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28th Annual Report

2013-2014

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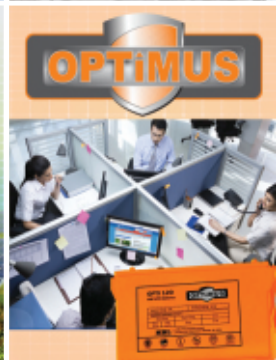
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HBL POWER SYSTEMS LIMITED

CIN : L40109TG1986PLC006745

Regd. Off : 8-20-601, Road No. 10 Banjara Hills, Hyderabad - 500 034.

Financial Year 2013 - 14

Board of Directors

Dr. A J Prasad	- Chairman & Managing Director
Mr. M S S Srinath	- Whole Time Director
Mrs.Kavita Prasad	- Whole Time Director
Mr. P Ganapathi Rao	
Mrs.Preeti Khandelwal	
Mr. V V S Ravindra – IDBI Nominee (upto 14 November 2014)	
Mr. J. Vidya Shankar – IDBI Nominee (from 14 November 2014)	
Mr. Sanjiv Singhal	
Mr. Ajay Bhaskar Limaye	

Audit Committee

Mr. P Ganapathi Rao, Chairman of the Committee
Mrs.Kavita Prasad
Mr. V V S Ravindra – IDBI Nominee (upto 14 November 2014)
Mr. J. Vidya Shanker – IDBI Nominee (from 14 November 2014)
Mrs.Preeti Khandelwal

Company Secretary

Mr. MVSS Kumar

Auditors

M/s Satyanarayana & Co., Chartered Accountants Amar Mansion, Ranigunj Secunderabad-500 003	M/s. Rao & Kumar Chartered Accountants 10-19-15, Soudamani, Siripuram Visakhapatnam-530003
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Cost Auditors

M/s. Narasimha Murthy & Co.
Cost Accountants, Hyderabad 500 029

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 eighth Annual General Meeting of the members of HBL POWER SYSTEMS LIMITED will be held at KLN Prasad Auditorium, Federation of Andhra Pradesh Chamber of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 on Saturday, 27th December 2014 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 2014 and Statement of Profit and Loss for the year ended as on that date along with the Directors' Report and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31st March 2014.
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 2014-15 till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder and pursuant to recommendations of the Audit Committee of the Board of Directors, M/s. Satyanarayana & Co, Chartered Accountants, Secunderabad (ICAI Firm Registration No. 03680S) and M/s. Rao & Kumar Chartered Accountants, Visakhapatnam (ICAI Firm Registration No. 03089S) be and are hereby re-appointed as Joint Auditors of the Company for the year 2014-15 to hold office from the conclusion of the Meeting until the conclusion of the next Annual General Meeting and that the Board of Directors be and is hereby authorized to fix such remuneration and reimbursement of out of pocket expenses (if any) as per Company policy as may be determined by the Audit Committee in consultation with the Auditors."

SPECIAL BUSINESS:

5. **To appoint Mr. J. Vidya Shankar as a Nominee Director and if thought fit to pass with or without modification, the following resolution as an ordinary resolution**

"RESOLVED THAT pursuant to Article 85 of Articles of Association of the Company, Section 161(3) and other applicable provisions if any of the Companies Act 2013 and rules made thereunder, Mr. J. Vidya Shankar who was nominated as Director by IDBI Bank Limited in place of Mr. VVS Ravindra and co-opted by the Board with effect from 14 November 2014 be and is hereby appointed as a Non-Executive Nominee Director, whose period of office shall not be liable to determination by retirement of directors by rotation as per IDBI Bank Ltd letter dated 21 October 2014".

6. **To authorise Board of Directors to enter into related party transaction 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 188 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act") and Listing Agreement and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be accorded to ratify and approve all existing and future contracts / agreements / arrangements with following related parties and authorize the Board of Directors of the Company to enter into contracts and/or agreements, arrangements with related parties with respect to sale, purchase, of supply of any goods including capital goods, or materials, selling or otherwise disposing off, or buying, leasing of property of any kind, availing or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction of whatever nature with related parties given below and also given in the Explanatory Statement annexed hereto:

Description of transaction with Related Party	Name of Related Party	Total Annual Value of transactions with each of the related party not to exceed (Rs. Crores)
Sale, purchase, supply of any goods including capital goods, or materials, selling or otherwise disposing off, or buying, leasing of property of any kind, availing of or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction sale / purchase of goods and supply and availment of services.	Beaver Engineering & Holdings Private Limited, (Holding Company).	Rs. 15 Crore
	SCIL Infracon Pvt Ltd	Rs. 30 Crore
	HBL Germany GmbH, Germany	Rs.100 Crore
	HBL America Inc. USA	Rs.100 Crore
	Gulf Batteries Company Limited, KSA	Rs.100 Crore
	HBL Suntech. LLP	Rs. 15 Crore

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute all deeds, applications, documents, writings, that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to approve transactions and the terms & conditions with any related party defined under the Act, and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient, or incidental thereto as the Board may its absolute discretion deem fit, without being required to seek any further consent or approvals of the Members otherwise to the end and intent that they shall be deemed has given their approval thereto expressly by the authority of this resolution for the purpose of giving effect to this resolution.”

7. To authorize creation of charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED that pursuant to Section 180 (1) (a) and other applicable provisions, if any, of the Companies Act,2013, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the substantial assets of the Company in certain events in favour of banks/financial institutions to secure loans provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said loans, shall not, at any time exceed Rs.750 crore (Rupees Seventyfive Crores).”

RESOLVED FURTHER that for the purpose of giving effect to this resolution, the Board or any Committee thereof be and is hereby authorized to finalize, settle and execute such documents /deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgage / charge as aforesaid.”

8. To appoint Mr. P. Ganapathi Rao as an Independent Director of the Company and if thought fit to pass with or without modification the following resolution as an Ordinary resolution

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. P. Ganapathi Rao (DIN 00089685), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 14th November, 2014 up to 13th November, 2019."

9. To appoint Mrs. Preeti Khandelwal as an Independent Director of the Company and if thought fit to pass with or without modification the following resolution as an Ordinary resolution :

"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mrs. Preeti Khandelwal (DIN 00027999), a non-executive Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 14th November, 2014 up to 13th November, 2019."

For and on behalf of the Board

Place : Hyderabad 500 034
Date : 14th November, 2014

MVSS Kumar
Company Secretary

CIN: L40109TG1986PLC006745

Regd. Office:

8-2-601, Road No.10

Banjara Hills, Hyderabad-500034

Phone: 040-27791641, Fax: 040-27795419

E-Mail: contact@hbl.in; investor@hbl.in

Notes:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 5 to 9 of the Notice, is annexed hereto. The relevant details as required under clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/ re-appointment as Directors under Item No. 3 and Item Nos. 5,8 & 9 of the Notice, are also annexed.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than **FORTY-EIGHT HOURS** before the meeting. Proxies submitted on behalf of limited companies, societies, trusts etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

3. The Register of Members and Share transfer books of the Company shall remain closed from 20th December, 2014 to 27th December, 2014 (both days inclusive).
4. If the Dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend will be made as under:
 - a) To all Beneficial Owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on 19th December, 2014;
 - b) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 27th December, 2014
5. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Karvy Computershares Private Limited to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy Computershares Private Limited.
6. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
7. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
8. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with Karvy Computershares Private Limited /Depositories.
9. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. The instructions for e-voting are given in Annexure A.
10. Members who have not so far presented dividend warrant(s) for the Financial Year 2007-08 are requested to seek to issue a duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, M/s. Karvy Computershares Private Limited immediately. Members are requested to note that dividends unclaimed within 7 years from the date of transfer to the Company' Un-paid Dividend Account, will as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956) be transferred to the Investor Education and Protection Fund.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

ITEM NO. 5

The Members are informed that the IDBI Bank Limited nominated Mr. J Vidya Shankar on the Board of the Company in place of Mr. VVS Ravindra vide their letter No.CBG-SSCB.53/259/Nom.8 dated 21st October, 2014. Mr. J Vidya Shankar is a General Manager ICG in IDBI Bank Ltd, Bangalore and has vast banking experience.

In accordance with the provisions of the Companies Act, 2013 and rules made thereunder his name has been proposed for appointment as Directors of the Company at this Annual General Meeting. Hence, your Directors recommend acceptance of the aforesaid resolution in the best interest of the Company.

Mr. J Vidya Shankar is deemed concerned or interested in the said resolution.

ITEM NO. 6

Pursuant to Section 188 of the Companies Act, 2013, the Company can enter into transactions mentioned in aforesaid resolution, which are not in the ordinary course of business and / or are not arm's length basis, only with prior approval of the Shareholders accorded by way of special resolution.

Though, your Company always seeks to enter into transactions with related parties in the ordinary course of business and at arm's length basis, as per amended Listing Agreement Clause 49 pursuant to SEBI Circular Number CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, all related party transactions notwithstanding exempted under Section 188(1) of the Companies Act, 2013, have to be approved by the members.

Nature of related interest of related parties given below:

Name of the Related party	Name of the Director or Key Managerial Personnel who is related if any	Nature of relationship	Particulars of contract or arrangement with related party
Beaver Engineering & Holdings Pvt. Ltd(Holding Company of HBL)	Dr. A J Prasad Mr. MSS Srinath Mrs. Kavita Prasad	Holdings Company of HBL and Promoters & Directors are common.	Sale of Rentar and concrete products
SCIL Infra Con Pvt Ltd	None of the Directors are Directors in the Company.	WOS of the Company.	Sale of spun concrete products
HBL Germany GmbH, Germany	Mrs. Kavita Prasad is a Director	Wholly owned subsidiary	Supply of batteries power electronic products.
HBL America Inc. USA	Mrs. Kavita Prasad is a Director	Wholly owned subsidiary	Supply of batteries power electronic products.
Gulf Batteries Company Ltd., KSA	–	JV Company	Supply of batteries power electronic products.
HBL Suntech LLP	Mrs. Kavita Prasad is a Designated Partner in LLP on behalf of HBL.	HBL holds 60% partner in LLP.	Supply, service of batteries



The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the members. None of Director or Key Managerial Personnel or their relatives other than mentioned above, is concerned or interested in the said resolution.

ITEM NO. 7

Earlier, the members of the Company by way of an ordinary resolution accorded their consent to the Board of Directors to mortgage and / or create charge on all or anyone of the moveable / immovable properties or such other assets of the company to secure the borrowings by the Company from Banks and Financial Institutions. Further, the members have also accorded their consent by an ordinary resolution passed through postal ballot in the year 2011 to borrow not exceeding Rs.750 Crores. Consequent to notification of Section 180 of the Companies Act, 2013 consent of the Company is required by way of a special resolution to create mortgage and/or charge on the movable/ immovable properties of the Company upto the borrowing limits approved by the members.

The Board of Directors recommends the resolution at Item no. 7 for your approval as special resolution. None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in this resolution.

ITEM NO. 8 & 9

The Company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. P Ganapathi Rao and Mrs. Preeti Khandelwal as Independent Directors at various times in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Mr. P Ganapathi Rao and Mrs. Preeti Khandelwal non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval. The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

For and on behalf of the Board

Place : Hyderabad
Date : 14th November, 2014

MVSS Kumar
Company Secretary

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

(In pursuant to clause 49 of the Listing Agreement)

Name of the Director	Mrs. Kavita Prasad
Date of Birth	11.12.1971
Date of first appointment	10.05.2000
Qualification	B Com, PGDCA
Expertise in specific functional Area	Overall in-charge of the Financial activities and specific focus on Exports Marketing and overseas subsidiaries of the company.
Details of other Directorships	Beaver Engineering & Holdings Private Limited Kairos Engineering Limited Naval Systems and Technologies Private Limited Plumac Batteries Private Limited, HBL Germany GmbH, Germany HBL America Inc. USA
Details of Committee and membership status	Member of Audit Committee, CSR Committee and Share Transfer Committee

Name of the Director	Mrs. Preeti Khandelwal
Date of Birth	24.03.1971
Date of first appointment	02.03.2009
Qualification	B Com, ACS
Expertise in specific functional Area	She is a qualified Company Secretary and has expertise in Company Law and FEMA related issues.
Details of other Directorships	NIL
Details of Committee and membership status	Member of CSR Committee, Audit Committee, Remuneration Committee and Share Transfer Committee

Name of the Director	Mr. P Ganapathi Rao
Date of Birth	01.09.1955
Date of first appointment	25.04.2005
Qualification	FCA
Expertise in specific functional Area	Practicing Chartered Accountant and has expertise in Finance, Audit Systems and as well as Capital Market.
Details of other Directorships	NIL
Details of Committee and membership status	Chairman of Audit Committee.

Name of the Director	Mr. J Vidya Shankar
Date of Birth	December 26, 1962
Date of first appointment	14-11-2014
Qualification	M.Tech (Mechanical Engineering)
Expertise in specific functional Area	Finance and Engineering
Details of other Directorships	NIL
Details of Committee and membership status	Member of Various Internal Committees of IDBI Bank Ltd.,