



# 23<sup>rd</sup> Annual Report

2008-2009

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**

<b>Board of Directors</b>	Dr. A J Prasad Mr. Ashok Nagarkatti Mr. J K Verma Mrs. M Kavita Prasad Mr. P Ganapathi Rao Mr. M S Ramakrishna Mr. V V Rao Mrs. Preeti Khandelwal	Chairman & Managing Director Director-Battery Technology Director-Operations   IDBI Nominee Director
<b>Audit Committee</b>	Mr. P Ganapathi Rao Mrs. M Kavita Prasad Mr. V V Rao	Chairman
<b>Company Secretary</b>	Mr. D Mabu Basha	
<b>Registered Office</b>	8-2-601, Road # 10 Banjara Hills, Hyderabad - 500 034	
<b>Location of Plants</b>	1. Aliabad (V), Shameerpet(M), RR Dist., AP 2. Nandigoan(V), Kothur(M), Mahabubnagar Dist., AP 3. Seripally (V), Bhoothpur(M), Mahabubnagar Dist., AP 4. Kandivalasa (V), Poosapatirega(M), Vizianagaram Dist., AP 5. VSEZ, Vishakhapatnam, AP 6. Thumkunta (V), Shameerpet(M), R R Dist, AP. 7. Haridwar, Uttarakhand 8. IMT, Manesar, Haryana	
<b>Auditors</b>	M/s Satyanarayana & Co. Chartered Accountants Secunderabad	
<b>Cost Auditors</b>	M/s Narasimha Murthy & Co. Cost Accountants, Hyderabad	
<b>Bankers</b>	State Bank of India State Bank of Hyderabad IDBI Bank Ltd. State Bank of Indore.	



## NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of **HBL 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 17th day of September 2009 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 2009 and the Profit and Loss Account for the year ended on 31st March 2009, together with the Director's Report and the Auditor's Report thereon.
2. To declare Dividend for the year ended 31st March 2009.
3. To appoint a Director in place of Mr. M S Ramakrishna, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the year 2009-10 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 RESOLUTIONS:

##### 5. Sub-division of existing Equity Shares of Rs.10/- each into 10 shares of Rs.1/- each:

"RESOLVED THAT pursuant to the provisions of Section 94(1) (d) and other applicable provisions, if any, of the Companies Act, 1956 and provisions of Article 50 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the existing equity shares of 2,42,79,555 of Rs.10/- each subdivided into 24,27,95,550 equity shares of Rs.1/- each (from face value of Rs.10/- equity share into 10 share of Rs.1/- each) and Capital Clause of Memorandum and Article 4(1) of the Articles of Association be altered accordingly.

RESOLVED FURTHER THAT the Board of Directors of the Company ("the Board" which expression shall also include a committee formed thereof) be and is hereby authorised to issue new share certificates in lieu of the cancellation of the old certificates representing the sub divided equity shares with new distinctive numbers, consequent to the subdivision of shares as aforesaid and/ or credit the shareholders' accounts maintained with the Depositories, subject to rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960 and the Articles of Association of the Company and to inform the Depositories and the Registrar and Transfer Agent of the Company to execute all the documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any committee thereof or to any Director(s) or the Company Secretary, to give effect to this resolution.





**RESOLVED FURTHER THAT** fractional entitlements, if any, arising out of the subdivision of equity shares, as resolved above, be vested in a special account held by M/s Karvy Computershare Private Limited, the Registrar and Share Transfer Agent of the Company, be and are hereby authorised to act as Trustee for this purpose, and these entitlements be dealt by the Committee constituted by Board /Trustee in the best interests of the Members.

**RESOLVED FURTHER THAT** the sub-division shall be effective from such date as may be decide by the Board of Directors/Committee in consultation with the Stock Exchanges”.

**6. To amend Clause V of the Memorandum of Association:**

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

The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores) Only divided into 30,00,00,000 equity shares of Rs.1/- (Rupee One) each only”.

**7. To revise the Borrowing Powers of the Board:**

**“RESOLVED THAT** the Board of Directors of the Company be and is are hereby authorised 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. 500 crores (Rupees five 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 exceeds 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”.

**8. To Appoint Mrs. Preeti Khandelwal as a Director of the Company:**

**“RESOLVED THAT** Mrs. Preeti Khandelwal, 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, be liable to determination by retirement by rotation as per the provision of Section 255 of the Companies Act, 1956”.

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

**9 To amend the Article 4 of the Articles Association:**

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

The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores) Only divided into 30,00,00,000 equity shares of Rs.1/- (Rupee One) each only”.

For and on behalf of the Board

Place: Hyderabad  
Date : July 30, 2009

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 **10th September, 2009 to 17th September, 2009** (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 **17th September, 2009**.
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:

The Board of Directors in their meeting held on 25th June, 2009 has approved the Sub-division of the existing equity shares of Rs.10/- each into 10 shares of Rs.1/- per share, to improve the liquidity of shares in the stock market, so that trading volumes are improved, as this will widen the scope for small investors to pick up the scrip in smaller denomination.

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. 6:

In order to comply with the provisions of Companies Act, 1956 to affect Sub-division of shares (item no. 5 of Agenda), the Memorandum of Association are proposed to be amended.

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.7:

To borrow funds to meet the Company's capital expansion activities to expand the existing capacities of the Company, your Directors sought your approval for the proposed enhanced borrowing limits/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. 8:

Mrs. Preeti Khandelwal, was appointed as Additional Director of the Company with effect from 2nd March, 2009. Now it is proposed to appoint her as Director subject to retirement by rotation and to comply with the provisions of Corporate Governance as per Listing Agreement.

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

None of the directors other than Mrs. Preeti Khandelwal is interested in this resolution.

### Item No. 9:

In order to comply with the provisions of Companies Act, 1956 to affect Sub-division of shares (item no. 5 of Agenda), the Articles are proposed to be amended.

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 30, 2009

D Mabu Basha  
Company Secretary



## BRIEF PARTICULARS OF DIRECTORS PROPOSED FOR APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

(In pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Mr. M S Ramakrishna	Mrs. Preeti Khandelwal
Date of Birth	06.09.1954	24.03.1971
Date of first appointment	30.10.2006	02.03.2009
Qualification	Graduate in Commerce.	B Com, ACS
Expertise in specific functional Area	He is one of the Founder Directors of Karvy Group Companies. He was instrumental in diversifying Karvy into the field of Medical Transcription.	She is a Practicing Company Secretary and has expertise in Company law and FEMA related issues.
Details of other Directorships	<ol style="list-style-type: none"> <li>1. Karvy Consultants Limited</li> <li>2. Karvy Stock Broking Limited</li> <li>3. Karvy Investor Services Limited</li> <li>4. Karvy Global Services Limited</li> <li>5. Karvy Inc., USA</li> <li>6. Karvy Insurance Broking Limited</li> <li>7. Karvy Financial Services Limited</li> <li>8. Karvy Global Services Inc/USA</li> <li>9. Karvy Comtrade Limited</li> <li>10. Andhra Cements Limited</li> <li>11. Athena Projects Private Ltd</li> <li>12. Athena Infra Projects Pvt. Ltd (GIPL)</li> <li>13. Athena Energy Ventures Pvt. Ltd</li> <li>14. Athena Demwe Power Pvt. Ltd</li> <li>15. Countrywide Power Transmission Limited</li> <li>16. Ckar Systems Private Limited</li> <li>17. East India Petroleum Ltd</li> <li>18. East Coast Energy Pvt. Ltd</li> <li>19. Karvy Computershare Private Ltd</li> <li>20. Himshakti Projects Pvt. Ltd</li> <li>21. Muthe Power Private Limited</li> <li>22. Sainj Hydro Power Pvt. Ltd</li> <li>23. Viz Projects Pvt. Ltd</li> </ol>	R-Squart Innovations (P) Ltd.
Details of Committee and membership status.	Member of Share Transfer Committee	-NA-





## DIRECTORS' REPORT

Dear Members,

Your Board of Directors take pleasure in presenting the Annual Report for the financial year ended on 31st March 2009. The financial performance is presented below.

Rs. In Lakhs

Sl. No.	Particulars	2008-09	2007-08
1	<b>Net Sales</b>	<b>124390</b>	97276
2	Operating Profit before interest, depreciation and extra-ordinary items	19977	15480
3	Other Income	509	370
4	Finance Cost	3883	3175
5	Depreciation	2784	1546
6	Extra-ordinary losses/non-recurring cost	136	103
7	Provision for tax & tax adjustment	4372	4075
8	Deferred tax liability	215	242
9	<b>Net Profit</b>	<b>9096</b>	6709
10	Transfer to General Reserve	8000	6000
11	Earnings per Share (Diluted) (Rs.)	37.46	27.63
12	Dividend	30%	15%

### Performance Review 2008-09:

Overall Sales of the Company for the year 2008-09 has recorded Rs. 124390 lakhs compared to previous year of Rs. 97276 lakhs. This increase is on account of utilization of additional capacities installed particularly VRLA and NICAD batteries at Vizianagaram and VSEZ units respectively. The comfortable order book position for these Batteries resulted in increase in sales volumes by 28% over last year, increase in export sales by 50% over last year.

### Expansion plans:

The demand for your Company's products is encouraging despite general economic slowdown. To meet the additional demand, an expansion plan to create additional capacity is underway and is expected to commercialize during the next 18 months. This 18 months plan involves a capex of Rs.340 crores, including term loans of Rs.250 crores. This is part of Rs.240 crores capex planned last year.

### Dividends:

Your Directors are pleased to recommend a dividend of Rs.3/- per equity share of Rs.10/-fully paid up share @30% (Previous Year 15%) for the Financial Year 2008-09, subject to the approval of the members at the ensuing Annual General Meeting. The proposed dividend including Corporate Dividend Tax will absorb Rs.852.17 lakhs.

*Annual Report 2008-09*



### Subsidiary Companies:

**HBL (UK) Limited** a 100% subsidiary in UK has a Trademark violation case initiated against it during financial year 2006 as a first defendant and the Parent company as a second defendant by SAFT AB. The company initiated winding up proceedings. Considering liquidation proceeding and non-availability of audited 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 these financial statements.

**HBL Power Systems (M) SDN BHD** a Joint venture company in Malaysia has reported a profit of Rs.16.52 lakhs for the year and accumulated loss of Rs.3.51 lakhs up to 31.03.2009. This loss is considered temporary as it is a trade loss and hence no provision is made in the accounts for the fall in the value of investment. Further a sum of Rs. 16.24 lakhs remitted towards share capital is shown under loans and advances pending allotment of shares.

**BHAGIRATH ENERGY SYSTEMS PVT. LTD.(BES)** a wholly owned subsidiary in Nepal is in process of winding up and hence the latest audited financial statement are not available. Provision for diminution in the value of investment, which was Rs.79.44 lakhs, has been made based on Official Liquidator's Certificate of cash available as on 31.03.2005. No further provision is considered necessary, as there is no reduction in cash balance as on 31.03.2009.

### Directors' Responsibility Statement:

In Compliance with the Provisions of Section 217(2AA) of the Companies Act, 1956, your Directors wish to place on record -

1. That in preparing the Annual Accounts, all applicable Accounting Standards have been followed;
2. That the Accounting Policies adopted are consistently followed and the judgments and estimates made 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 the Profit and Loss Account of the Company for the Financial Year under review;
3. That the Directors 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/detecting fraud and other irregularities; and
4. That the Annual Accounts have been prepared on a Going Concern basis.

### Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled "Report on Corporate Governance" is attached to the Annual Report.

### Consolidation of Accounts:

In accordance with the requirements of Accounting Standard AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its Subsidiaries are annexed to this Annual Report. The Consolidated Accounts includes HBL Power Systems (M) SDN BHD, Malaysia; Bhagirath Energy Systems Pvt. Ltd, Nepal and HBL ELTA Avionics Systems Private Limited, a Jointly Controlled Entity (Proportionate holding of 50% as per AS-27). Only as regard to the other subsidiary i.e. HBL (UK) Ltd, is having problems and limitation in providing financial information.