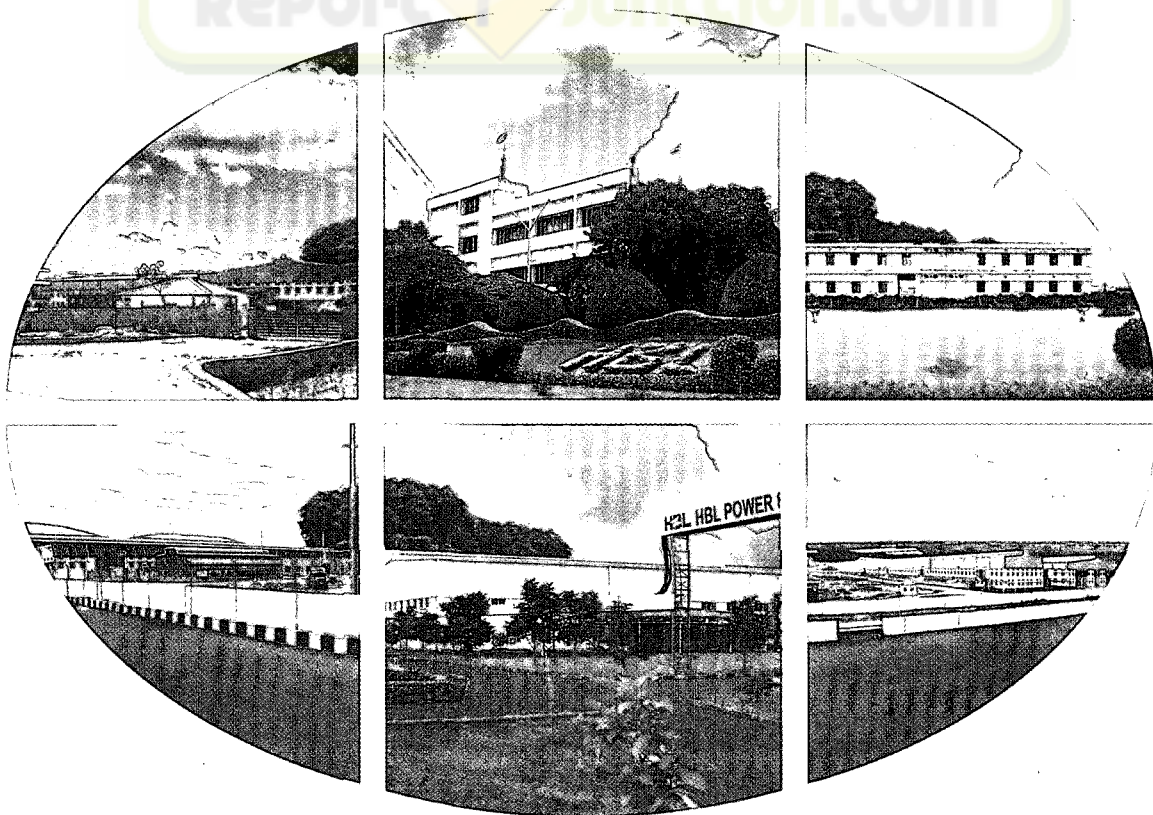




# **HBL** 21<sup>st</sup> Annual Report 2006-2007

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H B L P O W E R S Y S T E M S L I M I T E D



## HBL POWER SYSTEMS LIMITED

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# HBL POWER SYSTEMS LIMITED

(Formerly known as HBL NIFE POWER SYSTEMS LIMITED)

## Board of Directors

Dr. A J Prasad, Chairman & Managing Director  
Mr. Ashok Nagarkatti, Director (Battery Technology)  
Mr. J K Verma, Director (Operations)  
Ms. Kavita Prasad  
Mr. P Ganapathi Rao  
Mr. M S Ramakrishna  
Dr. (Smt.) D Chitra Rao (IDBI Nominee Director)  
Mr. S N Rajesh

## Audit Committee

Mr. P Ganapathi Rao, Chairman of the Committee  
Ms. Kavita Prasad  
Dr. (Smt.) D Chitra Rao

## Company Secretary

E. Sudhakar

## Registered Office

8-2-601, Road # 10  
Banjara Hills  
Hyderabad – 500 034

## Location of Plants

1. Shameerpet, RR Dist., AP
2. Nandigoan, Mahabubnagar Dist., AP
3. Bhoothpur, (V & M) Mahabubnagar Dist., AP
4. Kandhivalasa (V), Posapatirega (M), Vizainagaram Dist., AP
5. VSEZ, Vishakapatnam, AP
6. Haridwar, Uttarakhand
7. IMT, Manesar, Haryana

## Auditors

M/s Satyanarayana & Co.,  
Chartered Accountants  
Secunderabad

## Cost Auditors

M/s Narsimha Murthy & Co.,  
Cost Accountants  
Hyderabad

## Bankers

State Bank of India  
State Bank of Hyderabad  
IDBI Bank Ltd  
State Bank of Indore.



## NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of HBL POWER SYSTEMS LIMITED (formerly known as HBL NIFE POWER SYSTEMS LIMITED) will be held at Surana Udyog Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad-500 004 on Wednesday, the 26<sup>th</sup> day of September, 2007 at 4.30 p.m., to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31<sup>st</sup> March 2007 and the Profit and Loss Account for the year ended on 31<sup>st</sup> March 2007, together with the Director's Report and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31<sup>st</sup> March 2007.
3. To appoint a Director in place of Ms. Kavita Prasad, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint a Director in place of Mr. M S Ramakrishna, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors for the year 2007-08 till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration M/s Satyanarayana & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

### SPECIAL BUSINESS:

#### (A) TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTION

##### 6. To Appoint Mr. S N Rajesh as Director of the Company:

"RESOLVED THAT Mr. S N Rajesh who was appointed as Additional Director and whose term of office expires on the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company, who shall be liable to determination by retirement by rotation as per the provisions of Section 255 of the Companies Act, 1956.

##### 7. To Appoint Mr. J K Verma as Director of the Company:

"RESOLVED THAT Mr. J K Verma who was appointed as Additional Director and whose term of office expires on the conclusion of this Annual General Meeting be and is hereby appointed as Director of the Company, who shall be liable to determination by retirement by rotation as per the provisions of Section 255 of the Companies Act, 1956."

##### 8. To Ratify the Appointment of Mr. J K Verma as Whole Time Director.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the shareholders at this Annual General Meeting and such other approvals as may be necessary Mr. J K Verma be and is hereby appointed as Whole Time Director for a period of 5 (Five) years, commencing from 1<sup>st</sup> September, 2006 to 31<sup>st</sup> August, 2011 subject to termination of agreement by either party by giving three months notice in writing on the following terms and conditions :

- |                        |                   |
|------------------------|-------------------|
| i) <b>Basic Salary</b> | Rs. 70,430/- p.m. |
| CCA                    | Rs. 1,000/- p.m.  |

##### ii) Perquisites:

- a) Rent Free accommodation provided by the Company
- b) Conveyance Rs.7,500/- p.m.
- c) Medical Reimbursement Rs.1,250/- p.m.
- d) LTA. Rs.5,868/- per month
- e) Magazine allowances Rs.2,500/- p.m.
- f) Servant at house Rs.3,000/- p.m.
- g) PF Contribution Rs.8,452/- p.m.
- h) Club Membership actuals borne by the Company."

**HBL Power Systems Limited****9. To revise the borrowing powers of the Board:**

“RESOLVED THAT the Board of Directors of the Company be and are hereby authorized under Section 293(1)(d) of the Companies Act, 1956 to borrow money from time to time up to a limit not exceeding in aggregate an amount of Rs.300 crores (Rupees three hundred crores) only notwithstanding that the money to be borrowed by the Company together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers from time to time in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves i.e. to say reserves not set apart for any specific purpose.”

**10. To increase Authorised Share Capital of the Company :**

“RESOLVED THAT pursuant Section 94 of the Companies Act, 1956 and other applicable provisions, if any the Authorised Share Capital of the Company be and is hereby increased from Rs.25,00,00,000/- to Rs.30,00,00,000/- by the creation of 50,00,000 Equity shares of Rs.10/- each and that the Memorandum and Articles of Association of the Company be amended accordingly.”

**(B) TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS:****11. To amend Clause V of the Memorandum of Association:**

“RESOLVED THAT Clause V of the Memorandum of Association of the Company be deleted and be substituted by the following:

The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores) only divided into 3,00,00,000 equity shares of Rs.10/- (Rupees ten) only.”

**12. To amend the Articles of Association:****(a) Increase of Authorised Capital:**

“RESOLVED THAT Article 4(1) of the Articles of Association of the Company be deleted and be substituted by the following:

The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores) only divided into 3,00,00,000 equity shares of Rs.10/- (Rupees ten) only each.”

**(b) Directors to retire by rotation:**

“RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 the Articles 84.I be deleted and be substituted by the following new sub-article.

84.I Not less than two third of the total number of Directors of the Company shall be liable to retire by rotation and not more than one third of the total number of Director appointed in accordance with provision of the Article shall not be liable to retire by rotation.

**(c) Issuance of Corporate Guarantee:**

“RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 following new sub-article to be inserted after Article 121 as Article 121 I respectively:

121 I the Company may issue Corporate Guarantees to any persons, firms, Companies or any other entities in the course of business which is authorised by the Objects of the Company either for its own operations or for its Associate / Subsidiary Companies / Jointly Controlled Entities on receipt of request from them.



**HBL Power Systems Limited****13. To issue Foreign Currency Convertible Bonds:**

**"RESOLVED THAT** pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof for the time being in force and subject to the approval of the members at the Annual General Meeting or such approvals, permissions and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or any other appropriate authority or Financial Institutions or Banks and subject to such conditions and modifications as may be considered necessary by the Board of Directors, or as may be prescribed in granting such approvals, which may be agreed to by the Board, consent of the Company be and is hereby accorded to the Board of Directors (which term shall include any Committee of the Board authorized to exercise powers of the Board) of the Company to issue, offer or allot Foreign Currency Convertible Bonds (FCCBs), to Overseas Corporate Bodies, International Institutions, Foreign Institutional Investors/ Foreign Companies of the value not exceeding US\$ 20,00,000, which will be equivalent to approximately Rs. 80 crores, which will be divided into 200 nos. bonds of US\$ 100000 each (Rs.40 lakhs approximately) with an option to holders thereof to convert such bonds into the equivalent number of fully paid Equity shares of Rs.10 each at the rate of Rs. 400/-(inclusive of Rs. 390 as premium) for every bond, depending upon the exercise of option for conversion on or before the dates as may be specified in the said bonds.

**FURTHER RESOLVED THAT** The Board/ Committee thereon be hereby authorised to deal/ approach in consultations with the lead managers so as to enable the company to get listed at the Indian Stock Exchanges and Overseas Stock Exchanges such as Singapore, Luxemburg, London, NASDAQ and or New York Stock Exchange and or any other Overseas Stock Exchange.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred above as may be necessary in accordance with the terms of the offering and all such shares to rank pari passu with the existing equity shares of the company in all respects.

**RESOLVED FURTHER THAT** for the purposes of giving effect to any issue of allotment of equity shares or securities representing the same, the board be and is hereby authorized to do all such acts, deeds, matters and things as it may think fit in its absolute discretion.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of the Directors / Senior Executives / Officers of the company to give effect to this resolution."

For and on behalf of the Board

Place: Hyderabad  
Date : July 30, 2007

E Sudhakar  
Company Secretary

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office or Investor Service Department of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 in respect of item No.6 to 13 set out above is annexed hereto.
4. The Register of Members and Share transfer books of the Company shall remain closed from 20<sup>th</sup> September, 2007 to 26<sup>th</sup> September, 2007 (both days inclusive).
5. The dividend, if any, declared would be paid to those members whose names appear on the Register of Members of the Company as on 26<sup>th</sup> September, 2007.
6. Members desirous of making nomination in respect of their shareholding may approach the Company for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.
6. Members are requested to intimate immediately their change of address to the Company, quoting Registered Folio Number, Change in the address, if any, with the Pin Code Number.
7. Members attending the meeting are requested to bring with them the Attendance slip attached to the Annual Report duly filled in and signed and hand over the same at the entrance of the hall.
8. A copy of Memorandum and Articles of Association of the Company is available for inspection to the members at the Registered Office between 10.30 a.m. and 1.00 p.m. on all working days of the Company upto and including the day of the Annual General Meeting.



## EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

### Item No. 6.

Mr. S N Rajesh is appointed as Director of the Company. He is a financial expert and has very good exposure in mobilization of capital to the industries and his services are valuable to the Company.

Your Directors commend the Resolution for the approval of the Shareholders as an Ordinary Resolution.

None of the directors other than Mr. S N Rajesh, are interested in this resolution.

### Item No. 7 & 8:

Mr. J K Verma, a professional with technical background, having varied experience in the manufacturing sector, retired from ITI Limited, a Public Sector Undertaking based at Bangalore as Director and appointed whole time director. His experience and services would be useful to the Company.

Your Directors commend the Resolution for the approval of the Shareholders as an Ordinary Resolution.

None of the Directors other than Mr. J K Verma, are interested in this resolution.

### Item No. 9 :

To borrow funds to meet the needs of capital expansion activities of the Company your Directors sought your approval for the proposed enhanced borrowing powers.

Your Directors commend the Resolution for the approval of the Shareholders as an Ordinary Resolution.

None of the Directors are interested in this resolution.

### Item No. 10 :

In view of the future capital requirements the Company proposes to increase its Authorised Share Capital.

The increase need the approval of the Shareholders by way of Ordinary Resolution at the General Meeting.

None of the Directors are interested in this resolution.

### Item No. 11 :

In order to comply with the provisions of Companies Act, 1956 to affect item no.10 above the Memorandum are proposed to be amended.

The Directors commend the Resolution for approval of the Members as Special Resolution.

None of the Directors are interested in this resolution.

### Item No. 12 (A) :

To give affect to item No. 10 the above necessary substution of new clause has to be inserted as article 4(1) of the Articles of Association of the Company.

### Item No. 12 (B) :

Existing article 81 I contradiction of the section 255 & 256 of the Companies Act 1956 by equating the Directors appointment to directors period of holding office. Hence the amendment is necessary to make the directors liable to retire to be determined by rotation, thereby complying with the provissions of Companies Act. 1956.

### Item No. 12 (C) :

Under Section 293 (1) (d) Borrowing powers of the board is specifically defined, wherein issuance of guarantees is excluded. It is therefore felt necessary that the Company by its article authorises the Board to issue Corporate Guarantees by the Company favouring Financial Institutions / Banks / Suppliers in the normal course of business, on behalf of Subsidiaries/ Associates/ Jointly Controlled Entities.

The Directors commend the above 12(A) - (C) Resolutions for approval of the Members as Special Resolutions

None of the Directors are interested in these resolutions.

### Item No. 13 :

The Company has preferred to raise further capital in this route given the scenario of increase in the cost of funds from the normal Banking channels for Rupee Term Loans. Proceeds of FCCB to be utilised for the capital expenditure as per FEMA guidelines.

Your Directors commend the Resolution for the approval of the Shareholders as Special Resolution.

None of the Directors are interested in this resolution.

For and on behalf of the Board

Place : Hyderabad  
Date : 30<sup>th</sup> July 2007

E Sudhakar  
Company Secretary

**HBL Power Systems Limited**
**BRIEF PARTICULARS OF DIRECTORS PROPOSED FOR APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**  
(In pursuant to Clause 49 of the Listing Agreement)

<b>I Name of the Directors</b>	<b>Mr. S N Rajesh</b>
Date of Birth	14.02.1971
Date of first appointment	30.10.2006
Qualification	B. Tech from IIT, Khargpur, MBA from XLRI Jamshedpur.
Expertise in specific Functional Area	He has played an active part in identification and evaluation of investment opportunities, due diligence and transaction structuring in respect of Investment committed by UVF.
Details of other Directorships	Subex Systems Limited Ramakrishna Forgings Limited Naturol Bio Energy Limited Excelsoft Technologies Private Limited
Details of Committee and membership status	-NA-

<b>II Name of the Directors</b>	<b>Mr. J K Verma</b>
Date of Birth	04.09.1950
Date of first appointment	30.10.2006 (w.e.f.:01/09/2006)
Qualification	B. Tech.
Expertise in specific Functional Area	He has varied and substantial experience in Manufacturing sector.
Details of other Directorships	HBL Elta Avionics Systems Private Limited
Details of Committee and membership status	-NA-

<b>III Name of the Directors</b>	<b>Mr. M S Ramakrishna</b>
Date of Birth	06.09.1954
Date of first appointment	30.10.2006
Qualification	Graduate in Commerce
Expertise in specific Functional Area	He is a one of the founder Director of Karvy Group Companies. He was instrumental in diversifying Karvy into the field of Medical Transcription leveraging on the Company's core Competency of Transaction processing.
Details of other Directorships	Karvy Consultants Limited Karvy Computershare Private Limited Karvy Comtrade Limited Karvy Financial Services Limited Karvy Global Services Limited Karvy Global Services Inc., USA Karvy Inc. Karvy Insurance Broking Limited Karvy Investor Services Limited Karvy Stock Broking Limited Andhra Cements Limited Athena Projects Limited Ckar Systems Private Limited Countrywide Power Transmission Limited Eco Propcon Private Limited Green Infrastructure Private Limited Biswas Buildcon Private Limited Srivathsa Power Projects Limited Viz. Projects Private Limited Backbone Properties Pvt. Ltd. Bruma Properties Private Limited Concord Realtor Private Limited
Details of Committee and membership status	-NA-



**HBL Power Systems Limited**

<b>IV Name of the Directors</b>	<b>Ms. Kavita Prasad</b>
Date of Birth	11.12.1971
Date of first appointment	28.09.2000
Qualification	Graduate in Commerce, Post-Graduate Diploma in Computer Application from NIIT
Expertise in specific Functional Area	Exports and International Marketing
Details of other Directorships	Beaver Engineering Limited Kairos Engineering Limited
Details of Committee and membership status	Audit Committee Shareholder Grievance/ Share Transfer Committee.



**HBL Power Systems Limited****DIRECTORS' REPORT**

**Dear Members,**

Your Board of Directors take pleasure in presenting the Annual Report for the financial year ended on 31<sup>st</sup> March 2007. The financial performance is presented below.

(Rs In lacs)

	Particulars	2006-07	2005-06
1.	<b>Net Sales</b>	<b>51185</b>	<b>36798</b>
2	Operating Profit before interest, depreciation and extra-ordinary items	7151	5847
3	Other Income	395	294
4	Finance Cost	1661	1324
5	Depreciation	847	668
6	Provision for tax & tax adjustment	1677	1134
7	Deferred tax liability	268	95
8	<b>Net Profit</b>	<b>3208</b>	<b>2625</b>
9	Transfer to General Reserve	3000	1500
10	Earnings per Share (Rs.) (diluted)	13.21	11.89
11	Dividend Provided	15%	15%

**Performance Review 2006-07:**

Overall Sales of the Company for the year 2006-07 has recorded Rs. 51185 lacs compared to previous year of Rs. 36798 lacs. This represents an increase of 39% compared to last financial year.

The demand for your Company's products is continuing. Over all performance of your Company is expected to grow. This will be the case both in VRLA batteries for domestic market and NCPP batteries in export market. The demand has necessitated an increase of additional capacities for manufacturing of VRLA and NCPP batteries. This demand for additional capacities has initiated Capital expansion in its existing units and as well as setting up of new units at Vizainagaram and VSEZ at Vizag.

**Expansion and Setting up of New Units:**

Your directors are pleased to inform you that the units at Vizainagaram and SEZ Vizag have been successfully implemented as per the Phase-I Capex programme. The phase-II expansions have also been initiated as per the business demand.

**Dividends:**

Your Directors are pleased to recommend a dividend @15% per equity share of Rs.10/- each fully paid (Previous Year 15%) for the Financial Year 2006-07, subject to the approval of the members at the ensuing Annual General Meeting. The proposed dividend including Corporate Dividend Tax will absorb Rs.426.09 lakhs.

**End use of Preferential / Rights Issue Proceeds:****a. Preferential issue:**

Funds were raised for backward and forward Integration and for Part financing the working capital arrangements of the Company.

**The Utilisation upto 31.03.2007 is as under:**

Particulars	Rs. In Lakhs
Capital expenditure.	5100.00
Total	5100.00