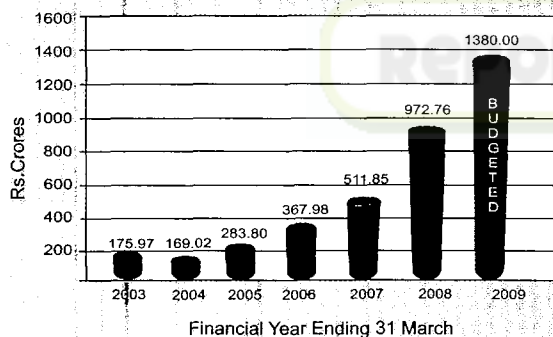
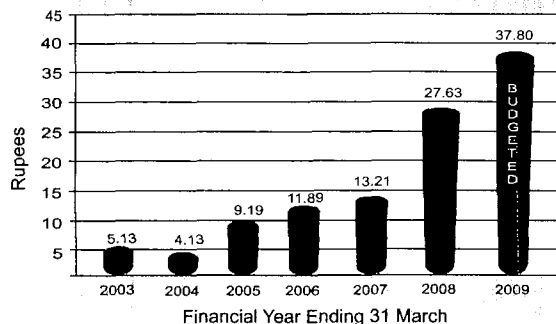


Specialised Batteries and Electronics

NET SALES



EPS



22nd Annual Report 2007-2008



HBL POWER SYSTEMS LIMITED



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)
 Mrs. M 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
 Mrs. M. Kavita Prasad
 Dr. (Smt.) D Chitra Rao

Company Secretary

Mr. D Mabu Basha

Registered Office

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

Location of Units:

1. Shameerpet, RR Dist., AP
2. Nandigaon, Mahabubnagar Dist., AP
3. Bhoothpur, (V&M) Mahabubnagar Dist., AP
4. Kandivalasa(V), Pusapatirega(M), Vizianagaram Dist., AP
5. VSEZ, Visakhapatnam, AP
6. Haridwar, Uttarakhand
7. IMT, Manesar, Haryana

Auditors

M/s Satyanarayana & Co.,
 Chartered Accountants
 Secunderabad

Cost Auditors

M/s Narasimha 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 Second 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 Thursday, the 4th day of September, 2008 at 4.00 p.m., to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2008 and the Profit and Loss Account for the year ended on 31st March, 2008, together with the Director's Report and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2008.
3. To appoint a Director in place of Mr. P Ganapathi Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the year 2008-09 till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration. M/s Satyanarayana & Company, 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 RESOLUTION AS ORDINARY RESOLUTION:****5. To Re-appoint Dr. A J Prasad as Chairman and Managing Director of the Company:**

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 314 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to the approval of Members at this Annual General Meeting of the Company and other approval as may be necessary Dr. A J Prasad be and hereby appointed as Managing Director of the Company with effect from June 1, 2008 to September 30, 2010 on the following terms as to remuneration:

- I. Basic Salary** : Rs.6,00,000 per annum.
Period : 1st June, 2008 to 30th September, 2010

Commission: Subject to the overall limits laid down in Section 198 and 309 of the Companies Act, 1956, Commission to be paid as percentage of the Profit of the Company for the year, calculated as follows:

Numerical Value of percentage of Commission shall be half of the numerical value of the EPS for the year; E.g. if EPS is Rs. 12/- the Commission shall be 3% (Maximum); and if the EPS is Rs. 4 the Commission shall be 2%.

II Perquisites:

- a) House Rent Allowance or Provision of House Accommodation subject to a maximum monthly rent at 60% of basic salary, over and above 10% payable by the Managing Director.
 The Expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax rules, 1962. This shall however subject to ceiling of 10% of the salary.
- b) Leave Travel Allowance: Actual Travelling Expenses incurred for self and dependents, not exceeding one month basic salary for every year of service.
- c) Medical Reimbursement: Membership or the subscription paid to any hospital and /or doctors schemes or and insurance company in India and all hospital and medical expenses incurred for self and family subject to ceiling of one month's salary in a year.
- d) Club Fees: Fees of clubs subject to maximum of two clubs, excluding admission and the life membership fees.
- e) Personal Accident Insurance: Actual Premium borne by the company.
- f) Company's Contribution to Provident and Superannuation fund to the extent of these either singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed half month's salary for each completed year of service.
- g) Encashment of Leave at the end of the tenure will not be included in the computation of perquisites.

HBL Power Systems Limited

- h) The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of a car with driver for use on company's business and telephone facility at the residence will not be considered as perquisites.
- i) Notwithstanding any thing mentioned above, wherein any financial year during the currency of tenure of the Managing Director, the company has no profits or its profit are inadequate it may pay the Managing Director's remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration under Section II of Part II of Schedule XIII of the Companies Act, 1956."

(B) TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS:

6. To Re-appoint Mr. M S S Srinath as President of the Company:

"RESOLVED THAT pursuant to the Provisions of Section 314 (1-B) of the Companies Act, 1956 and other applicable provisions, if any, and subject to provision of Articles of Association of the Company and subject to members approval at this Annual General Meeting and the approval of Central Government, Mr. M S S Srinath be appointed as President of the Company for a period of 5 years from 1st October, 2007 to 30th September, 2012 with the following terms and conditions as detailed below:

I. Basic Salary : Rs.7,60,000/- per annum.

(In the time scale of Rs. 7,60,000 -60,000- Rs. 9,60,000)

CCA : Rs. 12,000/- per annum

II. Perquisites :

- a. House Rent Allowance or Provision of House Accommodation subject to maximum monthly rent at 50% of the basic salary.
- b. Salary of a Driver appointed by the appointee for engaging on official duties will be reimbursed by the Company.
- c. Leave Travel Allowance: Actual traveling expenses incurred for self and dependents, not exceeding one month's basic salary for every year of Service.
- d. Reimbursement of Medical Expenses incurred by self and dependents not exceeding Rs.15,000/- for every year of service.
- e. Annual Leave with Salary as per the rules of the Company.
- f. Company's contribution to Provident Fund and Gratuity as per the rules of the Company.
- g. Provision of a car for the use of Company's business and telephone at residence will not be considered as perquisites.

III. The Appointment is subject to determination by giving three months notice by either party and other rules, regulations, service rules of the Company."

7. Amendment to resolution for appointment of Mr. J K Verma, Whole Time Director passed by the members at the Annual General Meeting held on 26th September, 2007.

"RESOLVED THAT pursuant to the provisions of Section 268 read with Section 269 and other applicable provisions, if any, and Schedule XIII of the Companies Act, 1956 and subject to the approval of Members at this Annual General Meeting of the Company, the resolution passed by the Board at its meeting held on 30th October, 2006 and the same was approved by the members at the Annual General meeting held on 26th September, 2007 appointing Mr. J K Verma as Whole-time Director of the Company for a period of five years commencing from 1.9.2006 to 31.08.2011 be and is hereby amended in addition to the terms and conditions as approved :

RESOLVED FURTHER THAT Performance Related Pay, based on profit before tax of individual units in his charge, for the three fiscal years 2008 – 2011 shall be paid. The calculation of amount and method of payment are to be decided by the CMD, but shall be less than 0.20% of the combined Profit Before Tax of the units in his charge considered in any of these three Fiscal Years.

RESOLVED FURTHER THAT to ratify the performance Bonuses paid to Mr. J K Verma for the period of 1.8.06 to 31.03.08.

HBL Power Systems Limited

RESOLVED FURTHER THAT all other terms and conditions of the appointment of Mr. J K Verma as approved by the members in the annual general meeting held on 26.09.2007 remains unaltered.

RESOLVED FURTHER THAT notwithstanding any thing mentioned above, wherein any financial year during the currency of tenure of the Whole-time Director, the company has no profit or its profits are inadequate it may pay the Whole-time Director remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration under Section II of Part II of Schedule XIII of the Companies Act, 1956."

8. Amendment to resolution for appointment of Mr. Ashok Nagarkatti, Whole Time Director passed by the members at the Annual General Meeting held on 24th September, 2005.

"RESOLVED THAT pursuant to the provisions of Section 268 read with Section 269 and other applicable provisions, if any, and Schedule XIII of the Companies Act, 1956 and subject to the approval of Members at this Annual General Meeting of the Company, the resolution passed by the Board at its meeting held on 25.03.2005 and the same was approved by the members at the Annual General meeting held on 24th September, 2005 (resolution nos.7 and 8) appointing Mr. Ashok Nagarkatti as Whole-time Director of the Company for a period of five years commencing from 1.4.2005 to 31.03.2010 be and is hereby amended with effect from 1.4.2008 to 31.03.2010:

Basic Salary ... Rs.9,49,320/- per annum

RESOLVED FURTHER THAT all other terms and conditions of the appointment of Mr. Ashok Nagarkatti as approved by the members in the annual general meeting held on 24.09.2005 remains unaltered.

RESOLVED FURTHER THAT notwithstanding any thing mentioned above, wherein any financial year during the currency of tenure of the Whole-time Director, the company has no profit or its profits are inadequate it may pay the Whole-time Director remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration under Section II of Part II of Schedule XIII of the Companies Act, 1956."

9. Issue of 9,71,182 Equity Shares on Rights Basis:

"RESOLVED THAT in accordance with the provisions of Section 81 (1) and other applicable provisions, if any, of the Companies Act, 1956 and also provisions of any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to approval of the members at this Annual General Meeting and other such approvals, consents, permissions and sanctions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India (SEBI) and all other appropriate and/or concerned authorities, and subject to such conditions and modifications, as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company ("Board") (which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution), which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to issue, offer and allot 9,71,182 (nine lakhs seventy one thousand one hundred and eighty two only) Equity shares of Rs.10/- each for cash at a price of Rs.150/- per share (including a premium of Rs. 140/- per share) on Rights Basis to the Members of the Company whose names will appear on the Register of Members of the Company in respect of the Equity Shares held in physical form and to those members whose names will appear as beneficial owners as per the list furnished by the National Securities Depository Limited and Central Depository Services Ltd in respect of the equity shares held in electronic form on such date as the Board may determine in the proportion of one equity share of Rs.10/- each for every 25 equity shares of Rs.10/- each held by such members as aforesaid on the following terms and conditions:

- a. The amount of Rs. 150/- (including a premium of Rs.140/- per share) shall be called from the applicants in such manner as the Board of Directors may determine.
- b. The members who are eligible to the Rights Issue, may renounce the shares offered to them or any of them in full or part thereof in favour of any other person whether he be a member of the company or not.
- c. The offer if not accepted within the time determined by the Board, (minimum period for acceptance shall not be less than 15 days) shall be deemed to have been declined.
- d. On expiry of the offer period, any un-subscribed portion shall be disposed off by the Board as it thinks most beneficial manner to the Company.
- e. The equity shares shall be offered on such terms and conditions as the Board may determine.

HBL Power Systems Limited

RESOLVED FURTHER THAT the Equity Shares so issued shall rank pari passu with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to file offer document and such other documents as may be required to be filed with the various authorities and to seek the listing of such securities in Stock Exchanges where the existing shares are listed.

RESOLVED FURTHER THAT the Board be and is hereby authorised to engage the services of or appoint solicitors, advocates, legal advisors, merchant bankers, guarantors, depositories, custodians and any such other agencies to act as managers, lead managers or in any other capacity to advice or to certify any matter relating to Company's accounts or otherwise, on such terms as to remunerate them by way of commission, brokerage, fees or otherwise as the Board may in its absolute discretion deem appropriate.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolution and accept any alteration(s) or amendment(s) or corrections as they may deem fit and appropriate and give such directions / instructions as may be necessary to settle any questions or doubts that may arise in regard to the offer, issue or allotment of the said securities and also to seek listing of such securities at the Stock Exchanges where the existing securities are listed."

For and on behalf of the Board

Place: Hyderabad
Date : July 28, 2008

D Mabu Basha
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.5 to 9 set out above is annexed hereto.
4. The Register of Members and Share transfer books of the Company shall remain closed from 01st September, 2008 to 04th September, 2008 (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 4th September, 2008.
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.
7. 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.
8. 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.

EXPLANATORY STATEMENT

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

Item No. 5:

Dr. A J Prasad was appointed as Managing Director of the company for a period of five years upto 31st May, 2008 at the Annual General Meeting held on 23rd August, 2003. He has been re-appointed as the Managing Director at the Board meeting held on 23rd April, 2008 for another 2 years 4 months from 1st June, 2008 to 30th September, 2010, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Dr. Prasad is the Founder - promoter of the Company and holds (along with his relatives and associate Company) over 70% of the Share Capital. He is a technocrat entripreneur. As the Chief Executive Office of the Company for full time, has no other business interest.

The particulars of remuneration are given in the resolution. The terms of appointment are the norms as per schedule XIII of the Companies Act, 1956.

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

None of the directors other than Dr. A J Prasad and Mrs. M Kavita Prasad, are interested in this resolution.

Item No.6:

Mr. M S S Srinath was appointed as Executive President of the Company for a period of five years up to 26th September, 2007 at the Annual General Meeting Held on 26th September, 2002 and same was approved by the Central Government vide letter No: 3/123/2002-CL.VII dated: 7th March, 2003. It has been decided to reappoint him as President of the company for period of five years to look after all the Marketing activities and other Administrative affairs of the Company, subject to Central Government approval.

Since he is related to Dr. A J Prasad, CMD and Mrs. M Kavita Prasad, Director, members consent by passing a Special Resolution is required for his appointment as President, with remuneration and terms as set out in the resolution. The Consent of the members shall be subjected to approval of the Central Government under Section 314(1-B) of the Companies Act, 1956.

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

None of the directors other than Dr. A J Prasad and Mrs. M Kavita Prasad, are interested in this resolution.

Item No. 7:

The Shareholders are hereby requested to endorse and ratify the resolution on the subject of Mr. J K Verma's remuneration, which is self-explanatory.

Performance Related Pay, based on profit before tax of individual units in his charge, for the three fiscal years 2008 – 2011 shall be paid. The calculation of amount and method of payment are to be decided by the Chairman & Managing Director, but shall be less than 0.20% of the combined Profit Before Tax of the units in his charge shall be considered in any of these three Fiscal Years.

The members are requested to endorse and ratify Board's recommendation of the performance bonuses paid to Mr. J K Verma for the period of 1.8.06 to 31.03.08.

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

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

Item no: 8:

The members are requested to approve the increased salary of Mr.Ashok Nagarkatti, Whole Time Director for the balance contract period with effect from 1.4.2008 to 31.3.2010 as his performance during the year under review is commendable.

Your Directors recommend the Resolution for your approval as Special Resolution.

None of the Directors other than Mr. Ashok Nagarkatti is interested in this resolution.

HBL Power Systems Limited**Item no. 9:**

To raise capital to meet the Company's General Corporate requirements. To issue equity shares on rights basis to the existing shareholders at 1 share for every 25 equity shares held at Rs.150 per equity share, which includes a premium of Rs.140 per share. This would result in Rs.14.56 crores.

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 : July 28, 2008

D Mabu Basha
Company Secretary

BRIEF PARTICULARS OF DIRECTORS PROPOSED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

(In pursuant to clause 49 of the Listing Agreement)

I. Name of the Directors	Dr. A J Prasad
Date of Birth	03.11.1945
Date of first appointment	Founder - Promoter since inception.
Qualifications	B. Tech from IIT, Khargpur, Master Degree in Management from MIT, USA. Doctorate in International Business from Columbia University, USA
Expertise in specific functional Area	Overall Management of the Company with specific focus for promotion of export sales.
Details of other Directorships	Beaver Engineering Limited Guided Missile Engineering India Pvt. Limited
Details of Committee and membership status	-NA-

II. Name of the Directors	Mr. P Ganapathi Rao
Date of Birth	01.09.1955
Date of first appointment	25.04.2005
Qualifications	FCA
Expertise in specific Functional Area	Has expertise in Finance, Capital Markets and as well as Audit systems.
Details of other Directorships	-NA-
Details of Committee and membership status	Audit Committee Member and Chairman

DIRECTORS' REPORT

Dear Members,

Your Board of Directors take pleasure in presenting the Annual Report for the financial year ended on 31st March, 2008. The financial performance is presented below.

(Rs In lacs)

Particulars		2007-08	2006-07
1	Net Sales	97,276	51,185
2	Operating Profit before interest, depreciation and extra-ordinary items	15,480	7,266
3	Other Income	370	395
4	Finance Cost	3,175	1,661
5	Depreciation	1,546	847
6	Extra-ordinary losses/non-recurring cost	103	0
7	Provision for tax & tax adjustment	4,075	1,677
8	Deferred tax liability	242	268
9	Net Profit	6,709	3,208
10	Transfer to General Reserve	6,000	3,000
11	Earnings per Share (Diluted) (Rs.)	27.63	13.21
12	Dividend Provided	15%	15%

Performance Review 2007-08:

Overall Sales of the Company for the year 2007-08 has recorded Rs. 97276 lacs compared to previous year of Rs. 51185 lacs. This represents an increase of 90%. This increase is because of increased Sales Volumes both in VRLA Batteries in Telecom Sector; and Nicad Batteries, particularly in exports.

The demand for your Company's products is continuing. Overall performance of your company is expected to grow. This will be the case both in VRLA batteries for domestic batteries and NCPP batteries in export market. The demand has necessitated an increase of capacities for manufacturing of VRLA and NCPP batteries. This demand for additional capacities has initiated capital expansion in its existing units.

Expansion plans:

The company is planning for expansion of its existing capacities to meet emerging market demand.

Dividends:

Your Directors are pleased to recommend a dividend of Rs.1.50 per equity share of Rs.10/-fully paid up share @15% (Previous Year 15%) for the Financial Year 2007-08, 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.

Subsidiary Companies:

HBL (UK) Limited a 100% subsidiary in UK has had a Trademark violation case initiated against it as a first defendant and the Parent company as a second defendant by SAFT AB. The company initiated winding up proceedings. Considering liquidation proceedings and non-availability of financial statements of the Subsidiary Company, the investment of Rs. 72.29 lakhs; advance against investment of Rs.30.95 lakhs and other dues Rs.14.40 lakhs have been fully provided for in the financial statements.