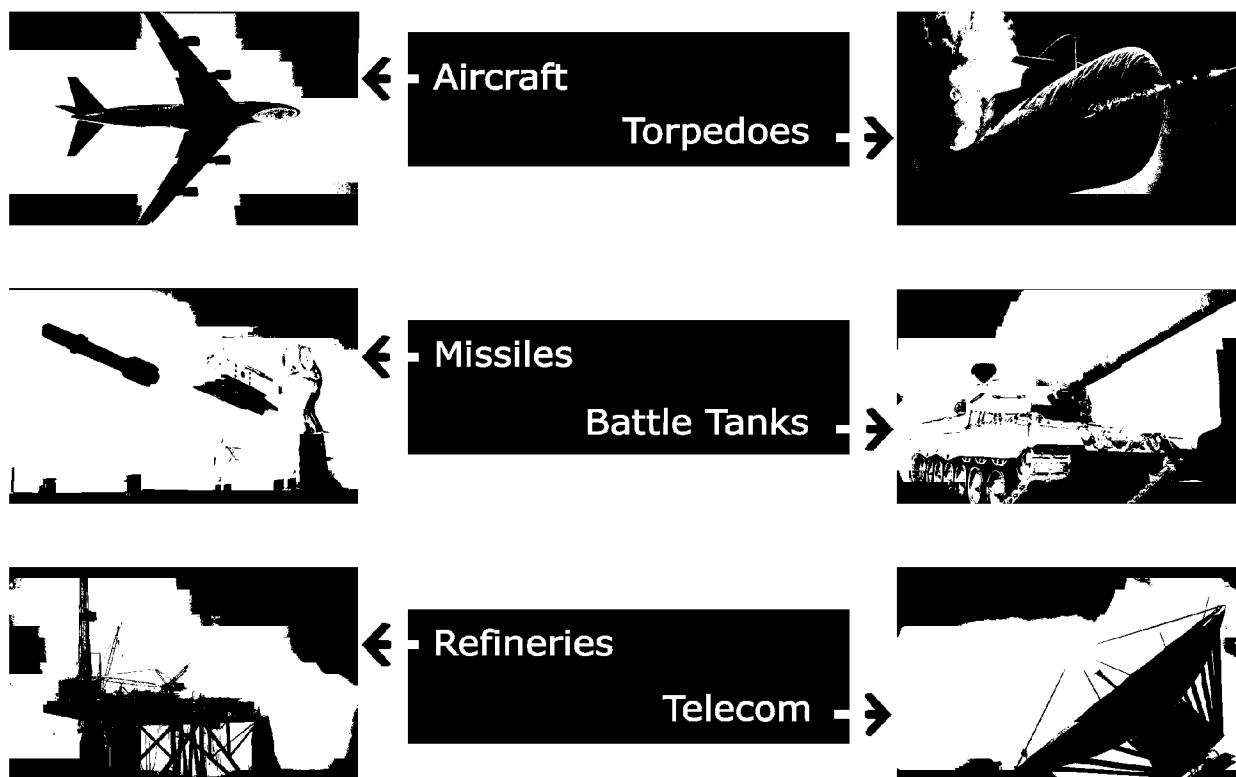




26th Annual Report 2011-2012

So far “HBL” has supplied batteries worldwide,
you may not have seen for...



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HBL Power Systems Limited

www.hbl.in

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Board of Directors

Dr. A J Prasad	Chairman & Managing Director
Mr. M S S Srinath	
Mrs. Kavita Prasad	
Mr. P Ganapathi Rao	
Mrs. Preeti Khandelwal	
Mr. V V S Ravindra	(IDBI Nominee Director w.e.f. 25 th June, 2012)
Mr. Sanjiv Singhal	
Mr. V V Rao (upto 25 th June, 2012)	

Audit Committee

Mr. P Ganapathi Rao	Chairman of the Committee
Mrs. Kavita Prasad	
Mr. V V S Ravindra	
Mrs. Preeti Khandelwal	

Company Secretary

Mr. M V S S Kumar

Registered Office

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

Auditors

M/s Satyanarayana & Co.,
Chartered Accountants
Amar Mansion, Ranigunj
Secunderabad-500 003

Cost Auditors

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

Bankers

State Bank of India
State Bank of Hyderabad
IDBI Bank Ltd.
Axis Bank Ltd
ICICI Bank Ltd

Registrar and Share Transfer Agents

M/S Karvy Computershare Private Limited
17-24, Vittal Rao Nagar, Madhapur
Hyderabad-500 081
Phone nos. 040-23420815-20
Fax: 040-23420859

NOTICE

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the Members of HBL POWER SYSTEMS LIMITED will be held at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 on Monday, the 24th day of December, 2012 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended on 31st March 2012, together with the Directors' Report and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31st March 2012.
3. To appoint a Director in place of Mrs. Kavita Prasad, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors for the year 2012-13 till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

"RESOLVED THAT M/s. Satyanarayana & Co, Chartered Accountants, Secunderabad, retiring auditors and M/s. Rao & Kumar Chartered Accountants, Visakhapatnam be and are hereby appointed as Joint Auditors for the financial year 2012-13 to hold office till the conclusion of the next Annual General Meeting at a remuneration and reimbursement of out-of pocket expenses if any as may be decided by the Board".

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to Article No.85 of the Articles of Association of the Company and other applicable provisions, if any of the Companies Act, 1956, Mr. VVS Ravindra, who was nominated as a Director by IDBI Bank Limited in place of Mr. VV Rao, with effect from 25th June, 2012 be and is hereby appointed as Director of the Company."

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

"RESOLVED THAT Mr. Sanjiv Singhal, who was appointed as a non retiring Director of the Company on 14th August, 2012 and is eligible to hold office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a non retiring Director of the Company."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and other applicable provisions, if any, the following new Article No.176 be and is hereby included after existing Article No.175 of the Articles of Association of the Company :



176. Notwithstanding anything contained in the Articles, as long as any of the Private Investor(s) Securities are outstanding the provisions of this Article 176 shall have precedence over other clauses of the Articles.

A. DEFINITIONS

In this Article 176 unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Affiliate” means

- (a) in relation to any person, any entity, directly or indirectly, Controlling or Controlled by that person.
- (b) in relation to any Party, that is a natural person, shall mean such Party's spouse, children, and parents (“First Degree Family Member”), and any trust or company owned and Controlled by such Party or 'First Degree Family Member', and
- (c) in relation to Private Investor(s), shall mean any pooled investment fund(s), investment company and/or investing entity which is/are hereafter be under the common Control of or Controlled significantly sponsored or managed (provided not significantly sponsored or managed by any entity other than Private Investor(s)) by the Private Investor(s), provided that the Affiliate shall not be a Competitor under the terms hereof;

“Agreement” any subscription agreement inter-alios between the Company, its holding Company, subsidiaries and the Private Investor inter-alia for Issuance of equity shares and convertible securities to the Private Investor.

“Beaver” means Beaver Engineering and Holdings Limited,

“BSE” means the Bombay Stock Exchange;

Business Day” means a day, other than a Saturday, a Sunday or a public holiday, on which banks are open for business in Hyderabad, Mumbai and the place of incorporation of the Private Investor for effecting transfer of payments through the Real Time Gross Settlement System operated by or on behalf of the RBI or any other payment system;

“Business Plan” means the plan prepared by the Company at the beginning of each year setting out a brief outline of the manner of conduct of business, the policies and annual targets of the Company including an annual budget and which has been subsequently presented and discussed by the Board of the Company

“Competitor” means Persons which are engaged directly or through its Affiliates in the business of manufacturing industrial batteries;

“Constitutional Documents” means the Memorandum of Association and the Articles of Association;

“Control” shall mean, as applied to any person, the power to direct the management and policies of such person by ownership of voting capital, contract or otherwise. There will be a presumption of Control when a person has:

- (a) direct or indirect legal or beneficial ownership of more than fifty percent (50%) of the voting securities of such other person, or
- (b) the power to elect majority of the directors on the board of directors of such other person;

The terms "Controlling" and "Controlled" shall be construed accordingly. It is clarified for the avoidance of doubt that any affirmative voting rights provided to any third party shall not constitute exercise of Control by such third party, for the purposes of the foregoing;

"Covenantors" shall mean Beaver and the Promoters;

"Deed of Adherence" means a deed in such form as may be appended to the Agreement

"Fully Diluted Basis" means any computation of the shareholding of the Company taking into account the Shares and/or Share Equivalents (if applicable on an as-if converted or exercised basis);

"Private Investor or investor(s)" means a private investor in Beaver as per the provisions of the Agreement.

"Private Investor(s) Director" means nominee of Private Investor(s), elected to the Board as a non-retiring director;

"Private Investor(s) Securities" means Share and/or Share equivalents held by the Private Investor(s) in the Company in accordance with the terms of the Agreement;

"Memorandum of Association" means the memorandum of association of the Company and shall include all modification to the memorandum of association as made from time to time;

"Promoters" means Beaver, Dr. A J Prasad, Ms. Kavita Prasad and Mr. M S S Srinath.

"Representatives" means, as to any person, its accountants, counsel, consultants (including actuarial and industry consultants), officers, directors, employees, agents and other advisors and representatives;

"Reserved Matters" means those items in relation to the Company as enumerated in Article 176 [F] which would require the affirmative vote of Private Investor(s) Director or the Representatives of Private Investor(s), as the case may be;

"Shares" shall mean and include all shares forming part of the share capital of the Company;

"Share Equivalents" shall mean as regards the Company, the following:

- (a) any options and warrants (including options issuable under any employee stock option plans) to purchase and/or allot equity shares and/or preference shares issuable under any outstanding commitments, contingent or otherwise, such as convertible securities, options and/or warrants (including employee stock option plans),
- (b) any other shares whether equity or otherwise issuable under any outstanding commitments, contingent or otherwise, such as convertible securities, options and/ or warrants, and
- (c) all other instruments, agreements or arrangements entitling or enabling the allottee or holder thereof to acquire and/or exercise, whether directly or indirectly, beneficial interest, and/or



- (d) voting rights in the Company or otherwise having the characteristics (including ranking or voting arrangements) of shares of any class or kind or without any rights or with differential rights;
- (e) "Shareholder/s" means any person in whose name any Shares are registered in the Register of Members maintained by the Company;

"Transaction Documents" shall have the same meaning as assigned to it in the Agreement;

"Transfer" means the sale, transfer and assignment or disposal in any other manner of the legal, beneficial ownership and economic benefits of the Share and/or Share Equivalents of the Company;

B. INTERPRETATIONS:

- (a) In addition to terms defined in Article 176A, certain other terms are defined elsewhere in Article 176 and Article 2 and whenever such terms are used in this Article 176 they shall have their respective defined meanings.
- (b) In this Articles, unless the context otherwise requires:
 - (i) Unless otherwise specified, whenever any payment is to be made or action taken under this Article 176 is required to be made or action taken on a day which day is not a Business Day, such payment shall be made or action taken on the immediately following Business Day.
 - (ii) All references in this Article to clauses and sub-clauses shall be construed as references respectively to the clauses and sub-clauses of this Article.
 - (iii) The terms herein, hereof, hereto, hereunder, and words of similar purport refer to this Article as a whole.
 - (iv) The terms herein, hereof, hereto, hereunder, and words of similar purport refer to this Article as a whole.
 - (v) References to the Agreement and/or the Transaction Documents shall be deemed to include references to the Agreement, the Transaction Documents and such agreement, deed or document as varied, amended, modified, novated, supplemented or replaced by any other documents, deeds, instruments or agreements from time to time.

Reference to person shall include a natural person, company, partnership, trust, joint venture, association, corporation, an unincorporated organization or other entity or organization, including any government authority or agency and any other legal entity.

C. TRANSFER/ASSIGNMENT OF SHARES AND SHARE EQUIVALENTS:

- (i) The rights, benefits and obligations of the Private investor(s) under this Article 176C are by virtue of holding the Private Investor(s) Securities in accordance with the terms hereof. Private Investor(s) shall be entitled to Transfer Private Investor(s) Securities along as provided in the Article 176C(ii) below,
- (ii) If Private Investor(s) hold(s) any Share and/or Share Equivalents in the Company pursuant to provisions of the Agreement, Private Investor(s) shall continue to have rights under Article

176D (Tag Along Rights), Article 176E (Directors) and any other right of the Private Investor as may be specified in the Agreement in relation to any Share and/or Share Equivalent held by Private Investor(s) in the Company.

It is clarified for the avoidance of doubt that, save and except as set forth in the foregoing, all the other rights of Private Investor(s) under the terms hereof and under the Transaction Document, shall cease to apply as applicable in relation to the Shares and/or the Share Equivalents held by Private Investor(s) in the Company. For avoidance of any doubt nothing in this Article 176C shall be construed as termination of any rights and benefits of Private Investor(s) in relation to Private Investor(s) Securities held by Private Investor(s) in the Company.

- (iii) The Covenantors shall co-operate with Private Investor(s) and the Company in order to achieve a successful Transfer of any of Private Investor(s) Securities in accordance with this Article 176C and Article 176E.

D. TAG ALONG RIGHTS

- (i) In the event Private Investor(s) hold(s) Private Investor(s) Securities in the Company and the Promoters, and/or Beaver, and/or their Affiliates ("Transferring Covenantors") propose to transfer more than aggregate 5% of Share and/or Share Equivalents in one calendar year held in the Company, then the provisions of Article 176D(ii) to 176D(vi) below would apply to such transfer by Transferring Covenantors.
- (ii) Subject to the terms of the Agreement, in the event any of the Transferring Covenantors proposes to transfer any of Share and/or Share Equivalents of the Company ("Proposed Transfer") held by such Transferring Covenantors ("Offered Shares") to a third party (the "Purchaser"), the Transferring Covenantors shall within 5 (five) Business Days of making the proposal (as mentioned above) serve upon Private Investor(s) a notice in writing (the "Tag Along Notice"), stipulating the terms and conditions of the proposed transfer including (i) the price per Offered Share; (ii) the number of Offered Shares proposed to be transferred; (iii) the Private Investor(s) Tag Shares (as defined hereinafter) (iv) the name, address and identity of the Purchaser; and (v) other material terms and conditions of the proposed transfer to enable Private Investor(s) to determine whether or not to transfer the Private Investor(s) Tag Shares to such Purchaser. The Transferring Covenantors would also furnish an undertaking that apart from the price per Offered Share, there is no other consideration of whatsoever nature received by the Transferring Covenantors from the Purchaser or any other Person for the Transfer. The provisions of this Article shall not apply to sale or Transfer of any Liquidity Shares (as may be defined in the Agreement) by the Transferring Covenantors. For the purpose of this Article, the Private Investor(s) Tag Shares shall mean (i) such number of Private Investor(s) Securities as determined pro rata to the Offered Shares; or (ii) the entire Private Investor(s) Securities held by Private Investor(s) in the event the Proposed Transfer shall result in the change in Control of the Company ("Private Investor(s) Tag Shares").
- (iii) Within a period of 5 (five) Business Days of the receipt of the Tag Along Notice

("Tag Notice Period"), Private Investor(s) shall have the right, but not the obligation, to sell, the Private Investor(s) Tag Shares, on the same price and terms and conditions as set out in the Tag Along Notice ("Tag Along Right") by delivering a written notice specifying the number of Private Investor(s) Tag Shares which Private Investor(s) wishes to Transfer ("Tag Along Acceptance



Notice"). It is also clarified that the Promoters will be required to complete such transfer of Share and/or Share Equivalents within 5 (five) Business Days of receipt of the Tag Along Acceptance Notice, failing which the Promoter will need to seek fresh consent for transfer of their Shares and/or Share Equivalents from Private Investor(s).

- (iv) The Promoters agree that if Private Investor(s) exercises the Tag Along Right, the Private Investor(s) Tag Shares in respect of which Private Investor(s) exercises the Tag Along Right will be Transferred to the Purchaser in priority to the Shares and/or Share Equivalents to be transferred by the Promoters.
- (v) In the event Private Investor(s) declines the Tag Along Right in writing, the Promoters shall be entitled to complete the transfer to the Purchaser within 5 (five) Business Days of the written intimation of Private Investor(s) decision to decline the Tag Along Right, on the terms and conditions which are not more favourable than those set out in the Tag Along Notice, failing which they will have to comply in full with the provisions of this Article 176D.
- (vi) In the event the Transferring Covenantors transfer any Shares and/or Share Equivalents to any Purchaser pursuant to the provisions of this Article 176D, the Transferring Covenantors shall deliver to Private Investor(s) a copy of Deed of Adherence executed by such Purchaser,

E. DIRECTORS

- (i) Composition of the Board

Private Investor(s) is / are entitled to appoint pursuant to the terms of the Agreement:

- (a) 1 (one) permanent non-retiring Director as the Private Investor(s). The Director so appointed shall also be appointed as a member of all the committees and sub-committees formed by the Board.
- (b) 1 (one) non-voting observer (the "Observer") each on the Board and on all the committees and sub-committees of the Board where the Private Investor(s) is eligible to be appointed. The Observer shall be entitled to attend all the meetings of the Board, any such committee or sub-committee of the Board, but will not vote on any item put to vote thereat but can put forth his suggestion and views.
- (ii) Private Investor(s) Director shall be non-executive and non-retiring Directors (not liable to retire by rotation) and shall not be responsible for the day-to-day management of the Company. The Company shall, where the applicable Law permits ensure that the Private Investor(s) Director are not included within the scope of "officer who is in default" under applicable Law.
- (iii) The voting and quorum requirements for committees and/or sub committees of the Board shall be the same as for the meetings of the Board (as detailed below) without effecting the compliance with statutory law, rules and regulations made thereunder as may be applicable.
- (iv) Appointments:
 - (a) All appointments and/or nominations made by the Private Investor(s) to appoint the Private Investor(s) Director shall be in writing to the Company, signed by or on behalf of the Private Investor(s) and served on the Company at its registered office and shall take effect as on the date they are appointed by the Board. The Company shall forthwith either (i)

convene a meeting of the Board; or (ii) pass a Board resolution by way of circular resolution, in each case, to approve such appointment forthwith.

- (b) The right of nomination and appointment of the Private Investor(s) Director shall include the right at any time to remove from office any such person nominated by the Private Investor(s) (without any approval or ratification of the Board) and also replace the Private Investor(s) Director appointed by it with suitable nominees. The Covenantors shall exercise their voting rights in favour of the election of the Private Investor(s) Director so nominated by the Private Investor(s).
 - (c) The Board shall not have a right to fill in any casual vacancy caused in the office of Private Investor(s) Director, by reason of his/her resignation, death, removal or otherwise but shall appoint such nominee as is recommended by the Private Investor(s), which appointment shall be made in the manner stated in Article 176E(iv) (a) above.
 - (d) Private Investor(s) agrees and undertakes to ensure that none of the Private Investor(s) Director and/or Observer during the term of the Agreement and prior to the expiry of 1(one) year from date of termination of the Agreement are appointed as Director on the Board of the any Competitor.
- (v) Notice for Board Meetings
- (a) At least 14 (fourteen) days written notice shall be given to each of the Directors of any meeting of the Board. A meeting of the Board may be convened at a shorter notice with the prior written consent of the Private Investor(s) Director.
 - (b) Such written notice shall be given at the usual postal address of each of the Directors in India and in case the Directors do not ordinarily reside in India or are currently out of India, the same shall be given at such address as notified by the concerned Directors as a valid address (whether in India or outside India) for the service of any notice for the time being.
 - (c) The notice of each meeting of the Board shall:
 - (i) include an agenda setting out the business proposed to be transacted at such meeting of the Board;
 - (ii) specify any items, decisions or resolutions required concerning any Reserved Matter and provide full information and details relating to such Reserved Matter;
 - (iii) be accompanied with copies of all relevant papers connected therewith and/or proposed to be placed before or tabled before the Board; and
 - (iv) be sent by courier or facsimile transmission or email (followed by a physical notice). Provided however the notice will be deemed to have received on the date of receipt of the e-mail.
 - (d) Further, unless with the consent of the Private investor(s) Director, any item being Reserved Matter and not included in the agenda of a meeting shall not be discussed or considered or voted upon at that meeting of the Board.