



26th Annual Report 2011-2012

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HBL Power Systems Limited

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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.



(vi) Quorum

- (a) The quorum for a meeting of the Board shall be 1/3rd (one third) of the Directors, but in the event at any meeting if any Reserved Matter is to be voted on at such meeting, the quorum shall include presence of the Private Investor(s) Director and any one Director nominated by the Promoters, which shall be essential at the beginning and throughout the meeting for the purposes of constituting quorum.
- (b) If within half an hour of the time appointed for the meeting, a quorum is not present, the meeting shall automatically stand adjourned until the same day in the next week (or such earlier date as may be mutually agreed between the Directors) at the same time and place. If at the adjourned meeting ("Adjourned Meeting") also a quorum is not present, within half an hour, but the number of Directors present are sufficient to constitute a valid quorum under the relevant applicable Law, then the Directors present shall be deemed to constitute a valid quorum. If any of the Private Investor(s) Director is still not present at such Adjourned Meeting, the Directors then present shall constitute valid quorum and the Board may resolve on the Reserved Matters, except where the Private Investor(s) Director has, at least one day prior to the date of the Adjourned Meeting, conveyed in writing to the Company its disagreement in relation to the Reserved Matter.
- (c) The Private Investor(s) Director expressly reserve the right to defer the discussion on the Reserved Matter in a Board meeting where any Reserved Matter is to be resolved upon, in case of inconvenience or exigencies. In such a case, the Reserved Matter shall be discussed in a Board meeting reconvened at the same place and time 7 (seven) Business Days later, or at such time as may be agreed to by the majority of the Directors, including the Private Investor(s) Director, with the same agenda. If any of the Private Investor(s) Director is not present at such reconvened meeting, the Directors then present shall constitute valid quorum and the Board may resolve on the Reserved Matters, except where the Private Investor(s) Director has, at least one day prior to the date of the reconvened meeting, conveyed in writing to the Company its disagreement in relation to the Reserved Matter.

(vii) Meetings of the Board

The Board shall meet at least once in every calendar quarter at the registered office of the Company or such other place as may be unanimously agreed by all the Directors of the Board.

(viii) Minutes

The parties to the Agreement agree that they will record minutes of the proceedings of every meeting of the Board. The minutes of each meeting shall contain a fair and accurate summary of the proceedings thereat and shall be circulated to each Director for their respective comments and shall be finalized in accordance with applicable Law. If a Reserved Matter is discussed the minutes of such a meeting will be discussed within 1(one) week.

(ix) Directors' and Officers' Liability Insurance

The Company shall obtain directors' and officers' liability insurance for the Private investor(s) Director or the Alternate Director, within 60 (sixty) Business Days of the appointment of the Private Investor(s) Director or the Alternate Private Investor(s) Director, on such terms that are



mutually agreed between Private Investor(s) and the Promoters, it being understood that the Company shall bear all costs in relation to the same.

(x) Expenses

Subject to applicable Law, the Company will pay all actual and reasonable out-of-pocket expenses associated with the Board meetings (including travel, boarding and lodging expenses) incurred by Private Investor(s) Director, the Alternate Director and any other expenses incurred by them in the course of fulfilling their duties and obligations as Directors of the Company.

(xi) Indemnity

Subject to applicable Laws, in the event Private Investor suffer any liability, damage, action, claim, cost, charge or expense, by virtue of any act or abstinence of the Private Investor in the course of performing its duties as a Director of the Company, other than on account of their willful misconduct or gross negligence, the Company agrees to indemnify such Director, over and above the amounts receivable from the insurance policies against such liability, damage, action, claim, cost, charge or expense (including, without limitation, actual legal fees, experts' fees, consultants' fees on an indemnity basis and all costs and expenses incurred in the recovery of the amounts payable under this undertaking).

(xii) Decisions of the Board

- (a) Notwithstanding anything contained in this Article but subject to the provisions of Article 176E (v) and 176E (vi) (c) hereof, no decision in respect of any of the items listed in the Reserved Matters shall be valid, unless the Private Investor(s) Director has voted in favour of such decision or consents in writing to the same.
- (b) Subject to applicable Law, a resolution by circulation shall be as valid and effectual as a resolution duly passed at a Board meeting called and held, provided it has been circulated in draft form, together with the relevant papers, if any, to all the Directors whether in India or abroad for a minimum period of 7 (seven) Business Days and has been approved by a majority of the Directors entitled to vote thereon; provided that if it relates to a Reserved Matter, affirmative vote the Private Investor(s) Director should have been obtained. Notice may be waived or the resolution passed by circulating for a shorter period with the consent of the majority of the Directors, including the consent of either of the Private Investor(s) Director.
- (c) All the Reserved Matters shall be resolved and approved by the Board (including the affirmative vote of the Private Investor(s) Director) prior to being presented to the Shareholders for approval. Private Investor(s) further agree and undertake that in the event any matter which is a Reserved Matter is also required to be approved in the General Meeting by the members of the Company as per the applicable Law, and any Private Investor(s) Director has voted in favour of any such matter constituting to be a Reserved Matter item at the Board meeting, Private Investor(s) shall not in the Shareholders meeting disapprove or cast in a negative vote in respect of such matter being a Reserved Matter item being taken up for vote in any General Meeting.



F. RESERVED MATTERS

The Company shall not undertake the following without the approval of the Private Investor(s) Director:

- I. Amendment restatement, modification or supplement to the Constitutional Documents of the Company.
- II. Alteration of the capital structure including but not limited to change of the authorised share capital, issuance, allotment, buy-back or redemption of the Shares and/or Share Equivalents of the Company except (i) for the purposes of giving effect to the provisions of the Agreement or the Transaction Documents (ii) existing Employee Stock Options and (iii) investment by the New Investor.
- III. Changing the nature of business of the Company from its current business or commencing any new unrelated business operation by the Company.
- IV. Any material change in the accounting or tax policies or accounting reference period and/or financial year other than as required by applicable Law.
- V. Any decision/ action to be taken by committee or sub-committee of the Board of the Company which is in relation to a Reserved Matter.
- VI. Altering or varying the rights of Shares and/or Share Equivalents of the Company.
- VII. Disposal or closure of whole or any substantial part of any undertaking of the Company or sale or transfer of the whole or any substantially the whole of the assets of the Company.
- VIII. Appointment of auditors of the Company including statutory auditor/s and adoption of annual audited accounts of the Company.
- IX. Incur any Financial Indebtedness which is in excess of Rs 5,00,00,000/- (Indian Rupees Five crores only) beyond the Business Plan.
- X. Incurrence of any capital expenditure beyond agreed limits.
- XI. Creation or adoption of any equity option plan, employee stock option, employee stock purchase plan, or similar plans in relation to the employees and management of the Company ("Employee Plans"), and any amendments, modifications or substitutions of such Employee Plans and issuance or distribution of the Shares and/or Share Equivalents pursuant to such Employee Plans.
- XII. Any rematerialisation of any Shares and/or Share Equivalents.
- XIII. Related party transactions between the Covenantors and the Company, provided the value of such related party transaction is more than Rs 1,00,00,000/- (Indian Rupees One Crore only); save for transactions within specifically approved quarterly or annual limits.
- XIV. Any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.



XV. Change in registered office of the Company.

XVI. Any alteration or amendment of the terms and conditions of the Private investor(s) Securities (including any action that would result in a dilution of the respective shareholding of Private investor(s) (computed on an as-if-converted-basis).

G. GENERAL MEETINGS

(i) Notice

(a) Not less than 21 (twenty one) days written notice of every general meeting of the Company shall be given to all Shareholders and Private Investor whether in India or outside India. A shorter notice may be given to the Shareholders to hold an extraordinary general meeting, subject to consent being accorded by Private Investor.

(b) Every notice convening a general meeting shall set out the agenda of the business to be transacted thereat.

(ii) Authorised Representatives

Beaver shall have the right to nominate a representative(s) in any general meeting of the Company provided such a representative/s shall vote on any matters in the general meeting of the shareholders of the Company in accordance with the instructions of board of directors of Beaver.

H. GOVERNING LAW, DISPUTE RESOLUTION AND JURISDICTION

(i) Governing Law

These Articles shall be governed by and in accordance with the laws of India.

(ii) Dispute Resolution

In the event of any claim, difference, dispute or controversy arising between the parties to the Agreement under this Article or out of or in connection with this Article, including without limitation, the execution, validity, enforcement, breach, performance, interpretation, implementation, alleged material breach, termination or expiration of this Article, such claim, difference, dispute or controversy shall be referred to and settled by arbitration. The arbitration shall be conducted in a manner as agreed between the Shareholders of the Company under their respective agreements.

For and on behalf of the Board

Place : Hyderabad
Date : 14th November 2012

MVSS Kumar
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/herself 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 7 set out above is annexed hereto.
4. The Register of Members and Share transfer books of the Company shall remain closed from 18th December, 2012 to 24th December, 2012 (both days inclusive).
5. The dividend, if any, declared would be paid to those members whose names appear on the Register of Members in case of electronic holding as on 17th December, 2012 and for the members holding in physical mode as on 24 December 2012.
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.
9. The Registrar of Companies, Andhra Pradesh has allowed time by three months for holding the Annual General Meeting of the Company for the reasons mentioned elsewhere in the Annual Report.
10. As a part of a Green Initiative in the Corporate Governance, the Ministry of Corporate Affairs, vide its Circular No.17/2011 dated 21st April 2011 permitted service of notices and documents in electronic mode. Hence, members are requested to register their e-mail ID's with the Company's Registrar and Transfer Agent, Karvy Computershares Private Limited at the address given in the Corporate Governance section.



EXPLANATORY STATEMENT

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

ITEM NO. 5 AND 6

The Members are informed that the IDBI Bank Limited nominated Mr. VVS Ravindra on the Board of the Company with effect from 25th June, 2012 in place of Mr. VV Rao vide their letter No.SS-CB.53/163/Nom.8 dated 11th June, 2012. Mr VVS Ravindra is a General Manager (Risk Department) in IDBI Bank Ltd, Mumbai and has vast banking experience.

Mr. Sanjiv Singhal has been appointed as an Independent non-retiring Director on the Board of the Company w.e.f. 14th August, 2012. Mr Sanjiv Singhal was formerly with Standard Chartered Bank and headed Structured Finance for India and later SE Asia. He has MBA from the Wharton Business School (USA), and MA with distinction from the University of Essex, UK and a BA with honours degree from Delhi University.

In accordance with the provisions of the Companies Act, 1956 their names have been proposed for appointment as Directors of the Company at this Annual General Meeting. Hence, your Directors recommend acceptance of the proposed resolution in the best interest of the Company.

Mr. VVS Ravindra and Mr. Sanjiv Singhal are concerned or deemed interested in the aforesaid resolutions

ITEM NO. 7

In order to mobilize long term resources, the company proposes to make certain amendments to existing Articles of Association (AoA) keeping in view the broad compliance of investor financing requirements. The proposed Articles are desirable in the AoA of the Company to provide comfort to such Investors. To save cost and time, the Board proposes the new Article No.176 as mentioned in the Notice above for your approval by passing a Special Resolution under Section 31 of the Companies Act, 1956.

Hence your Directors recommend the aforesaid Resolution for your acceptance in the best interest of the Company. None of the Directors of the Company are deemed interested or concerned in the aforesaid resolution.

For and on behalf of the Board

Place : Hyderabad

MVSS Kumar

Date : 14th November 2012

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	Mr. V V S Ravindra	Mr. Sanjiv Singhal
Date of Birth	11.12.1971	18.01.1964	23.03.1967
Date of first appointment	10.05.2000	25.06. 2012	14.08.2012
Qualifications	B Com, PGDCA	BTech (Chemical)	MBA from the Wharton Business School (USA), MA with distinction from the University of Essex, UK and BA with honours from Delhi University.
Expertise in specific functional Area	Overall in-charge of the Financial activities and specific focus on Exports Marketing and overseas subsidiaries of the company.	Banker. Working as General Manager, Risk Management in IDBI Bank Limited, Cuffe Parade, Mumbai 400 005.	Previously worked with Standard Chartered Bank as head of Structured Finance for India and later SE Asia out of Singapore. He has vast banking experience and brings in a good credit judgment. He also spent the first three years of his working life as an entrepreneur wherein he took over an ailing automobile components manufacturing company and turned it around.
Details of other Directorships	<ol style="list-style-type: none"> 1. Beaver Engineering and Holdings Ltd 2. Kairos Engineering Ltd 3. Naval Systems and Technologies Pvt. Ltd 4. Sankhya Infotech Ltd. Igarashi Motors India Limited. 5. Agile Electric Drives Technologies And Holdings Private Limited 	IDBI Nominee Director in Natural Bio-Chemicals and Foods Limited	<ol style="list-style-type: none"> 1. Trimax IT Infrastructure & Services Limited 2. GEI Industrial Systems Limited 3. Deepak Fasteners Limited 4. Dee Development Engineering Limited 5. Axiom Cordages Limited
Details of Committee and membership status	Member of Audit Committee and Share Transfer Committee	Member of Audit Committee and Remuneration Committee	NIL



DIRECTORS' REPORT

Dear Members

Your Board of Directors take pleasure in presenting the 26th Annual Report for the financial year ended on 31st March 2012. The financial performance is presented below (stand-alone basis).

(₹ In Lakhs)

S.No.	Particulars	2011-12	2010-11
1	Net Sales	108952.93	99375.58
2	Other Income	1647.21	1247.49
3	Total Income	110600.14	100623.07
4	Total Expenditure	96013.25	92044.66
5	Profit before interest, depreciation and tax (PBIDT)	14586.89	8578.41
6	Finance Cost	8980.87	4934.43
7	Depreciation & Amortisation expenses	3436.12	3132.71
8	Profit before tax (PBT)	2169.90	511.27
9	Provision for tax & tax adjustment	1209.73	(1133.67)
10	Net Profit after Tax (PAT)	960.17	1644.94
11	Transfer to General Reserve	500.00	-
12	Earnings Per Share (Diluted EPS of Rupees)	0.38	0.65
13	Proposed Dividend (on face value of share Re 1 each)	15%	10%

Performance Review 2011-12:

Overall Income of the Company for the year 2011-12 were recorded at Rs.110600.14 lacs as compared to previous year income of Rs. 100623.07 lacs showing an increase of 9.92% compared to previous year. This has resulted in an increase in PBIDT for the year which stood at Rs.14586.89 lacs compared to Rs.8578.41 lacs in the previous year. In spite of an increase in finance cost, after suitable provision for depreciation and amortization of expenses, PBT for the year was Rs.2169.90 lacs compared to Rs.511.27 lacs in the previous year. This showed an impressive growth. However, after making a provision of Rs. 1209.73 lacs for tax and tax adjustments (there was a reversal of Rs.1133.67 lacs during previous year) the net profit (PAT) for the year was Rs.960.17 lacs as compared to Rs.1644.94 lacs in the previous year.

Current year's performance:

Lower demand from telecom sector due to macro economic factors, continued during the year. Your Board has taken necessary safe guards to increase sales from other non-telecom areas. The efforts are giving returns and barring unforeseen circumstances, it is believed that the current year's operations will be satisfactory. For details of future plans, please see the Management Discussion and Analysis section of the Annual Report.

Dividends:

Your Directors are pleased to recommend a dividend of Rs.0.15 per equity share of Re.1/-fully paid up share @15% (Previous Year 10%) for the Financial Year 2011-12, subject to the approval of the members at the ensuing Annual General Meeting. The proposed dividend including Corporate Dividend Tax will absorb Rs.441.06 lacs.



Investment/disinvestments in Subsidiary/ Joint Venture/Associate Companies/LLP's:

Investments in Subsidiary Companies:

Agile Electric Drives Technologies and Holdings Private Limited:

During the year your Company continued to hold its holding in Agile Electric Drives Technologies and Holdings Private Limited acquired during 2010-11.

Agile Electric Drives Technologies and Holdings Private Limited, eventually merged with its subsidiary namely Agile Electric Sub Assembly Private Limited by virtue of an order of the High Court of Judicature at Madras passed on 20th July, 2012 approving the scheme of amalgamation inter-alias to issue and allot to the shareholders; 38 equity shares of Rs.10/- each fully paid, at par in Agile Electric Sub Assembly Private Limited for every 100 equity shares of Rs.10/-each held in Agile Electric Drives Technologies and Holdings Private Limited. Consequent to approval of such scheme of amalgamation your Company now holds 2,73,75,200 equity shares of Rs.10/- each constituting 58.35% in Agile Electric Sub Assembly Private Limited. There is no diminution in the value of original investment. The Company Continues to hold its holding Company status in Agile Electric Sub Assembly Private Limited post merger.

HBL America Inc. :

During the year, your company has incorporated a wholly Owned Subsidiary in USA under the name HBL America Inc. and the total investment was Rs.195.88 lacs.

SCIL Infracon Private Limited (SIPL):

During the reporting period the Company has acquired certain shares from other promoter / investor groups and now SIPL is a 100% subsidiary of the Company. During financial year 2011-12 the performance of the company was encouraging and showed promising growth. The Company is engaged in manufacturing of concrete polls, primarily for telecom sector and roof slabs and has increased product range to cover special pile foundation piles, high mast lighting poles with a hydraulic arrangement to lower the lights, 40 and 50 mtr towers for telecom and power transmission. The products are being received well by the customers.

HBL Power Systems (M) SDN BHD:

The entire investment in the Company was disinvested during the reporting period.

Bhagirath Energy Systems Private Ltd (BES)

The Company disinvested in its wholly owned subsidiary in Nepal during the reporting period. The procedural aspects were since completed and on 29 May 2012, the Reserve Bank of India has recorded Company's disinvestment in the wholly owned subsidiary as cancelled.

HBL Germany GmbH, Germany:

An amount of €25,000 (Rs 14.91 lacs) was invested in the equity of wholly owned subsidiary in Germany.

Associate Company

Sankhya Infotech Limited (Sankhya):

During the year, your Company paid Rs.195.38 lacs representing balance of 50% of convertible warrants subscription amount for conversion of 12,20,000 warrants into equal number of equity shares. With the conversion of 12,20,000 warrants into equal number of equity shares in addition to 8,40,482 existing equity holding, your company now holds 18.32% in Sankhya Infotech Limited.



HBL Suntech LLP

During the year your company incorporated a Limited Liability Partnership (LLP) with a commitment to subscribe Rs.120 lacs, representing 60% share in the Capital of the LLP of which contribution upto 31st March, 2012 was Rs.18.30 lacs. HBL Suntech LLP is a retail trading arm of the Company in certain segments of UPS batteries.

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.

Extension of date for holding Annual General Meeting of the Company

In accordance with provisions of Section 166 read with Section 210 of the Companies Act, 1956 the Annual General Meeting (AGM) of the Company for the financial year ended 31st March, 2012, was due to be held on or before 30th September 2012. The Company has a subsidiary namely Agile Electric Drives Technologies and Holdings Private Limited (AEDTH) and a step down subsidiary (subsidiary of AEDTH) namely Agile Electric Sub Assembly Private Limited (AESAs) having their registered offices in the state of Tamil Nadu. The above mentioned companies have filed a petition under Section 391 and 394 of the Companies Act, 1956 with the Honourable Madras High Court for approval of scheme of amalgamation of Agile Electric Drives Technologies and Holdings Private Limited (AEDTH) with its subsidiary Agile Electric Sub Assembly Private Limited (AESAs) (collectively called amalgamating Companies), appointed date being 1st April, 2011. The Honourable Madras High Court approved the scheme of amalgamation and a certified copy the said orders were issued on 31st July 2012. Pending completion of post merger formalities, available time was not sufficient to complete the consolidated audited financial accounts and to hold the Annual General Meeting before 30th September 2012.

The Company approached the Registrar of Companies, Andhra Pradesh, to extend time by three months for holding the Annual General Meeting in view of circumstances beyond control. Necessary approval was granted by the Registrar of Companies, Andhra Pradesh vide their letter dated 4th September 2012.

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 Standards AS 21 read with AS 27 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the company and its Subsidiaries/ JVs are annexed in this Annual Report.



In view of general exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 vide its General Circular No.2/2011 dated 8th February 2011, companies are exempted from the provisions of section 212 of the Companies Act 1956 subject to fulfillment of conditions therein. Accordingly, the Board has passed required resolution in respect thereof for not attaching the Balance sheets of the following subsidiary companies:

1. Agile Electric Sub-Assembly Private Limited (Agile Electric Drives Technologies and Holdings Private Limited now merged with Agile Electric Sub-Assembly Private Limited).
2. SCIL Infracon Private Limited
3. HBL Suntech LLP
4. HBL America Inc.
5. HBL Germany GmbH, Germany
6. Bhagirath Energy Systems Pvt. Ltd., Nepal (disinvestment completed during May 2012)

Hence, in this annual report, the audited financial statements (standalone and consolidated) prepared in compliance with the applicable Accounting Standards, Listing Agreements prescribed by SEBI, have been attached and no individual Balance sheet or other information of subsidiaries is attached or disclosed except to the extent of the information as required to be disclosed under the condition (iv) of the Circular No.2/2011 dated 8th February 2011.

The Company undertakes that the Annual Accounts of the subsidiary Companies and the related detailed information will be made available to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary companies will also be kept open for inspection during business hours at the registered office of the Company.

Auditors' Report:

The Board has considered the observations/ queries as raised by the Statutory Auditors and the explanations are as under.

1. *Reference is invited to Note No: 11.1 and 11.2 regarding recognition and accounting of Intangible Assets:*

According to the information and explanations given to us, the company considered expenditure incurred during the year as shown in Note 11 and Note 13 on development and improvements to the already existing range of products as incurred during 'development phase' and recognised such costs as expenditure incurred on internally generated intangible assets`. We have relied on the information and explanations given by the management on the subject as the issues involved therein are technical in nature.

Our reply : The company spent substantial cost and effort during the year on in-house development of new products like SLI Vehicle Batteries, UPS and Inverters batteries, Train Collision Avoidance Systems, Simulators etc. In case of the battery products, initially attempts were made to enter the market using earlier existing products of the company, on exploratory scale. Those products were found to be not suited to the new markets the company was trying to enter. Based on experience gained, substantial design changes and product improvements were made and additional sizes were developed to have a new product range suited specifically to these applications, for better acceptability in the market. The enduring benefit of this development is coming in future years and also present clear operational results, development cost of these products was identified and treated



as Intangible Asset for amortization over a period. Commercial sales have commenced on many of these new products, and amortization also started accordingly.

The Company has consulted and taken expert views on financial treatment and accordingly this has been considered in the accounts as per AS 26.

2. Our comments on the financial statements for the year are as under:

- (a) *Balances appearing under Trade receivables, Trade payables, advances to suppliers/others, advances from customers/others are subject to confirmation / reconciliation and consequential adjustments:*

Our reply: Company has a practice of sending confirmatory letters every year to all parties. The company has circulated confirmatory letters to various parties during the year. Some of them have not responded in time. Such letter says that the balance is deemed accepted or confirmed if no reply was received in stipulated time.

- b) *Reference is invited to Note No: 8.2 regarding disclosure made under section 22 of the MSMED Act, 2006 which is as compiled by the management and relied upon by us. Further, the company has neither paid nor provided the applicable interest on such dues from the date the Act came into force and the amount of which is not ascertained.*

Our reply: Some of the vendors who come under the MSMED Act 2006 have been associated with the company for a long time and have a continuous business relationship. The company is usually prompt in servicing these vendors as per mutually agreed payment terms. In view of such longstanding relationship, no claims were received by Company. Interest payment if any will be treated on cash basis.

- c) *Reference is invited to Note No: 37 regarding non compliance with the disclosures required under AS-27 relating to Company's interests in Assets & Liabilities and Income & Expenses in the Joint Venture Company*

Our reply: The JV Company has since given audited balance sheet for the year ended 31 December 2011 (which is financial year in that country) and unaudited financial reports for quarter ended 31 March 2012. These reports have been used to prepared Consolidated Financial Statements.

3. Further to our Comments in the annexure referred to in paragraph 3 and subject to our comments given in paragraph 5 above, we report that:

- d) *In our opinion, the Balance Sheet, the statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the accounting standards referred in sub section 3(c) of Section 211 of the Companies Act 1956, to the extent applicable except the non-compliance with AS-27 referred to above.*

Our reply: As stated above, the audited financials for year ended 31 December 2011 and unaudited for the quarter ended 31 March 2012 were used to prepare the Consolidated Financial Statements.

- f) *In our opinion and to the best of our information and according to the explanations given to us, the attached financial statements read together with the Accounting Policies and Notes forming part thereof and further read with our comments given in the annexure referred to in Paragraph 3 and subject to comments given in Paragraph 5 above, the impact of which is not quantifiable, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

Our reply: Already explained above in SI no 2



Annexure referred to in Paragraph 3 of our report of even date :

- (i) (a) *The Company has maintained year wise details of fixed assets acquired showing the relevant particulars including original cost at the time of acquisition. During the year under review, based on such record of year wise additions and with the support of technical teams for grouping the individual items into identifiable Plant & Equipment, the Company has compiled and built the Fixed Assets Register for Plant & Machinery showing original costs incurred, identification details location wise. In respect of other Fixed Assets, Assets Register showing the relevant particulars as required is yet to be maintained and updated.*

Our reply: In respect of other Fixed Assets (viz Furniture, Office & Other Equipment) relevant records are being updated. This will be completed in current financial year.

- (b) *According to the information and explanation given to us, in the process of compiling the Assets Register for Plant & Machinery Group referred to above, the management has carried out physical verification of Plant & Machinery and noticed discrepancies / differences including unserviceable items, scrapped items and non traceable items, the written down value of which was written off and shown as deletions. (Refer Note No.10.2(a) of the financial statements). After deleting the discrepancies, the Company updated the Assets register for Plant & Machinery Group and later physically verified assets under Plant & Machinery Group and also got independently verified by the Internal Auditors of the Company who have not reported any major deviations. In respect of other moveable Assets viz. Furniture & Fixtures, Office Equipment etc. physical verification has not been carried out by the management.*

Our reply: In respect of other Fixed Assets (viz Furniture, Office & Other Equipment) this will be implemented in current financial year as required.

- (iv) *In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control in respect of these areas. However, the internal control procedures with regard to periodical quantitative reconciliation of branch stocks and trading stocks held for sales at branches, needs to be streamlined and strengthened.*

Our reply: Branch sales is a new area of business for the company and measures have been taken during current year to strengthen these procedures as required.

- (vii) *The Company has appointed two firms of Chartered Accountants to carry out the internal audit function of the transactions of the Company and the scope and coverage of which is generally found to be adequate. We suggest that 'Systems audit' of the Company's accounting package be carried out. Further, in our opinion, the scope and coverage of internal audit in the areas of (a) increasing activities and transactions at branches, (b) review and reconciliation of vendors / customers accounts to identify the reasons for long pending entries, and (c) assets capitalization procedures, needs to be strengthened to be commensurate with the size of the Company and nature of its business.*

Our reply: Noted for further improvements. The Company is already in the process of implementing SAP based ERP solutions. This will automatically cover the mentioned requirements.

- (xvi) *Based on review of the records of the term loan drawn and utilization thereof on an overall basis, the loan funds to the extent utilized were prima-facie applied for acquiring fixed assets. Our review revealed that out of term loans drawn, a sum of Rs.2445.60 lakhs were transferred to cash credit accounts and a sum of Rs.104.66 lakhs was utilized for meeting interest costs. Thus, we are of the opinion that Rs.2550.26 lakhs was utilized outside the scope for which term loans were obtained.*



Our reply: During the year 2010-11 the Company obtained a term loan of Rs 100 crores from which capital expenditure was met as per need. Since the sanctioned facility was in the nature of a general term loan; the amount was initially received and credited in corporate cash credit. Un-utilized portion represents capex incurred and payable on performance etc of Rs. 2445.60 lacs was retained in cash credit account to gain interest cost.

Interest payment to the extent of Rs 104.66 lacs is preoperative related interest and the bank has been directly recovering from the specific current account. We believe there is no utilization outside the general scope of sanction of term loans.

(xvii) *During the year under review, there were no additional sanctions of working capital loans by the Banks. However, our review of sources and application of funds for the year 2011-12, on an overall basis, revealed that the long term sources including internal accruals were to the extent of Rs.11700.53 lakhs against which the application for long term assets and for repayment of long term loans was Rs.19721.43 lakhs. The resultant excess application of Rs.8020.90 lakhs was met from (a) increase in utilization of cash credit loan by Rs.2670.05 lakhs and (b) reduction in net current assets by Rs.5350.85 lakhs.*

Our reply: Company has not borrowed additional working capital limits during the year for the increased level of operations. The Company has since taken steps to infuse long term resources to augment the working capital position. Further efforts are being made to get an enhancement of working capital facilities from Banks, which have been put in place during FY 13.

Directors:

Mrs. Kavita Prasad, Director retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Mr. VVS Ravindra was nominated by IDBI Bank Limited in place of Mr. VV Rao with effect from 25th June, 2012. The Board conveys appreciation for the advice and guidance of Mr VV Rao during his tenure. Mr. Sanjiv Singhal was appointed as a non-retiring independent Director with effect from 14th August, 2012.

Pursuant to the provisions of the Companies Act, 1956 they hold office upto the date of forthcoming Annual General Meeting of the Company. The Board recommends their names for appointment as Directors at ensuing Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 1956.

Auditors:

Statutory Auditors:

M/s Satyanarayana & Co., Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting and is eligible for re-appointment. In view of the size of the organization and other relevant aspects, Audit Committee has recommended for appointment of M/s. Rao & Kumar Chartered Accountants, Visakhapatnam as joint auditors along with the re-appointment of M/s Satyanarayana & Co., Chartered Accountants as Auditors at the ensuing Annual General Meeting.

The Company has received letters from them to the effect that their appointment, if made, by the Company for the year 2012-13 will be within the limit prescribed under Section 224(1-B) of the Companies Act, 1956.

Cost Auditors:

Your company proposes to re-appoint the cost auditors M/s K. Narashima Murthy & Co., Hyderabad, subject to the approval from Central Government.



Personnel & Industrial Relations:

Your Company continues to enjoy cordial relations with the employees.

No employee of the Company was in receipt of remuneration during the financial year 2010-11 in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended from time to time.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo:

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure hereto.

Acknowledgements:

Your Directors take this opportunity to thank all the Company's Bankers and Financial Institutions, the concerned Central and State Government Departments, Agencies for their support and co-operation to the Company. The Board has special appreciation for the employees for their dedicated services.

The Board of Directors also thanks all its Shareholders for the confidence reposed in the Management.

For and on behalf of the Board

Place: Hyderabad

Dr. A J Prasad

Date : 14th November 2012

Chairman and Managing Director



ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR 2011-12

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

- A. Conservation of Energy: Operations of the Company are not energy intensive. However energy saving devices such as re-cycling of heat and use of alternate sources of energy like solar energy/fuel oil are being implemented wherever possible.
- B. Technology Absorption: We have in-house R&D facilities. We may avail the Consultancy Services from overseas experts for strengthening our technology, as and when needed. We are in the process of absorbing the technology so developed and improved further.
- C. Foreign Exchange Earnings and Outgo:

(₹ In Lacs)

S.No.	Particulars	2011-12	2010-11
1	Value of Imports on C.I.F.		
	Raw Materials, Components & Spares	22410.58	26009.25
	Capital items/ Equipment	1365.75	1458.83
2	Expenditure in Foreign Currency		
	Commission	281.50	134.00
	Travelling expenses	109.68	99.76
	Royalty	42.83	90.88
	Professional charges	33.76	32.64
	Technical Know How	79.35	118.16
	Others	18.22	21.48
3	Investment in subsidiary	195.88	14.92
4	Foreign Exchange Earnings		
	Export sales	22604.89	19700.41
	Services	40.33	152.88

For and on behalf of the Board

Place : Hyderabad
Date : 14th November 2012

Dr. A J Prasad
Chairman and Managing Director



REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12

Company's Philosophy:

The Company's follows the Principles of Corporate Governance:

1. **VISION:** HBL's vision is to organize India's engineering talent into a globally competitive business, whether in manufacturing or services. We want to become a learning organization to export technology from India. Our choice is for businesses with technological barriers and /or engineering intensity.
2. **VALUES:**
 - Fairness to all
 - Innovative spirit
 - Craftsmanship
 - Entrepreneurial opportunism
 - Development of individuals
 - Harmonious coexistence
3. **THE HBL WAY:**
 - To initially try to achieve the very best we can do, and then improve further.
 - Self-learning, like Ekalavya.
 - Compensation based on value added rather than seniority or qualifications.
 - Unconventional when convention comes in the way of business sense.
 - Pride in being Indian.

Board of Directors Composition and Category of Directors

In pursuance of Clause 49 of the Listing Agreement the Board consists of 7 Directors of which 4 are Independent Directors and 3 are Executive Directors, which includes the Chairman and Managing Director.

Name & Designation	Category	No of Meetings Held during 2011-12	No of Meetings Attended during 2011-12	No of other Director-ships	Attendance at last AGM
Dr. A J Prasad Chairman & Managing Director	Promoter & Executive Director	5	5	3	Yes
Mr. MSS Srinath Whole Time Director	Executive Director	5	4	7	Yes
Mrs. Kavita Prasad Whole Time Director	Executive Director	5	5	7	No
Mr. P Ganapati Rao Director	Independent Director	5	5	Nil	Yes
Ms. Preeti Khandelawal Director	Independent Director	5	5	Nil	No
Mr. V V S Ravindra* Nominee Director	Independent Director	5	Nil	1	NA
Mr. V V Rao* Nominee Director	Independent Director	5	4	Nil	Yes
Mr. Sanjiv Singhal w.e.f. 14 th August 2012	Independent Director	5	0	6	NA

* Note: IDBI Bank Limited nominated Mr. V V S Ravindra in place of Mr. V V Rao with effect from 25th June, 2012 and joined the Board at the meeting held on 14 August 2012.

The Company shall continue to comply with the code of Corporate Governance in respect of Composition of the Board.

Meetings of the Board of Directors:

During the financial year 2011-12, there were five meetings of the Board of Directors:

- i) 30th May, 2011
- ii) 27th July, 2011
- iii) 13th August, 2011
- iv) 11th November, 2011
- v) 13th February, 2012

Audit Committee

Terms of reference of this committee cover the matters under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee consists of four Members out of which three are Independent Directors. General Manager – Finance, Mr. K Mahidhar was invitee to the meetings. The Company Secretary of the Company is the Ex-Officio Secretary of the Audit Committee. The Committee met five times (5 meetings) during year on 30th May, 2011, 27th July, 2011, 13th August, 2011, 11th November, 2011 and 13th February, 2012 respectively.

The table lists the members of the Audit Committee, changes therein and attendance particulars:

Name of the Director	Status	Membership Status	No. of meetings attended during 2011-12
Mr. P Ganapati Rao	Member & Chairman of the Committee	Independent Director	5
Mrs. Kavita Prasad	Member	Executive Director	5
Mr. V V S Ravindra wef 25 th June, 2012	Member	Independent Director Nominated by IDBI	NIL
Ms. Preeti Khandelwal	Member	Independent Director	5
Mr. V V Rao – upto 25 th June, 2012	Member	Independent Director	4

The Chairman of the Committee and other three members are professionals in their respective field of activity with vast experience, having in-depth financial and accounting knowledge.

The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements including quarterly/half yearly financial information.
- Reviewing management and annual financial statements before submission to the Board, focusing primarily on:
 - ❖ Changes in accounting policies and practices;
 - ❖ Major accounting entries based on exercise of judgment by management;
 - ❖ The method of Capitalization of the Capital WIP/Assets
 - ❖ Significant adjustments arising out of audit;
 - ❖ Compliance with accounting standards;
 - ❖ Compliance with stock exchanges and legal requirement concerning financial statements;
 - ❖ Related party transactions as per Accounting Standard 18



- Reviewing the company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control system.
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit report, approval of audit plan and its execution, staffing and seniority of the official heading the department, report structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up-thereon.
- Reviewing the utilization of issue proceeds as per the objects as envisaged, raised through private placement.

Share Transfer/ Investors Grievances Committee

The Investors' Grievance Committee comprises Mrs. Kavita Prasad as the Chairperson, Mr P Ganapathi Rao and Mrs. Preeti Khandelwal as members of the Committee. The Investors' Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transmission (with and without legal representation) of shares and other miscellaneous complaints. During the year under review, Ten Investors' Grievance Committee meetings were held on 10.06.2011, 30.06.2011, 07.10.2011, 20.10.2011, 10.11.2011, 30.11.2011, 30.12.2011, 31.01.2012, 15.02.2012 and 30.03.2012.

The composition of the Investors' Grievance Committee and attendance at its meeting is as follows. Mr. MVSS Kumar, Company Secretary is the Compliance Officer.

Composition	Mrs. Kavita Prasad	Mr. P.Ganapati Rao	Mrs. Preeti Khandelwal
Meetings Attended	10	10	10

Details of Investor Complaints/ Queries during the year 2011-12

Sl. No.	Nature of Complaints /Query	Opening Balance	During the year		Closing Balance
			Received	Resolved	
1	Non-receipt of Dividend Warrants	Nil	40	40	Nil
2	Non-receipt of Securities	Nil	27	27	Nil
3	Non-receipt of Share Certificates after Transfer	Nil	04	04	Nil
4	Non-receipt of Refund Orders	Nil	00	00	Nil
	TOTAL	Nil	71	71	Nil

Remuneration Committee:

The Remuneration Committee of the Company is empowered to review the remuneration of the Chairman and Managing Director and the Executive Director, retirement benefits to be paid to them, recommending on the amount and distribution of commission based on criteria fixed by the Board and approved by the members, if any.

The Remuneration Committee was reconstituted with three Non-Executive Independent Directors (including the Chairman of the Committee Mr. VVS Ravindra, who replaced Mr VV Rao from 25th June 2012). During the year under review, one Remuneration Committee meeting was held on July 27, 2011. The decisions are taken by the Committee at meetings or by passing circular resolutions. The composition of the Remuneration Committee and attendance at its meeting is as follows:

Name of the member	Status	Number of meetings held	Number of Meeting attended
Mr. V V Rao	Chairman (upto 25 th June 2012)	1	1
Mr. P Ganapati Rao	Member	1	1
Ms. Preeti Khandelwal	Member	1	1
Mr. V V S Ravindra	Chairman (w.e.f. 25 th June 2012)	1	0

Directors' Remuneration for the year 2011-12

Name of the Director	Designation	Remuneration Paid for the year (Rs.)
Dr. A J Prasad	Chairman and Managing Director	41,28,000
Mr. MSS Srinath	Whole-Time-Director	18,36,000
Mrs Kavita Prasad	Whole-Time-Director	18,36,000
Total		78,00,000

No Commission was paid to Chairman and Managing Director during the Financial Year. Mrs. Kavita Prasad, Director has been paid Rs.4.80 lakhs as rental charges for the premises owned by her, which was under lease to the Company.

Non-Executive and Independent Directors were paid sitting fees for the Board meetings in 2011-12.

Name of Directors	Meetings Held	Meetings Attended	Sitting Fees Paid. In Rupees
Mr. P.Ganapathi Rao	5	5	20,000
Mr. V V Rao	5	4	16,000
Ms. Preeti Khandelwal	5	5	20,000
Total			56,000

Venue and Time of the last three Annual General Meetings

Date	Venue	Time	No. of Special Resolution
September 05,2011	Federation of AP Chambers of Commerce & Industry, Red Hills, Hyderabad-500 004	4.00 p,m	1
September 27,2010			NIL
September 17,2009			1

The resolutions were passed on show of hands with requisite majority.

Postal Ballot

No resolution has been passed by postal ballot during the reporting period.

Risk Management

The Board has been very meticulous in making aware all the members about the potential hazards that the company can be exposed to. It is this meticulous functioning and close monitoring that the company has a distinct advantage of reducing the hazards be it a Business or Financial risk or Legal and Statutory risk or a Management risk. In fact the very Philosophy of the Corporate Governance vouches the effort in imparting the right education and management practices at functional level.

Prevention of Insider Trading - Code of Conduct

The Company has framed a Code for Prevention of Insider Trading based on SEBI [Insider Trading] Regulations, 1992. This code is applicable to all Directors, Designated Senior Management personnel of the Company. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

Disclosures:

Related Party Transactions:

There are no materially significant related party transactions having potential conflict with the interests of the Company. However all the related party transactions required to be disclosed as per AS 18 are given in the annual accounts for the year under review.

Shareholding of Non Executive Directors

No non-Executive Director has any share in the Company.



Compliances by the Company:

The company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters related to capital market. There were no non-compliance issues raised either by SEBI or Stock Exchanges for the transactions of the Company during last three years.

Whistle Blower Policy:

The Company has a general Whistle Blower Policy.

Non-Mandatory Requirement:

The company has not adopted the non-mandatory requirements as specified in annexure 1D of clause 49 of the Listing Agreement.

Means of Communications

The Company displays its financial results on websites at www.hbl.in for the information of shareholders and public. The financial results of the Company are usually published in Business Line in English version and Andhra Prabha or other vernacular papers in Telugu.

In accordance with Clause 51 of the Listing Agreement the Company has displayed the Shareholding pattern, Quarterly/ Annual Financial results, Annual report and other compliances as required under the corporate governance guidelines on the Electronic Data Information Filing and Retrieval (EDIFAR) System website at: www.sebidifar.nic.in maintained by National Informatics Centre (NIC) up to 31.03.2012.

General Shareholder Information

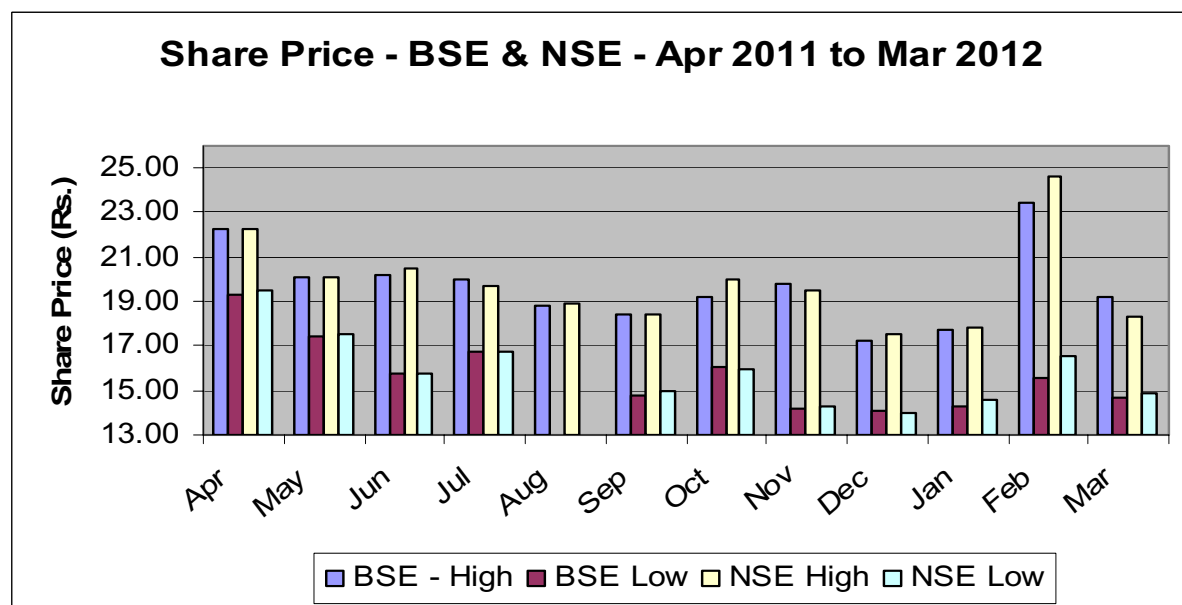
1. Forthcoming Annual General Meeting : 24th December, 2012 at 4.00 p.m.KLN Prasad Auditorium,
Date, Time & Venue Federation of AP Chambers of Commerce and Industry, Red Hills,
Hyderabad – 500 004
2. Financial Calendar Year : Financial year 2011-12
Financial Reporting:
First quarter ending 30/6/11 : 13th August, 2011
Half-year ending 30/9/11 : 11th November, 2011
Third quarter ending 31/12/11 : 13th February, 2012
Audited Annual Results : Standalone : 30th May, 2012
Consolidated : 14th November, 2012
3. Dates of Book-Closure : 18.12.2012 to 24.12.2012 (Both days inclusive)
4. Dividend : Dividend on equity share Capital @15%
5. Registered Office : 8-2-601, Road. no.10, Banjara Hills, Hyderabad- 500034
6. Secretarial Office : Sy.no.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015
Contact person: Company Secretary
Phone: 040-27791641, Fax: 040-27795419
E-Mail: contact@hbl.in; investor@hbl.in
7. Registrars for Electronic Transfer and : M/S Karvy Computershare Private Limited17-24, Vittal Rao Nagar,
Physical Transfer of Shares Madhapur, Hyderabad-500081Contact Person: Mr. S Krishnan,
Senior Manager Phone nos. 040-23420815-20 Fax: 040-23420859
E-mail : mailmanager@karvy.com
8. Plant Locations :
 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), Posapatirega(M), Vizainagaram Dist., AP
 5. VSEZ, Visakhapatnam, AP
 6. Thumkunta(V), Shameerpet(M), RR Dist, AP
 7. Haridwar, Uttarakhand
 8. IMT, Manesar, Haryana



9. Listing on Stock Exchanges : Bombay Stock Exchange Limited
National Stock Exchange of India Limited
10. Stock Code-BSE :
BSE/ NSE Trading name : 517271/ HBLPOWER
Demat ISIN number: : INE 292BO1021

11. Stock Market Price Data during 2011-12

Month	Bombay Stock Exchange			National Stock Exchange		
	High Price (Rs.)	Low Price (Rs.)	No. of Shares traded	High Price (Rs.)	Low Price (Rs.)	No. of Shares traded
April 2011	22.25	19.35	8,17,149	22.25	19.50	11,69,181
May 2011	20.10	17.40	5,93,299	20.05	17.50	7,74,897
June 2011	20.20	15.75	7,32,306	20.50	15.75	10,25,917
July 2011	20.00	16.75	4,05,882	19.70	16.75	6,85,455
August 2011	18.80	12.20	6,43,173	18.95	12.75	13,61,997
September 2011	18.40	14.80	3,48,954	18.40	15.00	7,82,430
October 2011	19.20	16.10	2,33,488	20.00	16.00	6,06,967
November 2011	19.80	14.20	3,00,125	19.50	14.25	5,12,300
December 2011	17.25	14.05	2,94,984	17.50	14.00	3,61,405
January 2012	17.75	14.25	3,11,739	17.80	14.60	5,09,082
February 2012	23.40	15.55	11,95,333	24.65	16.50	20,68,853
March 2012	19.25	14.70	3,03,939	18.30	14.85	6,19,931





12. Distribution of Shareholding as on 31st March 2012 is as follows:

S.No	Category	No of Shareholders	% of Shareholders	Amount Rs	% Amount
1	Upto 1 - 5000	21157	96.79	14916718	5.90
2	5001 - 10000	371	1.70	2833781	1.12
3	10001 - 20000	166	0.76	2444601	0.97
4	20001 - 30000	51	0.23	1277218	0.50
5	30001 - 40000	29	0.13	1011728	0.40
6	40001 - 50000	19	0.09	889304	0.35
7	50001 - 100000	29	0.13	2195301	0.87
8	100001 & ABOVE	37	0.17	227431349	89.89
	Total	21859	100.00	25,30,00,000	100.00

Distribution of Shareholding as on 31st March 2012:

Category	Shareholder Category	% of Shares held
a. Indian Promoters and relatives	18,62,49,333	73.62
b. Foreign Promoters	Nil	Nil
c. Foreign Collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	6,67,50,667	26.38
Total	25,30,00,000	100.00

13. Unclaimed Dividend:

During the year, the Company has transferred the balance of unclaimed dividend amount of Rs.2,58,072/- for Financial Year 2003-2004 to the Central Government's Investor Education and Protection Fund (IEPF) account on 23rd January, 2012. We insist the members to claim, as early as possible, the dividend amount remain in the Company's unpaid dividend accounts for the respective years mentioned hereunder. Please note that upon expiry of the statutory period of Seven years as indicated in the last column of the table below, the amount shall be liable for transfer to IEPF, Government of India, thus the entitlement for any such claims would have to be forfeited thereafter.

AGM in which Declared	Date of Declaration of Dividend	Rate of Dividend	Total Dividend in Rs.	Book Closure/ Record Date	Unclaimed Dividend as on 31.3.2012 in Rs.	Due for transfer to IEPF
19 th	24.09.2005	15%	3,01,08,485	19.09.2005 to 24.09.2005	3,02,726	09.11.2012
20 th	30.09.2006	15%	3,64,19,662	25.09.2006 to 30.09.2006	2,73,483	13.11.2013
21 st	26.09.2007	15%	3,64,19,662	20.09.2007 to 26.09.2007	2,17,812	09.11.2014
22 nd	04.09.2008	15%	3,64,19,833	01.09.2008 to 04.09.2008	3,05,692	14.10.2015
23 rd	17.09.2009	30%	7,28,38,665	10.09.2009 to 17.09.2009	5,55,168	04.10.2016
24 th	27.09.2010	30%	7,59,00,000	22.09.2010 to 27.09.2010	6,39,508	25.10.2017
25 th	05.09.2011	10%	2,53,00,000	31.08.2011 to 05.09.2011	2,64,195	04.10.2018

14. Share Transfer System

Share Transfers in physical form can be lodged with Kary Computershare Private Limited at the above mentioned addresses. The transfers are normally processed within 10-12 days from the date of receipt if the documents are complete in all respects.

**Dematerialization of shares and liquidity as on 31.03.2012:**

Form of existence	Agency	No of Share Holders	No of shares	% of Total Issued Capital
Dematerialized	Central Depositories Securities Limited	6966	30848424	12.19
-do-	National Securities Depositories Limited	11598	207639898	82.07
Physical		3295	14511678	5.74
	Total	21859	253000000	100.00

In case of enquiries relating to shareholders accounting records, share transfers, transmissions of shares, change of addresses for physical shares, or non receipt of dividend warrants, loss of share certificates etc. should be addressed to the Company's offices mentioned above or its Registrars.

15. Outstanding GDRs, ADRs, Warrants or Convertible Instruments etc. as on date : Nil

16. CEO and Finance Head Certification

The certificate from CEO and General Manager Finance of the Company regarding Compliance under clause 49 of the Listing agreement is annexed.

17. Compliance Certificate:

The Certificate on Compliance with Corporate Governance by the Company from Statutory Auditor as required under Clause 49 of the Listing Agreement is annexed.

For and on behalf of the Board

Place : Hyderabad
Date : 14th November 2012

Dr. A J Prasad
Chairman and Managing Director

DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management personnel have affirmed to the compliance with Code of Conduct for the year ended 31st March, 2012.

For and on behalf of the Board

Place : Hyderabad
Date : 14th November 2012

Dr. A J Prasad
Chairman and Managing Director

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Reports can be sent by an e-mail to its members. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents will also be available on the Company's website i.e. www.hbl.in for download by the shareholders.

To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses by writing an e-mail to hblpower_cs@karvy.com with subject as **E-mail for Green Initiative' mentioning their Folio No./Client ID.** Members holding shares in electronic form may register / update their e-mail addresses with the Depository through their concerned Depository Participant(s).



CEO AND FINANCE HEAD CERTIFICATION

We, A J Prasad, Chairman and Managing Director and K. Mahidhar, General Manager - Finance, responsible for the financial functions certify that:

- a) We have reviewed the financial statements and cash flow statement and to the best of our knowledge and belief;
 - i). These statements do not contain any material untrue statements or omit any material fact or contain statements that might be misleading;
 - ii). These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2012 are fraudulent, illegal or volatile of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Statutory Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant changes in internal control over financial reporting during the year under reference.
 - ii) There has not been any significant changes in accounting policies requiring disclosure in the note forming part of Financial statement; and
 - iii) We are not aware of any instance during the year of any significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad

Date : 14th November 2012

K Mahidhar

General Manager- Finance

Dr A J Prasad

Chairman and Managing Director



AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
M/s HBL Power Systems Limited

We have examined the compliance of conditions of corporate governance by **HBL Power Systems Limited** for the year ended 31st March 2012 as stipulated under Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for Satyanarayana & Co.
Chartered Accountants
FRN: S-3680

Place : Hyderabad
Date : 14th November 2012

Ch. Seshagiri Rao
Partner
Membership No: 18523



MANAGEMENT DISCUSSION AND ANALYSIS 2011 – 12

1. The company has presented the cover page of the annual report in such a way as to give shareholders an easy overview of the company's main businesses. This format has also been applied to our updated website (www.hbl.in).

2. Performance FY 12 :

The company has seen another dip in sales as compared to FY 10, and a very sharp decline in profits. The primary reason for this was the continuing drastic fall in demand from the telecom sector which was a large proportion of the company's business. Several new product lines were commercialized but margins remained low due to the early stage on the learning curve for these products. But for the new product lines, the company would have been in loss both in FY 11 and FY 12.

3. Batteries other than Telecom

All other segments of the company's battery business showed steady growth which enabled the company breakeven, despite the poor business from Telecom. Both Nickel Cadmium and non-telecom lead acid batteries are showing growth trends in both domestic as well as export markets.

4. New Markets in Batteries:

The company began efforts at several new product lines in FY 11 which will yield good profits from FY 14 onwards. These include the retail segment with products for Automotive (2 and 4 wheeler), UPS and Inverter markets. Strengthening its distributor and dealer network is in progress. Solar Photovoltaic Systems for off-grid applications have high percentage of batteries in total cost.

5. Investments:

During the year the company has continued to invest significant amounts in expanding capacity in new battery products apart from continuing R&D investments.

In addition the company has invested 112cr to acquire a majority stake in Agile Electric Drives Technologies and Holdings Pvt. Ltd, which is a majority stake holder in Igarashi Motors India Limited (IMIL). IMIL is listed on the BSE, and is the leading exporter of small DC motors for the automotive industry worldwide.

Agile group has a strong engineering culture and expertise in mass manufacturing which are of value to HBL.

6. Solar Photovoltaic Systems (SPV) Business:

The company has entered the off grid systems SPV market by making panels in house and using its expertise in batteries and power electronics for these applications and has won several tenders for installation of SPV systems, including for the Prime Minister's Residence in New Delhi. This is expected to be a significant growth area for the company in future. It is to be noted that while cell and module makers are facing difficulties, systems suppliers are not.

7. Power Electronics:

Power Electronics sales are growing in both exports and domestic sales, with new products that were launched in 2010-11 adding to this growth. Margins have also been maintained, and management is confident this business will continue to do well.

8. Railway Signaling & Defense Electronics:

Delays in product qualification process continued which were highlighted in the previous years Management Discussion and Analysis. However, management is confident that this business will now show profits from FY 14.

9. After many years of rapid profitable growth until FY 10, the management summary is that three years of pause during FY 11, FY 12 and FY 13 are ending.



AUDITORS' REPORT

To
The Members of
M/s. **HBL POWER SYSTEMS LIMITED**,
Hyderabad.

1. We have audited the attached Balance Sheet of M/s. HBL Power Systems Limited, Hyderabad as at March 31, 2012, the statement of Profit and Loss, and also the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order (CARO) 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered necessary and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Reference is invited to Note No: 11.1 and 11.2 regarding recognition and accounting of Intangible Assets:

According to the information and explanations given to us, the company considered expenditure incurred during the year as shown in Note 11 and Note 13 on development and improvements to the already existing range of products as incurred during 'development phase' and recognised such costs as expenditure incurred on 'internally generated intangible assets'. We have relied on the information and explanations given by the management on the subject as the issues involved therein are technical in nature.

5. Our comments on the financial statements for the year are as under:
 - a) Balances appearing under Trade receivables, Trade payables, advances to suppliers/others, advances from customers/others are subject to confirmation / reconciliation and consequential adjustments.
 - b) Reference is invited to Note No: 8.2 regarding disclosure made under section 22 of the MSMED Act, 2006 which is as compiled by the management and relied upon by us. Further, the company has neither paid nor provided the applicable interest on such dues from the date the Act came into force and the amount of which is not ascertained.
 - c) Reference is invited to Note No: 37 regarding non compliance with the disclosures required under AS-27 relating to Company's interests in Assets & Liabilities and Income & Expenses in the Joint Venture Company.



6. Further to our Comments in the annexure referred to in paragraph 3 and subject to our comments given in paragraph 5 above, we report that:
- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, the statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the accounting standards referred in sub section 3(c) of Section 211 of the Companies Act 1956, to the extent applicable except the non-compliance with AS-27 referred to above.
 - e) On the basis of the written representations received from the directors as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of sections 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the attached financial statements read together with the Accounting Policies and Notes forming part thereof and *further read with our comments given in the annexure referred to in Paragraph 3 and subject to comments given in Paragraph 5 above, the impact of which is not quantifiable*, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the affairs of the Company as at March 31, 2012;
 - ii) In the case of the statement of Profit & Loss, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Satyanarayana & Co.,
Chartered Accountants
(Firm Registration No.: S-3680)

Place: Hyderabad
Date: 30-05-2012

Ch Seshagiri Rao
Partner
Membership No. 18523

Annexure referred to in Paragraph 3 of our report of even date :

- (i) (a) The Company has maintained year wise details of fixed assets acquired showing the relevant particulars including original cost at the time of acquisition. During the year under review, based on such record of year wise additions and with the support of technical teams for grouping the individual items into identifiable Plant & Equipment, the Company has compiled and built the Fixed Assets Register for Plant & Machinery showing original costs incurred, identification details location wise. *In respect of other Fixed Assets, Assets Register showing the relevant particulars as required is yet to be maintained and updated.*
- (b) According to the information and explanation given to us, in the process of compiling the Assets Register for Plant & Machinery Group referred to above, the management has carried out physical verification of Plant & Machinery and noticed discrepancies / differences including unserviceable items, scrapped items and non traceable items, the written down value of which was written off and shown as deletions. (Refer Note No.10.2(a) of the financial statements). After deleting the discrepancies, the Company updated the Assets register for Plant & Machinery Group and later physically verified assets under Plant & Machinery Group and also got independently verified by the Internal Auditors of the Company who have not reported any major deviations. *In respect of other moveable Assets viz. Furniture & Fixtures, Office Equipment etc. physical verification has not been carried out by the management.*
- (c) During the year under review, there were sale and disposal of certain assets besides deletions as a result of physical verification as referred to above. (Reference is invited to Note 10.2 of financial statements for details). In our opinion, such disposals and deletions of Fixed Assets do not constitute a substantial part of the fixed assets of the company and in our opinion; such disposal has not affected the going concern status of the Company.
- (ii) (a) The Inventories within the factory premises/stores and at branches have been physically verified by the management during the year and also at the year end. For materials lying with ancillary parties confirmations have been obtained in some cases. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and such differences have been properly dealt with and physical inventories have been considered and valued for the purpose of financial statements.
- (iii) (a) The company has granted unsecured loans to two of its subsidiaries, the details of which are as under:

Sl No.	Name of the Subsidiary Company	Balance on 31.03.2012 (Rs. in Lakhs)	Balance on 31.03.2011 (Rs. in Lakhs)	Maximum amount outstanding at any time during the year (Rs. in Lakhs)
(1)	Agile Electric Drives Technologies & Holdings (P) Ltd. (AGILE)	2400.00	3000.00	3000.00
(2)	SCIL Infracon (P) Ltd. (SIPL)	623.95	282.86	623.95



- (b) According to the information and explanation given to us, the rate of interest and other terms and conditions on which the Company granted the above loans, are not prima facie prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us, the repayment of Principal Loans which were initially due within a period of one year has been extended. The interest charged on the loan to AGILE has been received as per the terms and in the case of SIPL interest charged not been received and we have been informed that such interest charged is also repayable along with Principal by SIPL.
- (d) In view of the above explanations given, we are of the opinion that there were no overdue Principal and interest amounts as on 31-03-12.
- (e) The Company has taken unsecured loans from its Holding Company and from a Director of the Company, the details of which are as under:

SI No.	Name of the Subsidiary Company	Balance on 31.03.2012 (Rs. in Lakhs)	Balance on 31.03.2011 (Rs. in Lakhs)	Maximum amount outstanding at any time during the year(Rs. in Lakhs)
(1)	Beaver Engineering & Holdings Ltd. (Holding Company)	626.00	120.00	700.00
(2)	Dr. A J Prasad (Chairman & Managing Director)	205.00	-	255.00

- (f) In respect of the above loans taken the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (g) The Company is regular in repayment of principal and interest thereon as per the terms and conditions.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal control in respect of these areas. *However, the internal control procedures with regard to periodical quantitative reconciliation of branch stocks and trading stocks held for sales at branches, needs to be streamlined and strengthened.*
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section, to the extent applicable

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at mutually agreed prices having regard to the explanation that (a) certain items purchased / sold are of special nature for which suitable alternatives do not exist to compare with prevailing market prices and (b) certain transactions are based on market considerations.
- (vi) The company has not accepted any deposits from public.
- (vii) The Company has appointed two firms of Chartered Accountants to carry out the internal audit function of the transactions of the Company and the scope and coverage of which is generally found to be adequate. We suggest that 'Systems audit' of the Company's accounting package be carried out. *Further, in our opinion, the scope and coverage of internal audit in the areas of (a) increasing activities and transactions at branches, (b) review and reconciliation of vendors / customers accounts to identify the reasons for long pending entries, and (c) assets capitalization procedures, needs to be strengthened to be commensurate with the size of the Company and nature of its business.*
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory duties applicable to it with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable under the respective statutes in respect of Provident fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty were in arrears, as at 31.03.12 for a period more than six months from the date they became payable
- (c) There were no dues payable on account of Cess under Section 441A of the Companies Act, 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.



- (d) According to the information and explanations given to us, the following demands have not been deposited on account of disputes.

Name of the Statute	Nature of the dues	Amount in Rs. lakhs	Forum where the Dispute is pending
Excise Act	Duty on Intermediate goods emerged out of job works and used in the manufacture of exempted finished goods.	94.85	Departmental Appeal before High Court, Mumbai
Excise Act	Department objected Cenvat Credit taken and the same was reversed under protest and interest also was paid. Penalty levied by the Commissioner which is disputed.	5.00	Appeal Before CESAT, Stay granted.
Excise Act	A.G Audit objection for non-maintenance of separate Cenvat Account during 2006 to 2009. Commissioner issued show cause notice.	186.28	Reply filed and pending before Commissioner, Hyderabad, case heard and awaiting for final order.
Customs Act	Classification of goods	31.96	Dy. Commissioner, Chennai
Sales Tax Act	Dispute in Rate of Tax	4.84	Pending before Appellate Dy. Commissioner. Stay granted. 50% paid.
Sales Tax Act	Dispute in Taxable Turnover relating to 3 rd party exports	35.49	Case pending before AP STAT. Stay granted. 50% paid.
Sales Tax Act	Penalty on APVAT utilized. APVAT taken as Input Tax reversed by the Company. Penalty levied.	9.08	Appeal filed before Appellate Dy. Commissioner, Hyderabad. Remanded back to Assessing Officer.
Sales Tax Act	Penalty for stock difference	12.04	Appeal filed before DC(A) Ernakulam. Stay granted and 40% paid.
Income Tax Act	For Asst. Year 2009-10, disallowance made and demand raised	65.08	Appeal before Commissioner of Income Tax (A). Pending. Disputed tax fully paid.

- (x) The company has no accumulated losses and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and Banks.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- (xiii) The company is not a chit fund or Nidhi / Mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures or other investments. Therefore, the provisions of Clause 4(xiv) of the Companies (Auditor's report) order, 2003 are not applicable to the Company.
- (xv) The Company has given corporate guarantee to ICICI Bank to the extent of Rs.7600 lakhs to cover the loan facility sanctioned to M/s. Igarashi Motors India Limited, a stepdown subsidiary Company. In our opinion, the terms and conditions are prima facie not prejudicial to the interest of the Company.
- (xvi) Based on review of the records of the term loan drawn and utilization thereof on an overall basis, the loan funds to the extent utilized were prima-facie applied for acquiring fixed assets. Our review revealed that out of term loans drawn, a sum of Rs.2445.60 lakhs were transferred to cash credit accounts and a sum of Rs.104.66 lakhs was utilized for meeting interest costs. *Thus, we are of the opinion that Rs.2550.26 lakhs was utilized outside the scope for which term loans were obtained.*
- (xvii) During the year under review, there were no additional sanction of working capital loans by the Banks. *However, our review of sources and application of funds for the year 2011-12, on an overall basis, revealed that the long term sources including internal accruals were to the extent of Rs.11700.53 lakhs against which the application for long term assets and for repayment of long term loans was Rs.19721.43 lakhs. The resultant excess application of Rs.8020.90 lakhs was met from (a) increase in utilization of cash credit loan by Rs.2670.05 lakhs and (b) reduction in net current assets by Rs.5350.85 lakhs.*
- (xviii) During the year under review, the company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The company has not issued any debentures.
- (xx) The Company has not raised any money by public issue, during the recent past.
- (xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Satyanarayana & Co.,
Chartered Accountants
(Firm Registration No.: S-3680)

Plate : Hyderabad
Date : 30-05-2012

Ch Seshagiri Rao
Partner
Membership No. 18523



Balance Sheet as at March 31, 2012

(₹ In Lakhs)

Particulars	Note	As at		As at	
		March 31, 2012		March 31, 2011	
I EQUITY AND LIABILITIES					
A Share Holders' Funds					
Share Capital	2	2,530.00		2,530.00	
Reserves and Surplus	3	<u>50,473.26</u>	53,003.26	<u>49,954.15</u>	52,484.15
B Non Current Liabilities					
Long Term Borrowings	4	33,390.10		38,761.08	
Deferred Tax Liabilities	5	1,951.42		742.42	
Long-term Provisions	6	<u>158.67</u>	35,500.19	-	39,503.50
C Current Liabilities					
Short Term Borrowings	7	25,713.16		22,332.12	
Trade Payables	8	20,718.12		15,418.28	
Other Current Liabilities	9	21,358.38		14,361.02	
Short Term Provisions	6	<u>1,172.37</u>	68,962.03	<u>1,119.58</u>	53,231.00
Total			<u>1,57,465.48</u>		<u>1,45,218.65</u>
II ASSETS					
A Non Current Assets					
Fixed Assets					
Tangible Assets	10	49,396.46		41,270.95	
Intangible Assets	11	1,614.25		239.31	
Capital Works in Progress	12	3,517.44		8,085.14	
Intangible Assets under development	13	<u>1,986.65</u>	56,514.80	<u>359.11</u>	49,954.51
Non Current Investments	14	15,124.55		14,121.84	
Long Term Loans and Advances	15	<u>1,907.79</u>	17,032.34	<u>2,336.49</u>	16,458.34
B Current Assets					
Inventories	16	28,775.41		26,816.59	
Trade Receivables	17	38,087.42		31,007.74	
Cash and Bank Balances	18	5,072.87		8,748.31	
Short Term Loans and Advances	15	<u>11,982.64</u>	83,918.34	<u>12,233.16</u>	78,805.80
Total			<u>1,57,465.48</u>		<u>1,45,218.65</u>
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 40				

As Per Our Report of even date annexed
for M/s **Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 30th May 2012

Place : Hyderabad
Date : 30th May 2012

M V S S Kumar
Company Secretary



Statement of Profit & Loss for the year ended March 31, 2012

(₹ In Lakhs)

Particulars	Note	Year Ended March 31, 2012		Year Ended March 31, 2011	
A Revenue					
Revenue from Operations	19		1,16,357.58		106,346.06
Less : Duties			7,404.65		6,970.49
Revenue from Operations (Net)			1,08,952.93		99,375.58
Other Income	20		1,647.21		1,247.49
Total Revenue			1,10,600.14		100,623.07
B Expenses					
Cost of Material Consumed	21		59,694.25		63,519.96
Purchase of Traded goods			2,924.15		453.63
(Increase) / Decrease in Inventory	22		97.99		(2,266.38)
Employee Benefits Expenses	23		11,600.08		11,670.01
Finance Cost	24		8,980.87		4,934.43
Depreciation and Amortisation Expense	25		3,436.12		3,132.71
Other Expenses	26		21,018.65		20,179.47
Total Expenses			107,752.11		101,623.82
C Profit/(loss) before Exceptional and Extra-ordinary items and Tax (A-B)			2,848.03		(1,000.75)
D Exceptional Items	27		678.13		(1,512.03)
E Profit/(loss) before Extra-ordinary items and Tax			2,169.90		511.27
F Extra-ordinary items			-		-
G Profit/(loss) before tax (E-F)			2,169.90		511.27
H Tax Expense					
- Current Tax (MAT)		435.00		-	
- Less : MAT Credit Entitlement		(435.00)		-	
- Deferred Tax Changes/(Credit)			1,209.00		(989.00)
- Income Tax & Wealth Tax relating to Previous Years			0.73		(144.67)
I Profit for the period from continuing operations (G-H)			960.17		1,644.94
J Profit/(Loss) before tax from discontinuing operations					
K Tax expenses from discontinuing operations			-		-
L Profit/(Loss) from discontinuing operations (after tax)			-		-
M Profit for the period (I+L)			960.17		1,644.94
N Earnings per Equity Share (Face Value ₹ 1/- each)	28				
- Basic			0.38		0.65
- Diluted			0.38		0.65
Significant Accounting Policies	1				
Notes on Financial Statements	2 to 40				

As Per Our Report of even date annexed
for M/s Satyanarayana & Co.
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 30th May 2012

Place : Hyderabad
Date : 30th May 2012

M V S S Kumar
Company Secretary



Cash Flow Statement (As per Clause 32 of the Stock Exchange Listing Agreement)

(₹ In Lakhs)

Particulars	March 31, 2012		March 31, 2011	
A CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before Tax and extraordinary items		2169.90		521.03
Depreciation	3217.48		3028.22	
Interest income	(839.63)		(432.29)	
Interest expense	6177.00		3705.16	
Loss on sale of fixed assets	6.54		8.42	
Profit on sale of fixed assets	(52.87)		(5.03)	
Profit on sale of Investments	(12.82)		(1141.22)	
Amortisation of Intangible Assets	166.30		102.56	
Assets written off	743.82		-	
Deposits Written off	1.20		0.83	
Provisions	13.26	9420.28	(604.01)	4662.65
Operating Profit before working capital changes		11590.18		5183.68
Increase(-)/Dec(+ in Sundry debtors	(7079.68)		2785.70	
Increase(-)/Dec(+ in Inventories	(1958.82)		(3985.95)	
Increase(-)/Decrease(+ in Loans & advances *	276.16		(9013.22)	
Increase(+)/Decrease(- in Current Liabilities	9584.92	822.58	6073.51	(4139.95)
Cash generated from Operations		12412.76		1043.73
Expenditure on employee VEBF	(3.50)		(7.40)	
Income taxes paid	(889.67)	(893.17)	(1161.25)	(1168.65)
Net Cashflow from Operating activities		11519.59		(124.92)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(12152.06)		(12298.29)	
Sale of fixed assets	1640.34		99.21	
Purchase of Investments	(1022.75)		(12285.63)	
Sale of Investments	32.86		1366.22	
Interest received	839.63		432.29	
Net Cash flow from investing activities		(10661.97)		(22686.19)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	5904.00		26488.26	
Repayment of long-term borrowings	(8,508.01)		(4520.00)	
Proceeds from working capital borrowings	2670.05		5399.13	
Increase(+)/Decrease(- in IFST	-		(37.56)	
Increase(+)/Decrease(- in unsecured loans	711.00		120.00	
Dividend payment	(294.04)		(885.06)	
Interest Paid	(6177.00)		(3705.16)	
Net cash flow used in financing activities		(5694.01)		22859.62
NET INCREASE IN CASH and CASH EQUIVALENTS (A+B+C)		(4836.40)		48.50
Cash and Cash equiv.at beginning of the period		5468.54		5420.04
Cash and Cash equiv. at end of the period		632.16		5468.54
Cash and Cash equivalents (Rs.lacs)				
Cash on hand		21.97		38.11
Balances with Banks(current a/c & term deposits)		610.18		5430.43
Total		632.15		5468.54

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR 2011-12

- 1 This statement is prepared as per Accounting Standard-3 (indirect method)
- 2 *Including Bank Balances Other than Cash and Cash Equivalents
- 3 Previous year's figures were re-grouped wherever necessary.

As Per Our Report of even date annexed
for M/s **Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 30th May 2012

Place : Hyderabad
Date : 30th May 2012

M V S S Kumar
Company Secretary

Notes Forming part of Balance Sheet

Note: 1 Significant Accounting Policies

A Basis for preparation of financial statements:

The financial statements have been prepared under the historical cost convention and on a going concern basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards notified under the companies (Accounting Standards) Rules, 2006, (as amended) prescribed by the Central Government and the relevant provisions of the Companies Act, 1956.

B Use of Estimates:

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as of the date of the financial statements. Examples of such estimates and assumptions include the useful lives of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, warranties, etc. Differences between the actual results and estimates are recognised in the period in which the results are known.

C Tangible Assets and Depreciation:

Tangible Assets are stated at original cost net of recoverable taxes and duties, less cumulative depreciation and impairment. Administrative and other general overheads including borrowing costs that are specifically attributable to acquisition of Assets or bringing Fixed Assets to working condition are allocated and capitalised as part of cost of the Assets.

Depreciation:

Depreciation on Tangible Assets is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in respect of Dies and Moulds used and 'Secured Land Filling' used for disposal of Lead slag which are depreciated at 20% and 10% respectively on SLM. Assets costing less than Rs.5,000/- are depreciated fully in the year of purchase.

D Intangible Assets and Amortisation:

Intangible Asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Product development expenditure incurred on new products are capitalised under 'Intangible Assets' and are amortised over a period of 60 months from the month of commencement of commercial production.

Amortisation on impaired assets is adjusted in the future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

E Capital Work in Progress (CWIP):

CWIP includes Plant and Equipment under erection, Civil works in progress and preoperative expenses pending allocation on the assets to be acquired/commissioned, capitalised. Also include payments made for technical know-how fee and for development of prototypes including for related software, pending to be capitalised upon absorption of technology and completion of development/commercial production.

F Intangible Assets Under Development

New Product Development expenditure recognised as Intangible Assets as per (D) above, where development is completed awaiting commercial production and where development is in progress are classified as Intangible Assets under development to be capitalised and amortised upon commencement of commercial production.

G Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is recognised when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there is a change in the estimate of recoverable amount.

H Foreign Currency Transactions:

Transactions relating to Purchase and Sale of goods/services denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction or that approximates at actual rate on the date of transaction. Assets & Liabilities in the nature of monetary items at the Balance sheet date denominated in



Notes Forming part of Balance Sheet

foreign currencies are translated and restated at prevailing exchange rates. Income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account.

I Investments:

- a) Investments classified as "Long Term Investments(Non-Current)" are carried at cost and provision for diminution is made to recognise the decline, other than temporary, in the value of the Investments. Such reduction is determined and made for each investment individually.
- b) Investment classified as 'Current Investments' are carried at the lower of cost and fair value determined on individual investment basis.

J Income Recognition:

- a) Sales Revenue is recognised on dispatch to customers as per the terms of the order. Gross sales are net of returns/discounts and inclusive of Excise duty billed to customers. Inter Divisional Transfers are not recognised as turnover.
- b) Service Income is recognised on the basis of bills submitted as per the terms of the order.
- c) Short Term contracts involving Supply and Service where price breakup is available, Revenue in respect of Supplies are recognised when goods are delivered to customers unconditionally and Service income is recognised on completion of Service and bills submitted as per terms of the order.
- d) In case of contracts (Long Term) of complex equipment/systems/development order where the normal cycle time for completion is spreading over two or more accounting periods, revenue is recognised, subject to provision of anticipated losses, based on percentage completion as certified by technical committee/customers acceptance wherever applicable. Income is not recognised on such contracts where the progress is less than 15% of the order value.
- e) Dividends are recognised as income when the right to receive the dividend is established.
- f) Income from interest bearing deposits with Banks and others is recognised on accrual basis.
- g) Interest on Income tax refunds, if any, is recognised on determination or on receipt basis whichever is earlier.
- h) Subsidies from Government are recognised when received.

K Inventories:

Inventories at the yearend are valued as under:

Raw Materials, Components, Consumables and Stores & Spares.	At lower of weighted average cost and net realisable value.
Work In Progress and Finished goods.	At lower of weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition and net realisable value.
Long Term contract work in progress (where the income is not eligible for recognition as per Income recognition policy stated above).	At direct and attributable costs incurred in relation to such contracts .
Stock In Trade	At lower of cost and net realisable value
Consumable Tools	At cost less amount charged off (which is at 1/3 rd of value each year).

- * Cost of Material is net of Cenvat/VAT availed on all items.
- * Excise/Custom Duty payable on Stock of Finished Goods and Bonded Stocks is provided and included in the value of stocks.
- * Stocks at Branches are inclusive of Duty paid at the time of dispatch from Factories.
- * Inventory arising out of inter divisional transfers is valued at cost to the transferring division after eliminating unrealised profit, if any.

Notes Forming part of Balance Sheet

L Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is not provided but disclosed in the case of

- a) present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance sheet date.

M Taxes on Income/Deferred Tax:

Tax on Income for the current period is determined and provided on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961. In the year in which 'Minimum Alternative Tax' (MAT) on book profits is applicable and paid, MAT credit equal to the excess of MAT paid over and above normally computed tax, is recognised as asset to be carried forward for set off against regular tax liability. MAT credit entitlement is recognised as asset in the year of payment when it is probable that future economic benefit will flow to the company by way of set off of MAT against regular tax liability within the specified period of MAT credit entitlement as per the provisions of Income Tax Act, 1961. Eligible MAT credit is reduced from MAT in the year payment.

Deferred tax resulting from timing differences between accounting Income and taxable Income is recognised and accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

The Deferred tax Asset is recognised and carried forward only to the extent that there is reasonable certainty that the Asset will be realised in future. The carrying amount of 'Deferred Tax Asset' is reviewed at each Balance Sheet date.

N Assets taken under leases:

- a) In respect of Equipment taken under finance leases, the fair value of the leased asset is recognised as an asset and corresponding liability is created. The finance charges are allocated to periods during the lease term and charged to revenue.
- b) In respect of Equipment taken under operating lease, lease payments are recognised as expenses on straight line basis over the lease term.

O Employee Benefits:

a) Short term Benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, medical, leave travel assistance, short term compensated absences etc. and the cost of bonus, ex gratia are recognised in the period in which the employee renders the related services.

b) Post-employment benefits:

(i) Defined contribution plans:

The contribution paid/payable under Provident Fund Scheme, ESI Scheme and Employee Pension Scheme is recognised as expenditure during the period in which the employee renders the related service.



Notes Forming part of Balance Sheet

(ii) Defined benefit plans:

The Company's obligation towards Gratuity is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit method. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognised immediately in the Profit & Loss statement. The contribution made is recognised as expenses.

c) Long Term employee benefits:

The obligation for long term employee benefits such as long term compensated absences is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

P Cash Flow statement:

Cash Flow statement is reported using indirect method as per Accounting Standard, AS-(3).

Q Prior period and Extra-ordinary items/Exceptional items:

Prior period items of Income and Expenditure are reported distinctively.

Items of Income/ Expenses/Losses which are exceptional and non recurring are considered Exceptional/ Extraordinary items and reported distinctively for determination of net profit/loss for the period.

Note : 2

Share Capital

(₹ In Lakhs)

	31 March 2012	31 March 2011
Authorised 30,00,00,000 Equity shares of ₹1 each (Previous Year 30,00,00,000 Equity shares of ₹1 each)	3,000.00	3,000.00
Issued , Subscribed and fully paid-up 25,30,00,000 Equity shares of ₹1 each (Previous Year 25,30,00,000 Equity shares of ₹1 each)	2,530.00	2,530.00
	<u>2,530.00</u>	<u>2,530.00</u>

2.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

(₹ In Lakhs)

	31 March 2012		31 March 2011	
	No.of Shares	Value	No.of Shares	Value
Equity Shares				
At the beginning of the period	2530.00	2,530.00	2530.00	2,530.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	2530.00	2,530.00	2530.00	2,530.00

2.2 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2012, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 0.15/- (31 March 2011 : ₹ 0.10/-)

2.3 Shares held by holding/ultimate holding company

Out of equity shares issued by the company, shares held by its holding company details given below :

	31 March 2012	31 March 2011
	No.of Shares	No.of Shares
Beaver Engineering & Holdings Limited	14,31,37,848	14,03,94,050

Notes Forming part of Balance Sheet

2.4 Details of shareholders holding more than 5% shares in the company

Name of the Shareholder	31 March 2012		31 March 2011	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹1 each fully paid				
Beaver Engineering & Holdings Limited	143,137,848	56.57	140,394,050	55.49
Dr. A J Prasad	27,654,500	10.93	27,654,500	10.93
Citygroup Global Markets Mauritius Private Limited	16,701,761	6.60	16,701,761	6.60
Reliance Capital Limited	14,360,000	5.68	14,360,000	5.68

Note : 3 Reserves and Surplus

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Capital Reserve		1.02		1.02
Investment Subsidy from State Government		55.77		55.77
Share Premium Account		10437.77		10437.77
General Reserve				
Opening Balance	35000.00		35000.00	
Add: Transferred from Profit & Loss Statement	500.00	35500.00	-	35000.00
Surplus as per Profit & Loss Statement		4478.70		4459.59
		<u>50473.26</u>		<u>49954.15</u>

3.1 Surplus/(deficit) in the statement of profit and loss

	31 March 2012		31 March 2011	
Balance as per last financial statements	4459.59			3108.69
Profit for the Period	960.17	5419.76	1644.94	4753.63
Less : Dividend on Equity Shares	379.50		253.00	
Tax on Dividend	61.56		41.04	
Transfer to General Reserve	500.00	941.06	-	294.04
		<u>4478.70</u>		<u>4459.59</u>

Note : 4 Non-Current Liabilities

	31 March 2012		31 March 2011	
	Non-current	Current	Non-current	Current
Long-Term Borrowings				
Secured				
A) Loans from				
IDBI Bank Limited	6456.80	2371.60	8828.40	2371.60
State Bank of India	5231.01	1620.00	6851.01	1620.00
State Bank of Hyderabad	3055.83	1100.00	4305.83	1100.00
Exim Bank Ltd	436.76	258.82	695.59	129.41
Axis Bank Ltd	9535.00	3644.00	7383.00	2008.00
ICICI Bank Ltd	6900.00	2300.00	8825.00	1175.00
	<u>31615.41</u>	<u>11294.42</u>	<u>36888.83</u>	<u>8404.01</u>
B) Loans from Others				
HDFC Ltd	-	3.72	3.72	14.61
Against Vehicles from HDFC Bank	95.88	115.57	117.15	113.02
Against Equipment from FLCIL	-	51.15	72.56	166.25
	<u>95.88</u>	<u>170.44</u>	<u>193.44</u>	<u>293.88</u>
C) Unsecured (Deferred Payment Liability)				
Interest Free Sales Tax Loan	1678.81	-	1678.81	-
	<u>33390.10</u>	<u>11464.86</u>	<u>38761.08</u>	<u>8697.90</u>



Notes Forming part of Balance Sheet

4.1 Term Loans :

The particulars of loans drawn, nature of security, terms of repayment, rate of interest, instalments due and loan wise outstanding are as under.

4.1.1 Current Maturities of Long Term Loans

instalments due within 12 months from the date of Balance Sheet classified as current as shown above are disclosed under " Other Current Liabilities"

4.1.2 Term Loan from IDBI, SBI, SBH and SB Indore :

The Term Loans from IDBI, State Bank of Hyderabad, State Bank of India and State Bank of Indore (since merged with SBI), are secured by a first charge on the movable and immovable assets (both present and future) of the company, (save and except book debts and exclusive charges already created if any) situated (a) at Lalgadi Malakpet and Aliabad Villages, Shameerpet Mandal, Ranga Reddy Dist, (b) at Nandigaon Village, Mahbubnagar Dist, (c) at Bhootpur Village, Mahaboobnagar Dist, (d) at Kandivalasa Village, Vijayanagaram Dist, and (e) at VSEZ, Visakhapatnam Dist. The loans are also secured by a second charge on the current assets of the company. These loans are also guaranteed by Managing Director and one Director in their personal capacity.

(₹ In Lakhs)

Name of the Bank	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2012	No of Instalments Due
IDBI BANK LIMITED					
- Term Loan i	6000.00	24	13.50	3000.00	12
- Term Loan ii	7200.00	21	14.00	5828.40	17
STATE BANK OF INDIA					
- Term Loan I	3000.00	24	13.75	1331.38	11
- Term Loan ii	7200.00	26	14.50	5519.63	20
STATE BANK OF HYDERABAD					
- Term Loan I	3000.00	24	12.50	1305.83	11
- Term Loan ii	3600.00	24	13.25	2850.00	19

4.1.3 Term Loan from Axis Bank (Balance on 31.03.2012 Rs.4179.00 Lakhs) :

The Term Loans from Axis Bank are secured by exclusive charge on the movable and immovable assets of the Company situated (a) at Tumkunta Village, Ranga Reddy Dist, (b) at IMT Manesar, Gurgaon, Haryana, (c) at Goverdhanpuri Colony, Yaprul, GHMC, (d) at IIE, Ranipur, BHEL, Haridwar (Uttaranchal), (e) at Selaqui, Dehradun (Uttaranchal), and (f) at MIDC, Navi Mumbai. These loans are also guaranteed by Managing Director and one Director in their personal capacity.

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2012	No of Instalments Due
Term Loan I	4000.00	20	14.50	2400.00	12
Term Loan ii	1987.00	18	14.25	1779.00	14

4.1.4 Term Loan from Axis Bank ₹ 10000.00 Lakhs Loan (Balance on 31.03.2012 ₹ 9000.00 Lakhs):

The Term Loan is secured by first pari passu charge on Fixed Assets (excluding vehicles and assets exclusively charged to other term lenders) and second charge on Current Assets. Also guaranteed by the Managing Director and one Director in their personal capacity. This Term Loan is repayable 14 quarterly instalments at an interest Rate of 13.75% p.a. Number of instalments outstanding as on 31-03-2012 is 12.

Notes Forming part of Balance Sheet

4.1.5 Term Loan from EXIM Bank of India ₹ 825.00 Lakhs:

The Term Loan to part finance Equity contribution in Gulf Batteries Company, a Joint Venture in Kingdom of Saudi Arabia (KSA) is secured by first pari passu charge on the entire fixed assets of the company excluding exclusive charges, if any, and pledge of Company's share holding in Joint Venture and also guaranteed by the Managing Director of the Company in his personal capacity. This Term Loan is repayable 17 quarterly instalments at an interest Rate of 12.70% p.a. Number of instalments outstanding as on 31-03-2012 is 15.

4.1.6 Term Loan from ICICI Bank :

The term loan of Rs.6000 lakhs for Capex and Rs.4000 lakhs for working capital is secured by subservient / residual charge on all current and moveable assets of the Company both present and future. The charge is subservient to the existing lenders to the extent of all drawn and undrawn limits of term loans and working capital only and the loan is guaranteed by the Managing Director and one Director in their personal capacity.

(₹ In Lakhs)

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2012	No of Instalments Due
Term Loan	6000.00	16	12.70	6000.00	16
Working Capital Term Loan	4000.00	20	13.00	3200.00	16

4.2 Other Loans :

4.2.1 Term loans from HDFC Ltd:

The Term Loans for acquiring Flats are secured by an exclusive charge on the Flats acquired and also guaranteed by the Managing Director of the Company in his personal capacity.

4.2.2 HDFC Bank

The Term Loans for acquiring vehicles are secured by exclusive hypothecation of vehicles acquired through execution of D.P. Note.

4.2.3 Equipment Loan from First Leasing Company of India Ltd. :

The loan is secured by exclusive charge on the Equipment procured and also guaranteed by one Director in his personal capacity.

4.3 Interest Free Sales Tax Loan (IFST):

IFST Loan of Rs.1678.81 lakhs shown under unsecured loan represents the Sales tax payable by the Company given as Loan by A.P State Government under a scheme, to be repaid without interest after 14 years from the date of availment. Earliest repayment is due from the year 2013-14. The loan requires creation of a charge on the assets of the Company. Pending creation of charge, the amount is shown as 'Unsecured Loan' to be regrouped as Secured Loan as and when the charge is created.

4.4 There were no continuing defaults as on the Balance Sheet date in repayment of loan instalments and interest

Note : 5 Deferred Tax Liability (Net)

(₹ In Lakhs)

	31 March 2012	31 March 2011
Deferred Income Tax Liability (As per last Balance Sheet)	742.42	1731.42
Add: Deferred Income Tax Liability for the year	1209.00	-
Less : Deferred tax Asset for the year	-	(989.00)
	<u>1951.42</u>	<u>742.42</u>



Notes Forming part of Balance Sheet

5.1 Disclosure as per AS-22 "Accounting for Taxes on Income";

Major components of deferred tax assets and liabilities arising on account of timing differences are: (₹ In Lakhs)

Deferred Tax	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
1 Depreciation	-	2184.92	-	1704.32
2 Unabsorbed Loss	-	-	-	911.16
3 Warranties	164.08	-	-	-
4 Contribution to Valuable Employee Scheme	-	-	1.16	-
5 Others	69.42	-	49.58	-
Total	233.50	2184.92	961.90	1704.32

Note : 6 Provisions

	31 March 2012		31 March 2011	
	Long-Term	Short-Term	Long-Term	Short-Term
Provision for employee benefits				
Provision for Earned Leave Encashment	158.67	11.39	-	134.87
Provision for contribution to valuable employee scheme	-	-	-	3.50
Other Provisions				
Provision for Warranties	-	505.73	-	557.91
Provision for Excise & Customs Duty on Closing Stocks	-	148.75	-	129.26
Provision for Commission on Profits	-	65.44	-	-
Provision for Proposed Equity Dividend	-	379.50	-	253.00
Provision for Tax on Proposed Equity Dividend	-	61.56	-	41.04
	158.67	1172.37	-	1119.58

6.1 Disclosure as per AS-29 "Provisions, Contingent Liabilities, Contingent Assets";

Provision for Warranty:

	31 March 2012		31 March 2011	
Provision at the beginning of the year		557.91		687.61
Provision required for the year	374.13	-	364.27	-
Provision reversed from the opening Balance (after warranty period)	426.31	-	493.97	-
Charge for the year		(52.18)		(129.70)
Carrying amount		505.73		557.91

It is expected that these costs will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc is charged to revenue under respective heads of expenditure.

Note : 7 Current Liabilities

	31 March 2012		31 March 2011	
Short Term Borrowings (Loans repayable on Demand)				
Secured				
Term Loans from Bank				
IDBI Bank Limited Short Term Loan		2500.00		2500.00
Working Capital Loans from				
State Bank of India	14048.69		12998.93	
State Bank of Hyderabad	2949.06		2103.79	
IDBI Bank Ltd	3784.42		3609.40	
Kotak Mahindra Bank Ltd	-		1000.00	
Loan Against TDRs of the Company	1600.00	22382.16	-	19712.12
Unsecured (from others)				
Inter Corporate Deposit from Holding Company		626.00		120.00
Loans from Directors		205.00		-
		25713.16		22332.12

Notes Forming part of Balance Sheet

7.1 Short Term Loan from IDBI:

Short Term Loan from IDBI Bank for acquisition of land for setting up new facility at Mahaboobnagar District is secured by D.P Note, post dated cheques for the entire loan and undertaking to create first charge on the Assets in the event of default. The loan is due to be repaid on 27-05-2012 (since repaid)

7.2 Working Capital Loans

The Working Capital Loans from the State Bank of India, State Bank of Hyderabad, IDBI Bank Ltd and State Bank of Indore (since merged with SBI) are secured by a first charge on all the chargeable current assets and by a second charge on the fixed assets (both present and future) of the Company. All the loans are also guaranteed by Managing Director, two other Directors of the Company, and Smt. A. Uma Devi in their personal capacities

7.3 There were no defaults as on the Balance Sheet date with regard to the above short term borrowings.

Note : 8 Trade Payables

(₹ In Lakhs)

	31 March 2012	31 March 2011
Trade Payables	19532.54	14713.93
Due to MSMED	1185.58	704.35
	<u>20718.12</u>	<u>15418.28</u>

8.1 Trade Paybles include ₹ 6099.11 Lakhs (Previous year : ₹ 609.06 Lakhs) outstanding in the nature of Buyers Credit from banks.

8.2 The Company has amounts dues to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

	2011-2012	2010-2011
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :		
Principal amount	1185.58	704.35
Interest	40.96	20.33
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day		
Principal amount	3455.64	4381.15
Interest	-	-
The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	60.10	47.31
The amount of interest accrued and remaining unpaid	101.06	56.48
The amount of further interest remaining due and payable for the earlier years	127.93	71.45

Note : The information has been given in respect of only those suppliers who have intimated the Company that they are registered as micro, small and medium enterprises. Thi interest payable will be accounted as and when claimed / paid.

Note : 9 Other Current Liabilities

	31 March 2012	31 March 2011
Current Maturities of Long-Term Debt(Refer Note no: 4.1.1)	11464.86	8697.90
Other Payable Employees	1306.85	929.56
Trade Deposits & Advances Against Sales	4198.10	1757.98
Statutory Dues	1116.26	682.54
Interest Accrued But not Due	421.64	355.89
Unpaid/unclaimed Dividends *	24.66	25.71
Directors Current Account	38.64	19.46
Creditors Capital Expenditure	1693.15	872.77
Other Payables	1094.21	1019.21
	<u>21358.38</u>	<u>14361.02</u>

9.1 There were no amounts due and outstanding as on the Balance Sheet date to be credited to Investor Education & Protection Fund

Notes Forming part of Balance Sheet

Note : 10 Tangible Assets (at Cost)

(₹ In Lakhs)

Description	Gross Block				Depreciation/Amortisation Block				Net Block	
	As On	Additions	Adjustments/	As On	As On	For the	Adjustments/	As On	As On	As On
	April 1, 2011		Deletions	March 31, 2012	March 31, 2012	Period	Deletions	March 31, 2012	March 31, 2012	March 31, 2011
Land - Freehold	2372.59	1223.10	-	3595.69	-	-	-	3595.69	2372.59	
Land - Leasehold	92.57	-	-	92.57	-	-	-	92.57	92.57	
Buildings - Factory	11884.80	5597.52	-	17482.32	1522.02	410.99	-	15549.31	10362.79	
Buildings - Others	814.33	375.67	-	1190.00	50.08	15.74	0.00	1124.18	764.25	
Plant & Machinery	36501.85	6062.05	4170.72	38393.19	11009.53	2467.24	1948.81	26865.23	25492.33	
Office Equipment	1991.11	223.11	60.17	2154.05	964.79	199.53	2.79	992.53	1026.32	
Furniture & Fixtures	910.68	71.81	-	982.49	434.90	60.33	-	487.26	475.78	
Vehicles	1194.27	127.58	42.83	1279.01	509.94	115.99	36.62	689.70	684.32	
Technical Library	1.89	-	-	1.89	1.89	-	-	1.89	-	
Sub Total (A)	55764.09	13680.83	4273.72	65171.20	14493.15	3269.82	1988.22	49396.46	41270.95	
Previous Year	45096.93	10806.80	139.64	55764	11500.02	3030.15	37.03	41270.95		

10.1 Additions in Gross block include Factory Buildings & Plant and Machinery amounting to ₹ 4532.37 Lakhs and ₹ 410.67 Lakhs respectively being Assets Capitalised on the basis of Assets Ready for use, but yet to be put to intended use on 31.03.12

10.2 Breakup of adjustments/deletions in Gross and Depreciation blocks :

(₹ In Lakhs)

	Original Cost	Cumulative Depreciation	Written Down Value	Remarks
a) During the year under review management has carried out a detailed physical verification of Plant & Machinery which revealed differences. The value of such assets are	2623.92	1880.10	743.82	The written down value has been written off and shown as exceptional item.
b) During the year under review assets acquired and capitalized at AC Motors Division, Chennai were sold to M/s. Agile Electric Sub Assembly (P) Ltd., the details of which are	1574.00	8.58	1565.42	The assets were sold for Rs.1613.38 lakhs and the resultant profit of Rs.47.96 lakhs is shown as exceptional item.
c) During the year, certain Vehicles were sold., the details of which are	24.23	21.59	2.64	The Vehicles were sold at Rs.7.55 lakhs and the resultant profit of Rs.4.91 lakhs is shown under exceptional item.
d) During the year certain other assets were sold, the details of which are	51.56	25.61	25.95	The assets were sold at Rs.19.41 lakhs and the resultant loss of Rs.6.54 lakhs shown under other expenses.
e) During the year under review excess depreciation provided in earlier years of Rs.52.34 lakhs, over and above the original cost was identified and reversed.	-	52.34	-	Adjustment shown in other expenses under prior period items.
Total	4273.71	1988.22		

The company was incorporated 26 years ago and later in 1999-2000 and in 2003-04, there were amalgamations of HBL Ltd and Compact Power Sources Pvt Ltd into the company. HBL Ltd. had assets that were over 15 years old at the time of merger itself. In addition, manufacturing facilities were shifted to accommodate growth resulting in movement of assets from one physical location to another. During the year 2011-12, after a long gap, Management carried out a complete physical verification of Plant & Machinery at all major locations which revealed discrepancies between physical assets and book assets due to deterioration of old assets. Certain old items were not traceable. After a detailed re-verification, management has decided to write off the Written Down Value of such assets and accordingly this has been shown under deletions during the year.

Notes Forming part of Balance Sheet

Note : 11 Intangible Assets (at Cost)

(₹ In Lakhs)

Description	Gross Block			Depreciation/Amortisation Block			Net Block		
	As On April 1, 2011	Additions	Adjustments/ Deletions	As On March 31, 2012	As On April 1, 2011	For the Period	Adjustments/ Deletions	As On March 31, 2012	As On March 31, 2011
Intangible Assets (Internally generated)									
New Product Development Expenditure	547.00	1541.23	-	2088.23	307.69	166.30	-	473.98	239.31
Sub Total (B)	547.00	1541.23	-	2088.23	307.69	166.30	-	473.98	239.31
Previous Year	547.00	-	-	547.00	205.12	102.56	-	307.69	239.31

11.1 Intangible Assets and Intangible Assets under development (Internally Generated)

- During the previous accounting periods, the company decided to enter consumer batteries in the segments of UPS, Inverter, Automotive including for electric vehicles. Entry into these segments was attempted initially based on minor modifications to the company's existing product lines for industrial batteries. However, these products were not found suitable in the market for the intended applications. Resulting costs and losses were absorbed by the company in the relevant accounting periods.
- Based on the inputs received from the market/users and to manufacture products that would be properly suited for the specific applications, the company, during the year 2011-12 undertook substantial development activities and improvements by changing the product design, materials, manufacturing processes and developed prototypes for different models/ratings. Such costs were initially recognised as revenue, pending final decision to classify the expenditure as Intangible Assets upon meeting recognition criterion.
- Considering the significant development activities undertaken and substantial technical improvements made in development phase, as internally generated knowledge gained prior to commercial production of the new design models and considering the volume of expenditure incurred in development phase the future economic benefits that will flow to the company by way of sales revenue and cost reduction, the management has decided to reclassify the expenditure and to recognise the costs incurred in the development phase as ' Intangible Assets-New Product Development expenditure within the meaning of Accounting Standard 26(Intangible Assets). While recognising Intangible Assets, the estimated value of reusable material content in prototypes is excluded and shown as inventory.

- Using the technical and market knowledge gained during the development process and after successful internal testing of prototypes, commercial production was taken up for certain models/ranges and sales commenced in the year 2011-12. Amortisation of expenditure for these products was started as per Accounting Policy(Refer Note.11 above). In respect of other Products where development is in an advanced stage or further modifications are required and commercial production expected shortly, the costs incurred (net of estimated reusable material content) is shown as " Intangible Assets under development" (Refer value of Note.13 below).



Notes Forming part of Balance Sheet

Note : 12 Capital Work in Progress

(₹ In Lakhs)

	31 March 2012	31 March 2011
Machinery under Erection	1,366.39	2,233.27
Technical Know Fee/Software Development	1,619.58	1,506.73
Civil Works in Progress	267.52	3,388.58
Pre-operative Expenses pending to be capitalised	263.96	956.55
	<u>3,517.44</u>	<u>8,085.14</u>

Note : 13 Intangible Assets Under Development (Internally generated)

Description	As On April 1, 2011	Additions	Adjustments/ Deletions	As On 31 March 2012	As On 31 March 2011
Intangible Assets Under Development	359.11	1,627.54	-	1,986.65	359.11
	<u>359.11</u>	<u>1,627.54</u>	-	<u>1,986.65</u>	<u>359.11</u>

13.1 Refer Note 11.1 and 11.2 above.

Note : 14

A Non-Current Investments (at Cost)

No. of Equity Shares Held	Face Value per unit	Details	31 March 2012		31 March 2011	
Number						
i) Investment in Equity						
a) Subsidiary Companies						
172160 (172160)	100 Nepal Rs	Bhagirath Energy Systems Pvt Ltd. Nepal	107.60		107.60	
Less: Diminution in Value provided for			29.48	78.13	29.48	78.13
-	RM 1	HBL Power Systems (M)SDN BHD Malaysia		-		20.03
160000						
72040000 (72040000)	Rs. 10	Agile Electric Drives Technologies & Holdings Pvt Ltd		11,288.05		11,288.05
250 (250)	Euro 100	HBL Germany GMBH		14.92		14.92
9000000 (5000000)	Rs. 10	SCIL Infracon Pvt Ltd		1,069.42		651.63
400 (-)	USD 1000	HBL America Inc		195.88		-
b) Associate Company						
41000 (41000)	Rs. 10	Naval Systems & Technologies Pvt Ltd		4.10		4.10
c) Joint Venture Company						
1100000 (1100000)	SR 10	Gulf Batteries Company Ltd (Kingdom of Saudi Arabia)		1,424.51		1,424.51

Notes Forming part of Balance Sheet

(₹ In Lakhs)

No. of Equity Shares Held	Face Value per unit	Details	31 March 2012		31 March 2011	
d) Controlled Company 90000 (90000)	Rs. 10	Kairos Engineering Ltd.		9.00		9.00
e) Other Companies (Quoted) 200 (200)	Rs. 10	Indian Lead Ltd		0.10		0.10
2060482 (840482)	Rs. 10	Sankhya Infotech Ltd		721.81		331.04
(Un quoted) 171216 (171216)	Rs. 10	Autotec Systems Pvt Ltd		300.34		300.34
ii) Investment in LLP		HBL Suntech LLP		18.30		-
				15,124.55		14,121.84
B Current Investments (at or below cost)				Nil		Nil
TOTAL (A+B)				15,124.55		14,121.84

- 14.1 All Investments are Non-Trade and Un quoted (unless other wise stated) and are classified as permanent category (Non Current) and no provision is required to be made for fall in the value of investment except as stated above, as the losses in other companies are considered to be temporary.

	₹ in Lakhs	₹ in Lakhs
Aggregate amount of Quoted investments	721.91	331.14
Aggregate Market Value of Quoted Investments	Not Available	Not Available
Aggregate provision for Diminution in value of investments	29.48	29.48

- 14.2 Investments/Advance for Investments:

14.2.1 Bhagirath Energy Systems Pvt Ltd (a wholly owned subsidiary), Nepal was under liquidation and a provision of Rs.29.48 Lakhs was made towards fall in the value of investment upto 31.03.2012. The Company made an application to Reserve Bank of India for disinvestment of Equity in Bhagirath Energy Systems Pvt Ltd and pending receipt of Equity proceeds, the provision is continued. The company expects to receive the proceeds in F.Y.2012-13

14.2.2 The investment of Rs.20.03 lakhs held on 31.03.2011 in the Subsidiary Company, HBL Power Systems (M) SDN BHD was disposed off during the year for Rs.32.86 lakhs and the resultant profit of Rs.12.82 lakhs is shown as exceptional income.

14.2.3 M/s. Agile Electric Drives Technologies & Holdings (P) Ltd (Agile Holdings), a subsidiary of HBL Power Systems Ltd, has 3 subsidiaries on 31.03.2011 namely Igarashi Motors India Ltd (IMIL), Agile Electric Sub Assembly (P) Ltd (AESAPL) and Igarashi Motor Sales (P) Ltd (IMSPL). As part of Amalgamation scheme finalised and waiting Honble High Court's Approval "Agile Holdings" is merging w.e.f. 01.04.2011 with its subsidiary ' AESAPL'. Pending necessary approvals of the scheme of Amalgamation, the investment made and held by HBL Power Systems Ltd in ' Agile Holdings' is continued as such. Necessary changes will be made after required approvals are received in this regard.

14.2.4 During the year, the Company acquired additional 40% of Equity in SCIL Infracon (P) Ltd, Hyderabad for Rs.417.79 lakhs thus aggregating to 90% of Equity. Further, the Company has made an advance of Rs.25.00 lakhs during the year for acquiring balance 10% of Equity in the said Company which is shown under Loans & Advances.



Notes Forming part of Balance Sheet

- 14.2.5 The Company incorporated a wholly owned subsidiary. HBL America Inc, in America with an Authorised Capital of USD 1 Million and the company invested USD 0.40 Million (Rs.195.88 lakhs) as capital in the wholly owned subsidiary.
- 14.2.6 The Equity shares held by the company in Gulf Batteries Company Ltd (a Joint Venture) are pledged to Exim Bank by way of Security for the loan to part-finance in the Equity contribution in the Joint Venture.
- 14.2.7 During the year, the Company acquired 8.433% of equity in Sankhya Infotech Ltd. (a Listed Company) for Rs.390.77 lakhs in addition to the existing Equity of 9.89% of Equity in the said Company totalling to 18.323% of the Equity for a Total value of Rs. 721.80 Lakhs.
- 14.2.8 During the year, a LLP, HBL Suntech LLP, was incorporated on 28.09.2011 by HBL Power Systems Ltd (60% share) and Mrs. Deepa Shashidhar Kuckian (40% share) with an agreed initial Capital of Rs.200.00 Lakhs. Against agreed Capital contribution of Rs.120 Lakhs (60% share), HBL Power Systems Ltd invested Rs.18.30 Lakhs upto 31.03.2012
- 14.2.9 Based on MOU entered by the company, M/s.HBL Miltrade Pte Ltd, Singapore, allotted one share (Face value – One Singapore Dollar) to the company. The company is yet to remit the same. Pending remittance, Investment is not disclosed in the Balance Sheet.

Note : 15 Loan and Advances

(₹ In Lakhs)

	31 March 2012		31 March 2011	
	Long-Term	Short-Term	Long-Term	Short-Term
Capital Advances				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	1,158.56	-	1,288.41	-
(A)	1,158.56	-	1,288.41	-
Security Deposits				
Secured, Considered Good				
Unsecured, Considered Good	719.50	390.76	731.13	76.99
(B)	719.50	390.76	731.13	76.99
Loans & Advances to Related Parties				
Unsecured, Considered Good	-	5,098.06	-	4,712.09
(C)	-	5,098.06	-	4,712.09
Other Loans & Advances				
Loans and advances to Employees	4.73	87.27	3.77	97.19
Deposits/Balances with Excise/Sales Tax Authorities	-	662.30	-	1100.10
Advance for investment pending allotment	25.00	-	313.18	-
Advances for Purchases and Others	-	2,395.54	-	3,748.87
Interest Accrued But not Due	-	355.08	-	166.24
Service Tax Input/Vat Receivables	-	275.41	-	196.29
Claims & Other Receivables	-	249.24	-	138.67
Other Advances	-	345.60	-	323.02
Income Tax Refunds Receivable	-	49.07	-	488.33
MAT Credit Entitlement	-	435.00	-	-
(D)	29.73	4,854.51	316.95	6,258.72
Advance Payment of Income Tax (including TDS)	-	1,698.51	-	1,242.50
Less : Provision for Income Tax/Wealth Tax	-	59.20	-	57.14
(E)	-	1,639.31	-	1,185.36
Total (A+B+C+D+E)	1,907.79	11,982.64	2,336.49	12,233.16

Notes Forming part of Balance Sheet

15.1 Particulars of Loans and Advances due from the Related Parties

(₹ In Lakhs)

	31 March 2012	31 March 2011
Agile Electric Drives Technologies and Holdings Pvt Ltd (Subsidiary company)	2,400.00	3,000.00
Agile Electric Sub Assembly (P) Ltd (Step down Subsidiary of Subsidiary company)	1,943.92	-
SCIL Infracon Pvt Ltd (Subsidiary company)	706.84	314.40
Kairos Engineering Ltd (Controlled Company)	43.78	38.70
Naval Systems & Technologies Pvt Ltd (Associate Company)	0.40	-
Sankhya Infotech Ltd . (Associate Company)	2.90	1,356.32
Auto TEC Systems (P) Ltd. (Associate Company)	0.22	2.68
	<u>5,098.06</u>	<u>4,712.10</u>

15.2 Claims & Other Receivables

During the year, due to heavy rainfall, there was a damage to one of the factory buildings and incidental damage to Plant & Machinery and stocks in process. The assets are insured under reinstatement value policy which is in force on the date of incident. The total cost for repairing, rebuilding the factory shed/acquiring related machinery and damaged inventory is estimated at Rs. 264.00 Lakhs. The claim has been intimated and is in process. The actual cost incurred towards the above as on 31.03.2012 amounting to Rs. 87.71 Lakhs is shown under Claims & Other Receivables which is subject to settlement.

Note : 16 Current Assets

	31 March 2012	31 March 2011
Inventories *		
Raw Materials	15,418.07	13,542.07
Stores, Spares, Process Chemicals, Fuels & Packing Material	408.99	426.64
Stock -in-trade (in respect of goods acquired for trading)	1,047.59	297.57
Bonded Stocks	240.27	43.39
Consumable Tools	24.84	23.27
Work In Progress	7,469.55	7,411.00
Finished Goods	4,166.10	5,072.66
	<u>28,775.41</u>	<u>26,816.59</u>

* Valuation of Inventories carried out as per Accounting Policy K of Note No. 1

Note : 17 Trade Receivables

	31 March 2012		31 March 2011	
	Long-Term	Short-Term	Long-Term	Short-Term
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	-	5,160.12	-	5,237.41
Provision for Doubtful Receivables	-	(14.40)	-	(14.40)
(A)	-	5,145.72	-	5,223.02
Other Receivables				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	-	32,941.69	-	25,784.72
(B)	-	32,941.69	-	25,784.72
Total (A+B)	-	38,087.42	-	31,007.74



Notes Forming part of Balance Sheet

17.1 Particulars of Trade Receivables due from the Related Parties

(₹ In Lakhs)

	31 March 2012	31 March 2011
HBL Germany, GMBH	856.25	-
HBL America	164.30	-
HBL Suntech, LLP	267.00	-
Gulf Batteries Co. Ltd (KSA) (Joint Venture Company)	1654.34	550.04
Kairos Engineering Ltd (Controlled Company)	1.88	1.65
Guided Missile Engineering India Pvt Ltd (Associate Company)	-	0.27
Sankhya Infotech Ltd	17.68	-
Auto TEC Systems (P) Ltd. (Associate Company)	200.60	685.86
Total	3162.05	1237.82

Note : 18 Cash and Bank Balances

	31 March 2012	31 March 2011
Cash & Cash Equivalents		
Current Accounts	590.42	5121.67
Cash on hand	21.97	38.11
Fixed Deposits with original maturity of less than three months	19.76	308.76
(A)	<u>632.15</u>	<u>5468.54</u>
Other Bank Balances		
Fixed Deposits *	738.16	378.62
Margin Money Deposits **	2983.60	2875.43
No-Lien Account	694.29	-
Dividend Account	24.67	25.73
(B)	<u>4440.72</u>	<u>3279.77</u>
Total (A+B)	5072.87	8748.31

* Includes ₹ 542.04 Lakhs (Previous year: ₹ 487.46 Lakhs) with original maturity for more than 12 months

** Includes ₹ 2591.48 Lakhs (Previous year : ₹ 2550.41 Lakhs) with original maturity for more than 12 months

Notes Forming part of Statement of Profit & Loss

Note : 19 Revenue from Operations

(₹ In Lakhs)

	31 March 2012	31 March 2011
Sales of Products	1,08,101.79	1,01,187.42
Traded Goods	2,538.26	400.85
Sales of Services	5,665.50	4,706.84
Other Operating Revenue		
Scrap Sales	52.04	50.96
	<u>1,16,357.59</u>	<u>1,06,346.06</u>
Less : Excise Duty	7,404.65	6,970.49
	<u>1,08,952.94</u>	<u>99,375.58</u>
19.1 Details of Products sold		
19.1.1 Sale of Products/Scrap(Net of Duty)		
Lead Acid Batteries	63,272.75	62,362.48
Nicad Battery Cells	2,465.32	1,971.99
Silver Zinc Battery Cells	1,597.74	2,537.52
Lithium Battery Cells	230.38	6.87
Nickel Cadmium Pocket Plate Batteries	24,618.34	20,988.60
Electronic Chargers/Rectifiers	6,287.84	4,673.69
Battery Operated Vehicles	86.59	237.03
Solar Photovoltaic Module	760.00	-
Others Products	1430.2	1,280.14
Export of Know how and I&C	-	209.57
	<u>1,00,749.16</u>	<u>94,267.89</u>
19.1.2 Traded goods sold		
Batteries	2,164.21	-
Other Products	374.05	400.85
	<u>2,538.26</u>	<u>400.85</u>
19.1.3 Details of services rendered		
Installation & commissioning Charges Received	257.05	301.83
Works Contract Receipts	1,614.78	1,111.28
Service Charges	3,103.55	3,073.22
Job Work Charges / Testing Charges	290.13	220.51
Design & Development Service	400.00	-
	<u>5,665.51</u>	<u>4,706.84</u>
Grand Total	<u>1,08,952.93</u>	<u>99,375.58</u>

Note : 20 Other Income

	31 March 2012	31 March 2011
Interest Received on Deposits with Banks	292.14	241.07
Other Interest Received	39.23	26.19
Interest Received on ICD	547.49	191.23
Interest Received on IT Refunds	14.22	16.05
Foreign Exchange Variation	473.00	462.16
Rent Received	31.40	39.23
Bad debts written off recovered	4.16	74.85
Commission received	-	3.23
Excess Provisions / Old Credit Balances no longer required written back	173.87	81.10
Sales Tax Refund Received	-	96.64
Miscellaneous Income	59.18	10.38
Duty Drawback Received	12.52	5.37
	<u>1,647.21</u>	<u>1,247.49</u>



Notes Forming part of Statement of Profit & Loss

20.1 Disclosures required to be made as per Accounting Standards (AS), to the extent applicable, are as under:
Disclosure as per AS-11 "Accounting for Effects of Changes in Foreign Exchange Rates" (₹ In Lakhs)

	2011-2012	2010-2011
a) Exchange differences arising out of settlement / translation on account of Export Sales for the year included in Other Income under head Foreign Exchange Variation	1,183.66	118.98
b) Exchange differences arising out of settlement / translation on account of previous year; Export Sales included in Other Income under head Foreign Exchange Variation	123.97	20.21
c) Exchange differences arising out of settlement / translation on account of Imports included in Other Income under head Foreign Exchange Variation	(834.64)	322.97
Net gain (loss) recognised during the year	<u>473.00</u>	<u>462.16</u>

Note : 21 Cost of Material Consumed

	31 March 2012		31 March 2011	
Opening Stocks	13,542.07		11,942.99	
Purchases, Material, Components & Consumables	<u>61,865.35</u>		<u>65,412.13</u>	
	75,407.42		77,355.12	
Less : Closing Stocks	<u>15,418.07</u>	59,989.35	<u>13,542.07</u>	63,813.06
Less : Internal Capitalisation		295.10		293.10
Cost of Material Consumed		<u>59,694.25</u>		<u>63,519.96</u>

	31 March 2012	31 March 2011
21.1 Details of Inventory		
Raw Materials/Components/Consumables		
Lead & Lead Alloys	1,869.03	1,609.27
Lead Scrap	2,835.40	2,728.57
Battery Components	2,377.60	2,932.05
Nickel Based Materials	1,746.02	960.65
Silver	995.15	432.09
Poly Propylene Materials	516.27	376.08
Battery Separator	466.68	597.14
Copper	581.76	471.33
Electrical & Electronic Components	266.70	471.43
Packing Materials	204.58	161.98
CR Sheets	313.79	551.07
Solar Panel Materials	149.30	65.62
Others	3,095.79	2,184.79
	<u>15,418.07</u>	<u>13,542.07</u>
21.2 Details of Consumption of Raw Materials		
Battery Separator	1,162.41	1,851.18
Lead Calcium	14,784.10	14,900.59
Lead Sub Oxide	14,702.61	14,720.94
Poly Propylene	1,919.89	1,239.03
C R Sheet	2,069.14	2,154.75
Nickel Hydroxide Powder	2,041.75	673.99
Nickel Sulphate	2,687.98	2,564.75
C R Strip	1110.7	720.08
Nickel Powder	385.12	371.12
Transformers, Chokes, Electric Items	3,214.04	2,476.44
Others	15,616.52	21,847.08
	<u>59,694.26</u>	<u>63,519.95</u>

Notes Forming part of Statement of Profit & Loss

21.3 Value of Imported Raw Materials consumed and their percentage to Total Consumption

(₹ In Lakhs)

	2011-12	%	2010-11	%
Imported Raw Material	23,682.86	39.67	27,838.12	43.74
Indigenous Materials	36,011.39	60.33	35,681.83	56.26
	59,694.25	100	63,519.95	100

Note : 22 (Increase) / Decrease in Inventory

	31 March 2012		31 March 2011	
i) Closing Stocks				
a) Traded Goods	1,047.59		297.57	
b) Semi Finished Goods	7,469.55		7,411.00	
c) Finished Goods	<u>4,166.10</u>	12,683.24	<u>5,072.66</u>	12,781.22
ii) Opening Stocks				
a) Traded Goods	297.57		-	
b) Semi Finished Goods	7,411.00		6,517.87	
c) Finished Goods	<u>5,072.66</u>	12,781.23	<u>3,996.98</u>	10,514.84
		<u>97.99</u>		<u>(2,1266.38)</u>

	31 March 2012	31 March 2011
22.1 Details of Inventory		
22.1.1 Traded Goods		
Batteries	716.92	-
Other Products	<u>330.67</u>	<u>297.57</u>
	<u>1,047.59</u>	<u>297.57</u>
22.1.2 Work in Progress		
Lead Acid Batteries	4,779.03	5,883.47
Nicad Battery Cells	278.64	244.15
Silver Zinc Battery Cells	25.93	72.97
Lithium Battery Cells	21.23	18.82
Nickel Cadmium Pocket Plate Batteries	839.20	518.01
Electronic Chargers/Rectifiers	805.12	509.94
Battery Operated Vehicles	34.69	68.02
Solar Photovoltaic Module	61.15	7.70
Others Products	<u>624.55</u>	<u>87.92</u>
	<u>7,469.54</u>	<u>7,411.00</u>
22.1.3 Finished Goods		
Lead Acid Batteries	3,399.52	4,775.26
Nicad Battery Cells	166.56	47.80
Nickel Cadmium Pocket Plate Batteries	456.44	238.16
Electronic Chargers/Rectifiers	-	11.44
Solar Photovoltaic Module	<u>143.58</u>	-
	<u>4,166.10</u>	<u>5,072.66</u>
Grand Total	12,683.23	12,781.23



Notes Forming part of Statement of Profit & Loss

Note : 23 Employees Cost

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Salaries, Wages & Bonus	9,723.79		9,729.09	
Contribution to Provident Fund & Other Funds	760.21		729.02	
Gratuity	144.99		293.26	
Staff Welfare Expenses	808.64		858.88	
Recruitment & Training	19.01		8.59	
		11,456.64		11,618.84
<i>Remuneration to Directors:</i>				
Salaries & Allowances	72.24		46.09	
Commission on Profits	65.44		-	
Contribution to Provident Fund	5.76		3.76	
Other Perquisites	-		1.32	
		143.44		51.17
		<u>11,600.08</u>		<u>11,670.01</u>

	2011-2012	2010-2011
23.1 Disclosure as per AS-15 "Employee Benefits";		
i) Defined Contribution Plan:		
Contribution to Defined Contribution Plan, recognised as expense for the year are as under:		
Employer's Contribution to PF/ESI/ Pension plan	765.97	732.78
ii) Defined Benefit Plan:		
(a) Gratuity obligation of the Company:		
The Company has taken Group Gratuity Policy of LIC of India to cover the employer's obligation towards Gratuity under the payment of Gratuity Act and the fund required to be maintained to cover the P.V of past service benefit and current service cost is fully funded by the Company as per the valuation made under PUC method and demanded by LIC of India. Besides the funding, the company also paid the annual risk premium to keep the policy active and recognised as expenses for the year.		
Actuarial assumptions for Grautuity:		
Gratuity ceiling (Rs. in lakhs)	10	10
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Withdrawal rate	1% to 3%	1% to 3%
Discount rate (per Annum)	8%	8%
Salary escalation (per Annum)	4%	4%
Valuation method	PUC	PUC
Percentage of funding	100%	100%
Amount contributed during the year:		
Towards Gratuity Fund	132.01	280.65
Towards Annual Risk Premium	12.98	13.38
Amount charged to Profit & Loss statement	<u>144.99</u>	<u>294.03</u>

Notes Forming part of Statement of Profit & Loss

(₹ In Lakhs)

	2011-2012	2010-2011
Results of actuarial valuation on liability & funding (as per LIC of India):		
Present value of past service benefit	804.75	629.99
Current Service cost	132.01	111.08
	936.76	741.07
Fund value at the beginning	780.15	481.77
Contribution made during the year:		
For current service cost	132.01	111.08
For shortfall in P.V of past benefit and fund value on renewal date	-	169.57
Interest credit to the fund	68.97	43.58
Claims settled	(74.50)	(25.85)
Fund value at the year end	906.63	780.15
Results of independent Actuarial Valuation report for the year:		
(i) Assets/Liabilities		
Present Value (P.V) of obligation at the year end	866.86	625.66
Fair Value (F.V) of plan assets at the year end	906.63	780.15
Funded status	39.77	154.49
Representing Current service cost charged by LIC and interest credited to fund by LIC, not recognised as asset		
(ii) Expense to be recognised in Profit & Loss account:		
Current service cost	12.49	555.45
Actuarial gain	253.16	(325.06)
Interest cost	50.05	31.19
	315.70	261.58
(iii) Changes in the P.V of obligation:		
P.V of obligation at the beginning	625.66	389.93
Interest cost	50.05	31.19
Current service cost	12.49	555.45
Actuarial gain	253.16	(325.06)
Benefits paid	(74.50)	(25.85)
P.V of obligation at the year end	866.86	625.66
(iv) Changes in the F.V of Plan Assets:		
F.V at the beginning	780.15	481.77
Expected returns	62.41	38.54
Contribution during the year	132.01	280.65
Actuarial gain	6.56	5.04
Benefits paid during the year	(74.50)	(25.85)
F.V at the year end	906.63	780.15
(iv) Actuarial Gains / Losses:		
- on account of obligation	253.16	(325.06)
- on account of Plan Assets	6.56	5.04
Gains/losses recognised	246.60	(320.02)
Unrecognised gain / loss	NIL	NIL



Notes Forming part of Statement of Profit & Loss

(₹ In Lakhs)

	2011-2012	2010-2011
(iv) Fair Value of Plan Assets:		
F.V at the beginning	780.15	481.77
Actual return on Plan Assets	68.97	43.58
Contributions	132.01	280.65
Claims settled	(74.50)	(25.85)
F.V at the year end	906.63	780.15
P.V of obligation at the year end	866.86	625.66
Fund status	39.77	154.49
	906.63	780.15
(b) Long Term Compensated Absences:		
The present value of obligation for long term compensated absences is determined on actuarial valuation using Project Unit Credit method (PUC) and is charged to profit & loss account. The obligation is not funded.		
Provision held at the beginning of the year	134.87	105.07
Expense recognised during the year	67.39	50.22
Claims paid (encashed during the year)	(32.20)	(20.42)
Provision required and held at the year end	170.06	134.87
Changes in present value of obligations		
PVO at beginning value of period	134.87	105.07
Interest cost	10.79	8.40
Current Service Cost	4.50	63.75
Actuarial (gain)/loss on obligation	19.90	(42.35)
PVO at end period	170.06	134.87
II Changes in Fair Value of Plan Assets		
Not applicable as the obligations are not funded		
III Actuarial Gain/(Loss) recognized		
(Gain)/Loss for the period recognised	19.90	(42.35)
Unrecognised Gain/(Loss)	NIL	NIL
	19.90	(42.35)
IV Amounts to be recognized in the Balance sheet		
Present Value of Obligation at the year end	170.06	134.87
Net Asset/(Liability) recognized in the balance sheet	(170.06)	(134.87)
Net Asset/(Liability) unrecognized	-	-
V Expense recognized in the statement of P&L a/c.		
Current Service Cost	4.50	63.75
Interest cost	10.79	8.40
Net Actuarial (Gain)/Loss recognized for the period	19.90	(42.35)
Benefits paid	32.20	20.42
Expense recognized in the statement of P & L A/C	67.39	50.22
VI Movements in the Liability recognized in Balance Sheet		
Opening Net Liability	134.87	105.07
Expenses as above	67.39	50.22
Contribution Paid	(32.20)	(20.42)
Closing Net Liability	170.06	134.87



Notes Forming part of Statement of Profit & Loss

Note : 24 Finance Cost

(₹ In Lakhs)

	31 March 2012	31 March 2011
Interest on Term Loans	6,177.00	3,705.16
Interest on Bank Borrowings	2,819.28	1,496.73
Interest on Housing Loans	4.95	5.54
Interest on Vehicle Loans	26.18	25.08
Interest on Equipment Loans	15.85	61.76
Interest on Others	34.64	10.33
Interest on Unsecured Loans	66.89	46.57
Interest on Loan Against TDR's	54.00	-
Bank Charges	527.53	268.35
BG Charges	95.67	111.69
LC Charges	238.63	126.14
	<u>10,060.62</u>	<u>5,857.35</u>
Less: Capitalised & Transferred to Pre Operative Expenses	<u>1,079.75</u>	<u>922.92</u>
	<u>8,980.87</u>	<u>4,934.43</u>

Note : 25 Depreciation and Amortization expense

	31 March 2012	31 March 2011
Depreciation of Tangible Assets	3,269.82	3,030.15
Amortisation of Intangible Assets	166.30	102.56
	<u>3,436.12</u>	<u>3,132.71</u>

Note : 26 Other Expenses

	31 March 2012		31 March 2011	
Manufacturing Expenses				
Stores & Spares Consumption	1,287.69		1,362.34	
Factory Rent	34.34		18.83	
Consumable Tools Charged Off	20.22		31.25	
Job Work Charges Paid (Piece Rate Contract)	3,665.28		4,033.70	
Testing Charges	129.05		128.65	
Power and Fuel	5,103.04		4,400.42	
Installation Charges paid	74.95		187.24	
Televan Hire Charges	572.16	10,886.73	720.07	10,882.50
Administrative Expenses				
Rent	273.83		229.41	
Rates & Taxes	173.02		99.13	
Licence Fees	56.49		267.44	
Sales Tax on Works Contracts	114.84		67.92	
Excise Duty on Stock Transfers to Branches	355.66		350.32	
Excise duty paid on Samples & Replacements	100.00		215.20	
Excise duty on Closing Stocks of Finished Goods	104.60		119.89	
Insurance	121.20		94.40	
Professional & Consultancy Charges	352.60		299.63	
Security Expenses	451.04		349.71	
Building & Garden Maintenance	244.90		248.08	
Office & Office Equipment Maintenance	235.09		260.69	
Vehicle Maintenance	221.43		222.17	
Maintenance - Others	336.40		272.91	



Notes Forming part of Statement of Profit & Loss

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Conveyance	880.46		852.18	
Travelling	708.72		656.10	
Printing & Stationery	213.97		271.13	
Postage, Telephones & Telex	416.74		467.98	
Books & Periodicals	80.26		78.56	
Sundry Expenses	144.20		192.12	
Directors Sitting Fees	1.24		1.12	
Audit Fees	15.00		12.50	
Audit Expenses	0.76		0.78	
Internal Audit Expenses	0.14		-	
Advances written off	20.98		9.44	
Donations	3.99	5,627.56	20.77	5,659.56
Selling Expenses				
Freight Outward	2,209.74		2,293.57	
Freight and Insurance on exports	415.13		347.03	
Export Expenses	683.06		385.19	
Liquidated Damages	19.05		3.31	
Commission On Sales	63.83		35.30	
Commission On Export Sales	281.50		134.00	
Dealer Discount	78.75		-	
Advertisement	26.07		68.31	
Business Promotion	136.71		152.48	
Membership & Subscription	10.53		13.08	
Transit Insurance	32.10		21.98	
Royalties On Sales	42.94		90.88	
Bad debts written off	393.20		14.01	
Provision for Warranries	(52.18)		(129.70)	
Other Selling Expenses	134.97		160.37	
Loss on Assets Sold	6.54		8.42	
Deposits Written Off	1.20	4,483.14	0.83	3,599.07
Prior Period Expenditure				
Consumption of Materials	48.32		4.79	
Rates & Taxes		10.22		16.92
Maintenance Expenses	33.79		-	
Sundry Expenses	(19.03)		12.64	
Finance Cost	0.26		5.92	
Depreciation	(52.34)	21.22	(1.93)	38.35
		<u>21,018.65</u>		<u>20,179.47</u>
26.1 Audit Fees				
Audit Fee		10.00		8.50
Tax Audit Fee		2.50		2.00
Tax Representation		2.50		2.00
Service Tax		1.85		1.29
		<u>16.85</u>		<u>13.79</u>

Notes Forming part of Statement of Profit & Loss

Note : 27 Exceptional (Income)/Expenditure

(₹ In Lakhs)

	31 March 2012	31 March 2011
Assets written off	743.82	-
Profit on Sale of Investments	(12.82)	(1,141.22)
Profit on sale of assets	(52.87)	(5.03)
Sales Tax Subsidy Received	-	(365.78)
	<u>678.13</u>	<u>(1,512.03)</u>

Note : 28 Disclosure as per AS-20 "Earnings per share";

	31 March 2012	31 March 2011
Computation of EPS (Basic & Diluted)		
Profit After Tax (Rs.)	960.17	1,644.95
No. of Shares (Basic)	2,530.00	2,530.00
No. of Shares (Diluted)	2,530.00	2,530.00
EPS (Basic)	<u>0.38</u>	<u>0.65</u>
EPS (Diluted)	<u>0.38</u>	<u>0.65</u>

Note : 29 Introduction of Revised Schedule VI :

The Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the company for the year ended 31.03.2012 for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous figures in accordance with the requirements applicable in the current year.



Notes Forming part of Statement of Profit & Loss

Note : 30 Contingent Liabilities not provided for and commitments:

All known and undisputed claims and liabilities where there is present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for.

(₹ In Lakhs)

Nature of Contingent Liability	31 March 2012	31 March 2011
30.1 Contingent liabilities not provided for:		
a) Un-executed portion of letters of credit opened by Bank	6,064.93	3,975.13
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees * includes Bank Guarantees issued to others on behalf of a Subsidiary Company Rs.900 Lakhs	13,958.17	*15,521.22
c) Corporate Guarantee issued to ICICI Bank on behalf of Igarshi Motors India Ltd (a step down subsidiary of the company) for the loan facilities sanctioned to them.	7,600.00	-
d) Legal undertakings (LUTs) given to Custom's Authorities for clearing the imports at Nil / Concessional rate of duty pending for fulfilment of export obligations, (net of the export obligations fulfilled of Rs.3509.74 lakhs (previous year Rs.2302.49 lakhs) for which the process of discharging the LUTs by the concerned authorities is at various stages).	4,586.53	2,736.36
e) Claims against the Company not acknowledged as debt:		
Excise duty claim	286.13	94.85
Sales Tax claim	61.45	4.84
Custom duty claim	31.96	36.67
Property Tax claim of VSEZ unit	27.64	27.64
Fuel surcharge adjustment (FSA) claim to the extent billed by Power Distribution Companies of A.P	122.02	97.34
Other claims	8.17	34.42
f) Income Tax Dispute for Asst.Year 2009-10	65.08	-
30.2 Estimated amount of contracts remaining to be executed on Capital account and not provided for	1,699.64	3,580.82
30.3 Investments committed by the Company in the Equity of other Companies:		
M/s. Sankhya Infotech Ltd. against share warrants issued by them (net of 50% contributed as on 31.03.11)	-	195.38
M/s. SCIL Infracon Pvt Ltd. Against purchase of 10000 shares (net of ₹ 25.00 Lakhs contributed as on 31.03.2012)	135.00	-
M/s. HBL Suntech,LLP against 60% Share in LLP (net of ₹ 18.30 Lakhs contributed as on 31-03-2012)	101.70	-

Notes Forming part of Statement of Profit & Loss

Note : 31 Incometax and Sales Tax Assessments:

31.1 Income Tax:

The Company's assessments were completed upto Financial Year 2008-09 and the tax dues as per orders were paid and charged to revenue except for disputed issues under Appeal. Tax assessments for the year 2009-10 and 2010-11 are pending and the tax dues as per returns filed have been fully paid. The liability, if any, in respect of such pending assessments, that may arise upon completion is not ascertainable at this stage.

31.2 The Company has no taxable income for the year 2011-12 under the normal computation as per the provisions of the Income Tax Act, 1961. However, the company has taxable income on book profits (MAT) Under Section 115 JB of the Income Tax Act and the same has been paid and disclosed as " Current Tax ". Considering the probable future economic benefits that will flow to the company by way of set off of MAT against future regular tax liability within the specified period as per the provisions of the Income Tax Act, the company has recognised MAT credit entitlement as an asset and credited the same to Profit & Loss statement.

31.3 Sales Tax:

The Company has paid/provided VAT/CST as per the records and returns filed upto 31.03.2012 after considering the Input VAT on purchases and also on the basis of concessional Forms expected to be received from customers. The liability, if any, in respect of pending assessments including those relating to non-submission of concessional Forms ('C' Forms etc.) is not ascertainable at this stage. The company is in the process of collecting concessional Forms from customers for submission before the assessments are completed/finalised.

Note : 32 Confirmation of Balances

Balances appearing under Trade Receivables, Trade Payables, Advances to suppliers/others and advances from customers are subject to confirmation/ reconciliation and consequential adjustments.

Note : 33 Disclosures as required under AS-7 "Construction Contract"

(₹ In Lakhs)

	31 March 2012	31 March 2011
33.1 In respect of Contracts where revenue is recognised		
i) Contract revenue recognised in the period (incl. Service Tax)	441.20	-
ii) Contract Costs incurred up to the reporting period (Incl. Service Tax)	279.05	-
iii) Recognised Profit	162.15	-
iv) Gross advance received from customer	500.00	-
v) Due from customer (Amount billed less amount received and advance adjusted)	40.00	-
vi) Due to customers (Advance received less adjusted against bill raised)	416.67	-
33.2 In respect of Contracts where Revenue is not recognised		
i) Contract costs incurred shown as contracts in progress	325.35	-
ii) Gross advance received against contracts shown as Liability	2,112.90	-



Notes Forming part of Statement of Profit & Loss

Note : 34 Disclosure as per AS-17 "Segment Reporting";

(₹ In Lakhs)

	31 March 2012		31 March 2011	
<u>Segment Revenue</u>				
Batteries				
Exports	21,086.72		18,367.02	
Domestic sales	<u>74,971.22</u>	96,057.94	<u>73,366.00</u>	91,733.02
Unallocated				
Exports	1,655.16		1,384.00	
Domestic sales	<u>11,649.82</u>	<u>13,304.98</u>	<u>6,323.00</u>	<u>7,707.00</u>
Total		1,09,362.92		99,440.02
Less : Inter-segment Revenue		409.99		64.00
Gross Revenue		<u>1,08,952.93</u>		<u>99,376.02</u>
<u>Segment Result</u>				
Batteries		15,483.00		9,012.00
Unallocated		<u>771.00</u>		<u>-598.00</u>
Total		16,254.00		8,414.00
Less : Interest		8,981.00		4,934.00
Unallocable expenditure net of unallocable income		<u>5,103.00</u>		<u>2,958.00</u>
Net Profit before taxes		<u>2,170.00</u>		<u>521.00</u>
<u>Segment Assets</u>				
Batteries		98,571.81		95,567.00
Unallocated		<u>58,893.66</u>		<u>49,652.00</u>
Total Assets		<u>1,57,465.47</u>		<u>1,45,219.00</u>
<u>Segment Liabilities</u>				
Batteries		22,731.43		18,112.00
Unallocated (includes Term Loans, Bank Loans, Hire Purchase Loans)		<u>81,730.79</u>		<u>74,623.00</u>
Total Liabilities		<u>1,04,462.22</u>		<u>92,735.00</u>
<u>Segment Capital expenditure during the year</u>				
Batteries		4,786.41		8,558.00
Unallocated		<u>2,766.24</u>		<u>3,579.00</u>
Total		<u>7,552.65</u>		<u>12,137.00</u>
<u>Segment Depreciation</u>				
Batteries		2,849.06		2,659.00
Unallocated		<u>420.76</u>		<u>371.00</u>
Total		<u>3,269.82</u>		<u>3,030.00</u>

Notes:(a) The company's operations include Batteries of different types, Electronics, Railway Signalling contracts etc. Except for Batteries, the segment revenue, the segments results and the segments assets and liabilities of other activities are individually below the threshold limit of 10% as provided in AS-17 "Segment Reporting". Accordingly, Batteries segment is shown separately as reportable segment and others are included in Unallocated segments.

(b) Batteries segment consists of various types of batteries for defence, aviation, telecom and industrial application.

(c) Inter segment revenue is measured at the market prices at which the products are sold to external Customers



Notes Forming part of Statement of Profit & Loss

Note : 35 Disclosure as per AS-18 "Related Party Disclosure";

1 Holding Company	:	Beaver Engineering & Holdings Ltd, Hyderabad
2 Subsidiaries	:	Bhagirath Energy Systems Pvt Limited, Nepal Agile Electric Drives Technologies & Holdings Pvt Ltd SCIL Infracon Pvt Ltd HBL Germany, GMBH HBL America HBL Suntech LLP
3 Step Down Subsidiaries of Subsidiary	:	Agile Electric Sub Assembly (P) Ltd Igarshi Motors India Ltd Igarshi Motors Sales (P) Ltd
4 Joint Venture	:	Gulf Batteries Company Ltd, Kingdom of Saudi Arabia
5 Controlled Companies	:	Kairos Engineering Limited, Hyderabad
6 Associate	:	Naval Systems & Technologies Pvt Ltd Guided Missile Engineering India Pvt Ltd
7 Companies which Directors are Interested	:	Auto TEC Systems (P) Ltd, Bangalore Sankhya Infotech Ltd
8 Key Management Personnel	:	Dr A J Prasad Chairman & Managing Director M S S Srinath Whole Time Director Kavita Prasad Whole Time Director Ashok Nagarkatti P Satish Kumar (Up to 31st October 2011)



Notes Forming part of Statement of Profit & Loss

Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2012

(₹ In Lakhs)

Sl.No	Name	Nature of Transaction	During the year	As on 31-03-2012		
				Investments	Amount Receivable	Amount Payable
1	Holding Company	Funds Borrowed	935.00			626.00
		Interest Paid	38.54			15.52
2	Subsidiaries	Investment in Shares	631.97	12,694.17		
		Funds Given	341.09		3,023.95	
		Service Rendered	23.58			
		Services Received	19.16			
		Purchase of Goods	28.64		82.89	17.22
		Commission Paid	13.60			
		Interest Received	413.51			
		Rent Received	1.80			
		Sale of Goods	1,661.91		1,287.55	
3	Step Down Subsidiaries of Subsidiary	Purchase of Goods	215.39			296.24
		Sale of Assets	1,969.95		1,943.92	
		Sale of Goods	123.98			-
4	Joint Venture	Investment in Shares	-	1424.51		
		Services Received	11.20			
		Sale of Goods	1,081.52		1,654.34	
5	Controlled Companies	Investment in Shares	-	9.00		
		Rent Received	0.22		1.88	
		Services Received	46.71		43.78	
6	Associate Companies	Advance for Sale of Goods	300.00			294.82
		Service Rendered	3.57		0.40	
7	Companies in which Directors are Interested	Investment in Shares	390.77	1,022.15		
		Services Received	4.46		3.12	
		Sale of Goods	716.98		218.28	
		Interest Received	126.83			-
8	Key Management Personnel	Funds Borrowed	335.00			205.00
		Remuneration	189.82			
		Rent	5.28			
		Interest Paid	28.34			



Notes Forming part of Statement of Profit & Loss

Note : 36 Disclosure as per AS-19 "Leases";

Finance Leases Nil

Operating Leases:

Future lease Rents Payable:

Not Later than one year. Rs. 11.73 Lakhs

Later than one year and not later than five years. Rs. Nil

Later than five years Rs. Nil

Lease Rents for the year recognised in the Profit & Loss a/c (under Maintenance-Office Equipment) Rs.11.73 Lakhs

Note : 37 Disclosure as per AS-27 "Financial Reporting of Interests in Joint Ventures":

S. No.	Name of the venture	Country of Incorporation	Percentage of ownership interest as on 31.03.2012	Percentage of ownership interest as on 31.03.2011
1	Gulf Batteries Company Ltd	Kingdom of Saudi Arabia	40	40

The Company's interest in the above company is reported under the head Investment (Note-14) and stated at Cost. Pending receipt of Audited/Unaudited financial statements of JV company for the year ending 31-03-2012, the disclosure of the company's share of the Assets/Liabilities, Income and Expenses is not made as required under AS-27

Note : 38 Value of Imports on CIF

(₹ In Lakhs)

	2011-2012	2010-2011
Raw Materials, Components & Spares	22,410.58	26,009.25
Capital Items / Equipment	1,365.75	1,458.83
	23,776.33	27,468.08

Note : 39 Expenditure in Foreign Currency

	2011-2012	2010-2011
Travelling Expenses	109.68	99.76
Professional Charges	33.76	32.64
Commission	281.50	134.00
Royalty	42.83	90.88
Technical Know How	79.35	118.16
Marketing Expenses	79.79	45.88
Investment in Subsidiary Company	195.88	14.92
Others	18.22	21.48
	841.01	557.72

Note : 40 Income in Foreign Currency

(₹ In Lakhs)

	2011-2012	2010-2011
Export Sales (FOB Value of Exports)	22,604.89	19,700.41
Services	40.33	152.88
	22,645.22	19,853.29

As Per Our Report of even date
for M/s **Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 30th May 2012

Place : Hyderabad
Date : 30th May 2012

M V S S Kumar
Company Secretary



Consolidated Auditor's Report

Auditor's Report to the Board of Directors of HBL Power Systems Limited:

1. We have audited the attached Consolidated balance sheet of HBL Power Systems Limited (HBL) and its Subsidiaries (the Group) as at 31st March, 2012 and the Consolidated statement of profit and loss and also the Consolidated cash flow statement for the year ended on that date both annexed thereto, collectively referred to as the Consolidated Financial Statements (CFS). (Reference is invited to Note 33.1 regarding details of Group Companies). The CFS are the responsibility of the HBL's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on the CFS based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Our comments on the CFS are as under:
 - a) Reference is invited to Note 33.2(e) regarding consolidation of un-audited financial statements of M/s. Bhagirath Energy Systems (P) Ltd., Nepal (under liquidation) which are as furnished by the HBL's Management and we have wholly relied on such statements and not carried out any examination of such statements. (Group's Share of Assets of Rs.118.55 lakhs and reserves of Rs.10.95 lakhs as at 31st March, 2012 including an income of Rs.8.61 lakhs for the year ended 31st March, 2012.)
 - b) Reference is invited to Note 33.2(h): In respect of Joint Venture Company, the audited financial statements along with auditor's report on such statements as at 31.12.2011 have been made available to us and based on such audited statements, the Joint Venture Company has prepared and submitted un-audited financial statements as at 31.03.12 and the same have been relied upon by us for inclusion in CFS as per AS-27 (Group Share of Total Assets Rs.703.76 lakhs and negative reserves of Rs.720.75 lakhs including loss of Rs.228.10 lakhs for the year).
 - c) Reference is invited to Note 33.4 regarding deviations in accounting policies as compared to parent company's accounting policies and we are not in a position to quantify the impact of such deviations on the CFS.
4. We did not audit the financial statements as at 31.03.2012 of Subsidiaries including step down Subsidiaries and Joint Venture Company (Reference is invited to Note 33.2). These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint Venture is based solely on the reports of the other auditors. (Reference is invited to annexure to Note 33.5 regarding details of Assets, Liabilities, Reserves as at 31.03.12 and income for the year ended 31.03.12 of the subsidiaries to which necessary adjustments as required under AS-21 have been made to reflect the Group's share of total assets as at 31.3.12 and the Group Share of total revenues for the year ended on that date).



5. We report that CFS have been prepared by HBL's Management in accordance with the requirements of Accounting Standard-21 'Consolidated Financial Statements', Accounting Standard-23 'Accounting for Investments in Associates' in CFS and Accounting Standard-27 'Financial Reporting of Interest in Joint Ventures' as notified under the Companies (Accounting Standard) Rules, 2006.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components to the extent furnished to us, in our opinion and to the best of our information and according to the explanations given to us, but *subject to our comments given in 3 above the impact of which is not quantifiable*, the CFS give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance sheet, of the state of affairs of the Group as at 31st March, 2012;
 - b) in the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

for M/s.SATYANARAYANA & CO.
Chartered Accountants
Firm Regn. No. S-3680

Place : Hyderabad
Date : 14.11.2012

Ch. SESHAGIRI RAO
Partner
(Membership No. 18523)



Consolidated Balance Sheet as at March 31, 2012

(₹ In Lakhs)

Particulars	Note	As at		As at	
		March 31, 2012		March 31, 2011	
I EQUITY AND LIABILITIES					
A Share Holders' Funds					
Share Capital	2	2,530.00		2,530.00	
Reserves and Surplus	3	<u>50,126.89</u>	52,656.89	<u>54,215.53</u>	56,745.53
B Minority Interest	4		8,350.80		9426.52
C Non Current Liabilities					
Long Term Borrowings	5	39,171.15		41,738.82	
Deferred Tax Liabilities	6	3,719.75		2,395.75	
Long-term Provisions	7	<u>158.67</u>	43,049.57	-	44,134.57
D Current Liabilities					
Short Term Borrowings	8	32,862.15		27,436.15	
Trade Payables	9	28,170.32		21,911.25	
Other Current Liabilities	10	27,150.29		21,798.07	
Short Term Provisions	7	<u>1,243.13</u>	89,425.89	<u>1,161.82</u>	72,307.29
Total			<u>193,483.14</u>		<u>182,613.91</u>
II ASSETS					
A Non Current Assets					
Fixed Assets					
Tangible Assets	11	72,904.68		59,373.74	
Intangible Assets	12	11,182.34		18,303.97	
Capital Works in Progress	13	4,498.76		9,754.31	
Intangible Assets under development	14	<u>2,057.21</u>	90,642.99	<u>359.12</u>	87,791.14
Non Current Investments	15	3,225.28		2,754.23	
Long Term Loans and Advances	16	<u>2,706.48</u>	5,931.76	<u>2,557.22</u>	5,311.45
B Current Assets					
Inventories	17	34,272.36		30,730.30	
Trade Receivables	18	47,593.61		37,718.34	
Cash and Cash equivalents	19	7,024.20		11,239.71	
Short Term Loans and Advances	16	<u>8,018.22</u>	96,908.39	<u>9,822.97</u>	89,511.32
Total			<u>193,483.14</u>		<u>182,613.91</u>
Significant Accounting Policies	1				
Notes forming part of Financial Statements	2 to 40				

As Per Our Report of even date
for M/s Satyanarayana & Co.
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 14th November, 2012

Place : Hyderabad
Date : 14th November, 2012

M V S S Kumar
Company Secretary



Consolidated Statement of Profit & Loss for the year ended March 31, 2012 (₹ In Lakhs)

Particulars	Note	Year Ended March 31, 2012		Year Ended March 31, 2011	
A Revenue					
Revenue from Operations	20		1,64,166.05		1,27,708.66
Less : Duties			7,724.41		7,171.87
Revenue from Operations (Net)			1,56,441.64		1,20,536.79
Other Income	21		1,355.46		1,276.24
Total Revenue			1,57,797.10		1,21,813.03
B Expenses					
Cost of Material Consumed	22		91,006.62		77,335.80
Purchase of Traded goods			2,976.83		489.52
(Increase) / Decrease in Inventory	23		(958.60)		(2,425.13)
Employee Benefits Expenses	24		14,705.20		12,953.71
Finance Cost	25		11,650.73		5,904.60
Depreciation, Amortisation and Obsolescence Expense	26		5,443.12		3,960.84
Other Expenses	27		27,105.13		23,762.12
Total Expenses			151,929.03		1,21,981.45
C Profit/(loss) before Exceptional and Extra-ordinary items and Tax (A-B)			5,868.07		(168.43)
D Exceptional (Income)/Expenses	28		729.80		(1512.03)
E Profit/(loss) before Extra-ordinary items and Tax			5,138.27		1343.60
F Extra-ordinary items			-		-
G Profit/(loss) before tax (E-F)			5,138.27		1,343.60
H Tax Expense					
- Current Tax		1,079.16		296.76	
- Less : MAT Credit Entitlement		(435.00)	644.16	-	296.76
- Deferred Tax Changes/(Credit)			1,325.03		(854.41)
- Income Tax & Wealth Tax relating to Previous Years			0.88		(142.15)
I Profit after tax before share of results of Minority Interest (G-H)			3,168.20		2043.40
J Minority Interest-C/Y share of Profit (Loss)			1,394.67		348.59
K Share of Net Profits/(Losses) of Associates			80.28		(9.00)
L Profit for the period from continuing operations(I-J+K)			1,853.81		1,685.82
M Profit/(Loss) before tax from discontinuing operations					
N Tax expenses from discontinuing operations			-		-
O Profit/(Loss) from discontinuing operations (after tax)			-		-
P Profit for the period			1,853.81		1,685.82
Q Earnings per Equity Share	36				
- Basic			0.73		0.67
- Diluted			0.73		0.67
Significant Accounting Policies	1				
Notes forming part of Financial Statements	2 to 40				

As Per Our Report of even date
for M/s Satyanarayana & Co.
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 14th November, 2012

Place : Hyderabad
Date : 14th November, 2012

M V S S Kumar
Company Secretary



Consolidated Cash Flow Statement (As per Clause 32 of the Stock Exchange Listing Agreement) (₹ In Lakhs)

Particulars	March 31, 2012		March 31, 2011	
A CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before Tax and after Minority Interest		3743.60		995.76
Adjustments for:				
Exchange Variation in JV	37.56		(0.44)	
Depreciation	5128.94		3774.50	
Interest Income	(546.29)		(488.34)	
Interest Expense	7140.82		3911.21	
Loss on sale of fixed assets	6.54		9.61	
Profit on sale of fixed assets	(6.22)		(5.03)	
Amortisation of Intangible Assets	314.18		186.33	
Assets written off	748.84		-	
Deposits Written off	1.20		-	
Provisions	21.77		(616.13)	
Operating Profit before working capital changes		12847.35		6771.71
Increase(-)/Dec(+) in Sundry debtors	(9875.27)		(3678.67)	
Increase(-)/Dec(+) in Inventories	(3542.05)		(7425.85)	
Increase(-)/Decrease(+) in Loans & advances *	1890.61		(8645.72)	
Increase(+)/Decrease(-) in Current Liabilities	11450.50	(76.21)	14833.97	(4916.27)
Cash generated from Operations		16514.73		2851.20
Expenditure on employee VEBF	(3.50)			-
Income taxes paid	(940.84)	(944.34)		(1453.10)
Net Cashflow from Operating activities (A)		15570.39		1398.10
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(9391.51)		(50316.38)	
Purchase of Investments	(471.04)		(2440.69)	
Sale of fixed assets	82.37		(75.48)	
Net outflow on account of minority interest	(1075.71)		9426.52	
Interest Received	546.29		488.34	
Miscellaneous Assets	-		(1.20)	
Net Cash flow from investing activities (B)		(10309.61)		(42918.89)
C CASH FLOW FROM FINANCING ACTIVITIES				
Employee Stock Option Scheme	(5.22)		81.90	
Share Premium	(908.48)		3,964.48	
Deferred Tax	(1.03)		1514.67	
Reserves on account of acquisition	(4165.98)		449.70	
Proceeds from long-term borrowings	10202.44		29693.75	
Repayment of long-term borrowings	(12586.01)		(4,520.00)	
Proceeds from working capital borrowings	5834.99		11857.61	
Increase(+)/Decrease(-) in unsecured loans	(413.81)		2517.45	
Dividend payment	(301.52)		(885.06)	
Interest Paid	(7140.82)		(3911.21)	
Net cash flow used in financing activities (C)		(9485.43)		40763.29
NET INCREASE IN CASH and CASH EQUIVALENTS (A+B+C)		(4224.65)		(757.50)
Cash and Cash equiv.at beginning of the period		5736.20		6493.70
Cash and Cash equiv. at end of the period		1511.55		5736.20
Cash and Cash equivalents (Rs.lacs)				
Cash on hand		121.39		38.63
Balances with Banks(current a/c & term deposits)		1390.16		5697.57
Total		1511.55		5736.20

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR 2011-12

- 1 This statement is prepared as per Accounting Standard-3 (indirect method)
- 2 *Including Bank Balances Other than Cash and Cash Equivalents
- 3 Previous year's figures were re-grouped wherever necessary.

As Per Our Report of even date
for M/s Satyanarayana & Co.
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 14th November, 2012

Place : Hyderabad
Date : 14th November, 2012

M V S S Kumar
Company Secretary

Notes Forming part of Consolidated Balance Sheet

Note: 1 Significant Accounting Policies adopted for preparing CFS

A Basis of presentation :

- a) The financial statements of the Parent Company, Subsidiaries, Joint Venture Companies, Associate Companies in India are prepared based on the accounts maintained under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP) with revenues recognized and expenses accounted on accrual basis, including committed obligations and also in accordance with the Provisions of the Companies Act, 1956 and Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government. The financial statements of Foreign Subsidiaries and Joint Venture Companies are prepared based on the accounts maintained as per Local Laws of the respective Countries. Such financial statements are considered for preparation and presentation of the CFS.
- b) The preparation of financial statements requires that the management of the company makes estimates and assumptions that affect the reported amount of income and expenses for the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for warranties etc. Differences, if any, between the actual results and estimates is recognized in the period in which the results are known.

B Principles of consolidation:

- a) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Parent's separate financial statements.
- b) The financial statements of the Parent Company and its Subsidiaries including step down subsidiaries (i.e. subsidiaries of subsidiary company) are consolidated, substantially on a line by line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra group balances and unrealized profits / losses on intra group transactions and are presented to the extent possible, in the same manner as the Company's independent financial statements. Where details of line by line items are not readily available, such items have been grouped under major heads of respective items.
- c) In respect of Investment in Joint Venture Companies, the Company's interest in the assets, liabilities, income, expenses and other obligations is included using proportionate consolidation method as per Accounting Standard (AS) –27.
- d) Investments in Associate Companies are accounted for, by using "equity method" (as per Accounting Standard (AS) - 23) whereby investment is initially recorded at cost and the carrying amount is adjusted thereafter for post acquisition changes in the Company's share of net assets of the associate.

C Tangible Assets and Depreciation:

Tangible Assets are stated at original cost net of tax/duty credits availed, if any, less cumulative depreciation and impairment. Administrative and other general overheads including borrowing costs that are specifically attributable to acquisition of Tangible Assets or bringing Tangible Assets to working condition are allocated and capitalised as part of cost of the Tangible Assets.



Notes Forming part of Consolidated Balance Sheet

Depreciation:

- a) Depreciation on Tangible Assets is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in respect of Dies and Moulds used and 'Secured Land Filling' used for disposal of Lead slag which are depreciated at 20% and 10% respectively on SLM. Assets costing less than Rs.5,000/- are depreciated fully in the year of purchase.
- b) Depreciation on Tangible Assets of Subsidiaries in USA, Germany and Joint Venture in Kingdom of Saudi Arabia (KSA) is accounted on straight line basis over their expected / estimated useful lives.

D Intangible Assets and Amortisation:

- a) Intangible Asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Product development expenditure incurred on new products are capitalised under 'Intangible Assets' and are amortised over a period of 60 months from the month of commencement of commercial production.

Amortisation on impaired assets is adjusted in the future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

- b) Intangible Assets are stated at cost net of amortisation.

Goodwill represents the difference between the Group's share in the net worth of a subsidiary or an associate and the cost of acquisition at each point of time of making the investment in the subsidiary or the associate. For this purpose, the Group's share of net worth is determined on the basis of latest financial statements prior to the acquisition after making necessary adjustments for material events, if any between the date of such financial statements and the date of respective acquisition. Capital reserve on consolidation represents negative goodwill arising on acquisition.

Goodwill is reviewed for impairment if there are indicators of impairment. Upon review for impairment, if the carrying value of the goodwill exceeds its fair value, goodwill is considered to be impaired and the impairment is charged to the Profit & Loss account for the year.

- c) Impairment of Assets:

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is recognised when an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there is a change in the estimate of recoverable amount.

E Assets taken under leases:

- a) In respect of Equipment taken under finance leases, the fair value of the leased asset is recognised as an asset and corresponding liability is created. The finance charges are allocated to periods during the lease term and charged to revenue.
- b) In respect of Equipment taken under operating lease, lease payments are recognised as expenses on straight line basis over the lease term.

Notes Forming part of Consolidated Balance Sheet

F Capital Work in Progress (CWIP):

CWIP includes Plant and Equipment under erection, Civil works in progress and preoperative expenses pending allocation on the assets to be acquired/commissioned / capitalised. Also include payments made for technical knowhow fee and for development of prototypes including for related software, pending to be capitalised upon absorption of technology and completion of development

G Foreign Currency Transaction / Translations:

- a) Transactions relating to Purchase and Sale of goods/services denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction or that approximates at actual rate on the date of transaction. Assets & Liabilities in the nature of monetary items at the Balance sheet date denominated in foreign currencies are translated and restated at prevailing exchange rates. Income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account.
- b) The accounts of foreign subsidiaries and joint venture companies which are reported in respective currencies in which they are situated are translated using 'Translation of the Financial Statements of Foreign Operations' as prescribed under Accounting Standard (AS) – 11. The translation differences is reported as "Exchange Variation Reserve".

H Investments:

- a) Investments in associate companies are accounted using 'equity method' prescribed in Accounting Standard (AS) – 23.
- b) Investments other than in associate companies are accounted as per the method prescribed in Accounting Standard (AS) – 13.

I Income Recognition:

- a) Sales revenue is recognised on despatch to customers as per terms of order. Gross sales are net of returns/discounts and inclusive of Excise duty, Service income, works contract revenue are recognised on the basis of bills submitted as per the terms of order. Inter divisional transfers are not recognised as turnover.
- b) Short Term contracts involving Supply and Service where price breakup is available, Revenue in respect of Supplies are recognised when goods are delivered to customers unconditionally and Service income is recognised on completion of Service and bills submitted as per terms of the order.
- c) In case of contracts (Long Term) of complex equipment/systems/development order where the normal cycle time for completion is spreading over two or more accounting periods, revenue is recognised, subject to provision of anticipated losses, based on percentage completion as certified by technical committee/customers acceptance wherever applicable. Income is not recognised on such contracts where the progress is less than 15% of the order value.
- d) Dividends are recognised as income when the right to receive the dividend is established.
- e) Income from interest bearing deposits with Banks and others is recognised on accrual basis.
- f) Interest on Income tax refunds, if any, is recognised on determination or on receipt basis whichever is earlier.
- g) Subsidies from Government are recognised when received.



J Inventories: Inventories at the year end are valued as under:

Raw Materials, Components, Consumables and Stores & Spares.	At lower of weighted average cost and net realisable value.
Work In Progress and Finished goods.	At lower of weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition and net realisable value.
Long Term contract work in progress (where the income its not eligible for recognition as per Income recognition policy sated above).	At direct and attributable costs incurred in relation to such contracts .
Stock In Trade	At lower of cost and net realisable value
Consumable Tools	At cost less amount charged off (which is at 1/3 rd of value each year).

- * Cost of Material is net of Cenvat/VAT availed on all items.
- * Excise/Custom Duty payable on Stock of Finished Goods and Bonded Stocks is provided and included in the value of stocks.
- * Stocks at Branches are inclusive of Duty paid at the time of despatch from Factories.
- * Inventory arising out of inter divisional transfers is valued at cost to the transferring division after eliminating unrealised profit, if any.

K Employee stock ownership schemes:

In respect of stock options granted pursuant to the Company's stock option scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option), is treated as discount and accounted as employee compensation cost over the vesting period.

L Employee Benefits:

a) Short term Benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, medical, leave travel assistance, short term compensated absences etc. and the cost of bonus, exgratia are recognised in the period in which the employee renders the related services.

b) Post-employment benefits:

Detailed contribution plans:

The contribution paid/payable under Provident Fund Scheme, ESI Scheme and Employee Pension Scheme is recognised as expenditure during the period in which the employee renders the related service.

Defined benefit plans:

The Company's obligation towards Gratuity is a definite benefit plant. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit method. The obligation is measured at the present value of the estimated future cash flows. Actuarial gains and losses are recognised immediately in the profit and loss account. The contribution made is recognised as expenses.

c) Long Term employee benefits:

The obligation for long term employee benefits such as long term compensated absences is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

Notes Forming part of Consolidated Balance Sheet

M Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) the Company has a present obligation as a result of a past event
- b) a probable outflow of resources is expected to settle the obligation and
- c) the amount of obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is not provided but disclosed in the case of

- a) present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- b) a possible obligation, unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance sheet date.

N Taxes on Income/Deferred Tax:

Tax on Income for the current period is determined and provided on the basis of taxable income computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax resulting from timing differences between accounting Income and taxable Income is recognised and accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

The Deferred tax Asset is recognised and carried forward only to the extent that there is reasonable certainty that the Asset will be realised in future.

O Segment accounting:

a) Segment accounting policies:

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting.

Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.

Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the group as a whole and not allocable to segments are included under 'unallocable corporate expenditure'.

Income which relates to the Group as a whole and not allocable to segments is included under 'Unallocable Corporate Income'.

Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

b) Inter-segment transfer pricing:

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are determined to yield a desired margin.



Notes Forming part of Consolidated Balance Sheet

P Cash Flow statement:

Cash Flow statement is reported using indirect method as per Accounting Standard, AS-(3).

Q Prior period and Extra-ordinary items/Exceptional items:

Prior period items of Income and Expenditure are reported distinctively.

Items of Income/ Expenses/Losses which are exceptional and non recurring are considered Exceptional/ Extraordinary items and reported distinctively for determination of net profit/loss for the period.

Note : 2 Share Capital

(₹ In Lakhs)

	31 March 2012	31 March 2011
Authorised 30,00,00,000 Equity shares of ₹1 each <i>(Previous Year 30,00,00,000 Equity shares of ₹1 each)</i>	3000.00	3000.00
Issued , Subscribed and fully paid-up 253000000 Equity shares of ₹1 each <i>(Previous Year 2,53,000,000 Equity shares of ₹1 each)</i>	2530.00	2530.00
	<u>2530.00</u>	<u>2530.00</u>

2.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	31 March 2012		31 March 2011	
	No.of Shares	Value	No.of Shares	Value
Equity Shares				
At the beginning of the period	2530.00	2530.00	2530.00	2530.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	2530.00	2530.00	2530.00	2530.00

2.2 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

2.3 Shares held by holding/ultimate holding company

Out of equity shares issued by the company, shares held by its holding company details given below :

	31 March 2012	31 March 2011
	No.of Shares	No.of Shares
Beaver Engineering & Holdings Limited	143,137,848	140,394,050

2.4 Details of shareholders holding more than 5% shares in the company

Name of the Shareholder	31 March 2012		31 March 2011	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹1 each fully paid				
Beaver Engineering & Holdings Limited	143,137,848	56.57	140,394,050	55.49
Dr. A J Prasad	27,654,500	10.93	27,654,500	10.93
Citygroup Global Markets Mauritius Private Limited	16,701,761	6.60	16,701,761	6.60
Reliance Capital Limited	14,360,000	5.68	14,360,000	5.68



Notes Forming part of Consolidated Balance Sheet

Note : 3 Reserves and Surplus

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Capital Reserve		1.02		1.02
Investment Subsidy from State Government		55.77		55.77
Share Premium Account (Refer Note : 31.3)		13,496.21		14,404.69
Employee stock options outstanding		76.68		81.90
General Reserve				
Opening Balance	35,012.12		35,000.00	
Add: Transferred from Profit & Loss Account	<u>500.00</u>	35,512.12	<u>12.12</u>	35,012.12
Exchange Variation Reserve		(9.21)		2.86
Surplus as per Profit & Loss Account		<u>1,050.13</u>		<u>4,762.63</u>
Total		50,182.71		54,320.99
Share of Joint Venture				
Exchange variation Reserve		(55.83)		(105.46)
Grand Total		<u>50,126.89</u>		<u>54,215.53</u>
Surplus/(deficit) in the statement of profit and loss				
Balance as per last financial statements	4,762.63		2940.76	
Add : Balance Brought Forward from Previous Year on Acquisition (Net of Minority Interest)	-		420.31	
Less : Amalgamation Adjustments (Refer Note :31.1)	(4,613.52)		-	
Less : On Account of disinvestment of Subsidiary/ Joint Venture (Refer Note : 31.2)	(11.74)		34.18	
Less : Transferred to Minority Interest Group	-		(4.79)	
	<u>137.38</u>		<u>3,390.46</u>	
Add : Profit for the Period	1,853.81	1,991.18	1685.82	5076.27
Less : Dividend on Equity Shares	<u>379.50</u>		<u>253.00</u>	
Tax on Dividend	61.56		48.52	
Transfer to General Reserve	<u>500.00</u>	941.06	<u>12.12</u>	313.64
		<u>1,050.13</u>		<u>4,762.63</u>

Note : 4 Minority Interest

	31 March 2012	31 March 2011
In Share Capital	2,595.55	5,405.32
In Reserves & Surplus	<u>5,755.25</u>	<u>4,021.20</u>
	8,350.80	9,426.52



Notes Forming part of Consolidated Balance Sheet

Note : 5 Non-Current Liabilities

(₹ In Lakhs)

	31 March 2012		31 March 2011	
	Non-current	Current	Non-current	Current
Long-Term Borrowings				
Secured				
A) Loans from				
IDBI Bank Limited	6,456.80	2,371.60	8940.85	2,371.60
State Bank of India	5,231.01	1,620.00	6947.62	1,620.00
State Bank of Hyderabad	3,055.83	1,100.00	4366.92	1,100.00
Exim Bank Ltd	436.76	258.82	698.30	129.41
Axis Bank Ltd	9,535.00	3,644.00	7466.03	2,008.00
ICICI Bank Ltd	6,900.00	2,300.00	8825.00	1,175.00
Agile Group Term Loans (Refer Note:5.3)	5,142.06	1,852.18	1897.72	4,517.58
	36,757.46	13,146.60	39,142.44	12,921.59
B) Loans from Others				
HDFC Ltd	-	3.72	3.72	14.61
Against Vehicles from HDFC Bank	95.88	115.57	117.15	113.02
Against Vehicles from ICICI Bank (Refer Note: 5.3.5)	9.58	2.89	12.47	2.61
Against Equipment from FLCIL	-	51.15	72.56	166.25
	105.46	173.33	205.90	296.49
C) Unsecured				
Interest Free Sales Tax Loan (Deferred Payment Liability)	1,678.81	-	1,678.81	-
Lease Finance from L&T (Refer Note: 5.3.3)	466.62	90.77	264.78	33.33
Others (Refer Note : 5.4)	162.80	20.00	446.89	-
	2,308.23	110.77	2,390.48	33.33
Total	39,171.15	13,430.70	41,738.82	13,251.41
Share of Joint Venture	-	-	-	-
Grand Total	39,171.15	13,430.70	41,738.82	13,251.41

5.1 Term Loans :

A HBL Power Systems Ltd (Parent Company)

The particulars of loans drawn, nature of security, terms of repayment, rate of interest, instalments due and loan wise outstanding are as under (in Note 5.1.1 to 5.2.5)

5.1.1 Current Maturities of Long Term Loans

Instalments due within 12 months from the date of Balance Sheet classified as current as shown above are disclosed under " Other Current Liabilities"

5.1.2 Term Loan from IDBI, SBI, SBH and SB Indore :

The Term Loans from IDBI, State Bank of Hyderabad, State Bank of India and State Bank of Indore (since merged with SBI), are secured by a first charge on the movable and immovable assets (both present and future) of the company, (save and except book debts and exclusive charges already created if any) situated (a) at Lalgadi Malakpet and Aliabad Villages, Shameerpet Mandal, Ranga Reddy Dist, (b) at Nandigaon Village, Mahbubnagar Dist, (c) at Bhootpur Village, Mahaboobnagar Dist, (d) at Kandivalasa Village, Vijayanagaram Dist, and (e) at VSEZ, Visakhapatnam Dist. The loans are also secured by a second charge on the current assets of the company. These loans are also guaranteed by Managing Director and one Director in their personal capacity.

Notes Forming part of Consolidated Balance Sheet

(₹ In Lakhs)

Name of the Bank	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2012	No of Instalments Due
IDBI BANK LIMITED					
- Term Loan i	6,000.00	24	13.50	3,000.00	12
- Term Loan ii	7,200.00	21	14.00	5,828.40	17
STATE BANK OF INDIA					
- Term Loan I	3,000.00	24	13.75	1,331.38	11
- Term Loan ii	7,200.00	26	14.50	5,519.63	20
STATE BANK OF HYDERABAD					
- Term Loan I	3,000.00	24	12.50	1,305.83	11
- Term Loan ii	3,600.00	24	13.25	2,850.00	19

5.1.3 Term Loan from Axis Bank (Balance on 31.03.2012 Rs.4179.00 Lakhs) :

The Term Loans from Axis Bank are secured by exclusive charge on the movable and immovable assets of the Company situated (a) at Tumkunta Village, Ranga Reddy Dist, (b) at IMT Manesar, Gurgaon, Haryana, (c) at Goverdhanpuri Colony, Yaprul, GHMC, (d) at IIE, Ranipur, BHEL, Haridwar (Uttaranchal), (e) at Selaqui, Dehradun (Uttaranchal), and (f) at MIDC, Navi Mumbai. These loans are also guaranteed by Managing Director and one Director in their personal capacity.

(₹ In Lakhs)

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2012	No of Instalments Due
Term Loan I	4,000.00	20	14.50	2,400.00	12
Term Loan ii	1,987.00	18	14.25	1,779.00	14

5.1.4 Term Loan from Axis Bank ₹ 10000.00 Lakhs Loan (Balance on 31.03.2012 ₹ 9000.00 Lakhs):

The Term Loan is secured by first pari passu charge on Fixed Assets (excluding vehicles and assets exclusively charged to other term lenders) and second charge on Current Assets. Also guaranteed by the Managing Director and one Director in their personal capacity. This Term Loan is repayable 14 quarterly instalments at an interest Rate of 13.75% p.a. Number of instalments outstanding as on 31-03-2012 is 12.

5.1.5 Term Loan from EXIM Bank of India ₹ 825.00 Lakhs:

The Term Loan to part finance Equity contribution in Gulf Batteries Company, a Joint Venture in Kingdom of Saudi Arabia (KSA) is secured by first pari passu charge on the entire fixed assets of the company excluding exclusive charges, if any, and pledge of Company's share holding in Joint Venture and also guaranteed by the Managing Director of the Company in his personal capacity. This Term Loan is repayable 17 quarterly instalments at an interest Rate of 12.70% p.a. Number of instalments outstanding as on 31-03-2012 is 15.

5.1.6 Term Loan from ICICI Bank :

The term loan of Rs.6000 lakhs for Capex and Rs.4000 lakhs for working capital is secured by subservient / residual charge on all current and moveable assets of the Company both present and future. The charge is subservient to the existing lenders to the extent of all drawn and undrawn limits of term loans and working capital only and the loan is guaranteed by the Managing Director and one Director in their personal capacity.

(₹ In Lakhs)

	Loan Amount	No of Instalments (Quarterly)	% of Interest	Outstanding As on 31-03-2012	No of Instalments Due
Term Loan	6,000.00	16	12.70	6,000.00	16
Working Capital Term Loan	4,000.00	20	13.00	3,200.00	16



Notes Forming part of Consolidated Balance Sheet

5.2 Other Loans :

5.2.1 Term loans from HDFC Ltd:

The Term Loans for acquiring Flats are secured by an exclusive charge on the Flats acquired and also guaranteed by the Managing Director of the Company in his personal capacity.

5.2.2 HDFC Bank

The Term Loans for acquiring vehicles are secured by exclusive hypothecation of vehicles acquired through execution of D.P. Note.

5.2.3 Equipment Loan from First Leasing Company of India Ltd. :

The loan is secured by exclusive charge on the Equipment procured and also guaranteed by one Director in his personal capacity.

5.2.4 Interest Free Sales Tax Loan (IFST):

IFST Loan of Rs.1678.81 lakhs shown under unsecured loan represents the Sales tax payable by the Company given as Loan by A.P State Government under a scheme, to be repaid without interest after 14 years from the date of availment. Earliest repayment is due from the year 2013-14. The loan requires creation of a charge on the assets of the Company. Pending creation of charge, the amount is shown as 'Unsecured Loan' to be regrouped as Secured Loan as and when the charge is created.

5.2.5 There were no continuing defaults as on the Balance Sheet date in repayment of loan instalments and interest

B Agile Group (Agile Electric Sub Assembly Pvt Ltd and Stepdown Subsidiaries) Note No.5.3 to 5.3.5

5.3 Details of Term Loans outstanding on 31.03.2012

(₹ In Lakhs)

Name of the Bank	Non-Current	Current	No of Instalments Due
Term Loans			
ICICI Bank	1,993.75	656.25	16 Quarterly
Axis Bank			
- Term Loan I	-	160.71	3 Quarterly
- Term Loan II	1,293.24	336.10	12 Quarterly
Indian Bank	58.37	80.80	7 Quarterly
South Indian Bank	121.70	243.32	6 Quarterly
Working Capital Term Loans			
ICICI Bank	1,675.00	375.00	20 Quarterly
	5,142.06	1,852.18	

5.3.1 Instalment due within 12 months from the date of Balance Sheet classified as current and disclosed under " Current Liabilities "

5.3.2 Term loans and Working capital term loans from banks are secured by first pari-passu charge on all Tangible Assets of the Company, both present and future, excluding leasehold land and second pari-passu charge on all current assets of the Company, both present and future, excluding leasehold land and second pari-passu charge on all current assets of the company, both present and future.

Unsecured loans

5.3.3 Finance lease obligations are repayable in equated monthly instalments from the date of respective finance lease.

Notes Forming part of Consolidated Balance Sheet

5.3.4 Disclosure of leases pursuant to Accounting Standard (AS) 19 "Leases"

(a) Finance Lease

i) HBL Power Systems Ltd

Finance Leases Nil

Operating Leases:

Future lease Rents Payable:

Not Later than one year. Rs. 11.73 Lakhs

Later than one year and not later than five years. Rs. Nil

Later than five years Rs. Nil

Lease Rents for the year recognised in the Profit & Loss a/c (under Maintenance-Office Equipment) Rs.11.73 Lakhs

ii) **Agile Group**

i) The Company has acquired certain plant and equipment on finance lease. The lease has a primary period of five years which is fixed and non-cancellable. There are no exceptional / restrictive covenants in the lease agreement.

ii) The minimum lease rentals and the present value of minimum lease payments as at 31.03.2012 in respect of assets acquired under finance lease is as follows:

(₹ In Lakhs)

Sl. No.	Particulars	As at 31.03.2012	
		Minimum Lease payments	Present value of Minimum Lease payments
1	Payable not later than 1 year	138.17	90.77
2	Payable later than 1 year and not later than five years	554.71	466.62
3	Payable later than five years	-	-
	Total	692.88	557.39
	Less: Future finance charges	135.48	-
	Present Value of Minimum Lease payable	557.40	-

(b) **Operating Lease:**

The Company has taken certain premises and cars on cancellable operating lease. These lease agreements are normally renewed on expiry. Amount paid toward these leases are included in selling, administration and other expenses. There are no exceptional / restrictive covenants in the lease agreements. Lease rentals charged to the Statement of Profit and Loss for the year is Rs.15,979,317/-. Contingent rent recognised for the year Rs. Nil.

5.3.5 Vehicle loans are repayable in sixty equated monthly instalments from the date of respective vehicle loan and are secured by hypothecation of the related vehicles.

5.4 Unsecured Loans from Others include Rs.102.79 Lakhs from Shareholders of Subsidiary Company (SCIL Infracon Pvt Ltd) and balance Rs.80.00 Lakhs from Others.

Note : 6 Deferred Tax Liability (Net)

(₹ In Lakhs)

	31 March 2012	31 March 2011
Deferred Tax Liability (Net) as per last Balance Sheet	2,395.75	3250.16
Add: Added on Amalgamation	(1.03)	-
Add: Deferred Tax Liability/Asset for the year	1,325.03	(854.41)
Total	3,719.75	2395.75
Share of Joint Venture	-	-
Grand Total	3,719.75	2395.75



Notes Forming part of Consolidated Balance Sheet

6.1 Disclosure as per AS-22 "Accounting for Taxes on Income";

Major components of deferred tax assets and liabilities arising on account of timing differences are:

(₹ In Lakhs)

Deferred Tax		Current Year		Previous Year	
		Assets	Liabilities	Assets	Liabilities
1	Depreciation		3902.79		3333.58
2	Unabsorbed Loss	-		911.16	
3	Warranties	164.08		-	
4	Contribution to Valuable Employee Scheme	-		1.16	
5	Others	18.96		25.51	
	Total	183.04	3902.79	937.83	3333.58

Note : 7 Provisions

(₹ In Lakhs)

	31 March 2012		31 March 2011	
	Long-Term	Short-Term	Long-Term	Short-Term
Provision for employee benefits				
Provision for Earned Leave Encashment	158.67	34.24	-	137.72
Provision for contribution to valuable employee scheme	-	-	-	3.50
Provision for Gratuity	-	37.90	-	33.28
Other Provisions				
Provision for Warranties	-	505.73	-	557.91
Provision for Excise & Customs Duty on Closing Stocks	-	148.75	-	129.26
Provision for Commission on Profits	-	65.44	-	-
Provision for Proposed Equity Dividend	-	379.50	-	253.00
Provision for Tax on Proposed Equity Dividend	-	61.56	-	41.04
Total	158.67	1,233.13	-	1,155.71
Share of Joint Venture		10.00		6.11
Grand Total	158.67	1,243.13	-	1,161.82

7.1 Disclosure as per AS-29 "Provisions, Contingent Liabilities, Contingent Assets";

Provision for Warranty:

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Provision at the beginning of the year		557.91		687.61
Provision required for the year	374.13		364.27	
Provision reversed from the opening Balance (after warranty period)	426.31		493.97	
Charge for the year		(52.18)		(129.70)
Carrying amount		505.73		557.91

It is expected that these costs will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc is charged to revenue under respective heads of expenditure.

Notes Forming part of Consolidated Balance Sheet

Note : 8 Current Liabilities

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Short Term Borrowings (Loans repayable on Demand)				
Secured				
Term Loans from Bank				
IDBI Bank Limited Short Term Loan		2,500.00		2,500.00
Working Capital Loans from				
State Bank of India	14,048.69		12,998.93	
State Bank of Hyderabad	2,949.06		2,103.79	
IDBI Bank Ltd	3,784.42		3,609.40	
Kotak Mahindra Bank Ltd	-		1,000.00	
Loan Against TDRs of the Company	1,600.00		-	
Agile Group Working Capital Loans (Refer Note: 8.2.1)	6,578.98	28,961.15	3,414.03	23,126.15
Unsecured Loans				
Inter Corporate Deposit from Holding Company (Beaver Engineering & Holdings Ltd)		626.00		120.00
Loans from Directors		205.00		900.00
Loan from Others		570.00		100.00
Loan from Indian Overseas Bank		-		690.00
Total		32,862.15		27,436.15
Share of Joint Venture		-		-
Grand Total		32,862.15		27,436.15

8.1 HBL Power Systems Ltd

8.1.1 Short Term Loan from IDBI:

Short Term Loan from IDBI Bank for acquisition of land for setting up new facility at Mahaboobnagar District is secured by D.P Note, post dated cheques for the entire loan and undertaking to create first charge on the Assets in the event of default. The loan is due to be repaid on 27-05-2012 (since repaid)

8.1.2 Working Capital Loans

The Working Capital Loans from the State Bank of India, State Bank of Hyderabad, IDBI Bank Ltd and State Bank of Indore (since merged with SBI) are secured by a first charge on all the chargeable current assets and by a second charge on the fixed assets (both present and future) of the Company. All the loans are also guaranteed by Managing Director, two other Directors of the Company, and Smt. A. Uma Devi in their personal capacities.

8.1.3 There were no defaults as on the Balance Sheet date with regard to the above short term borrowings.

8.2 Agile Electric Sub Assembly Pvt Ltd (Group)

8.2.1 Packing credit and buyers credit from banks are repayable within one year. They are secured by first pari-passu charge on all current assets of the Company, both present and future and second pari-passu charge on all fixed assets of the Company both present and future, excluding leasehold land.

8.3 Loans from holding company/directors and others are repayable on demand.



Notes Forming part of Consolidated Balance Sheet

Note : 9 Trade Payables

(₹ In Lakhs)

	31 March 2012	31 March 2011
Trade Payables	26,529.92	21206.90
Due to MSMED	1,185.58	704.35
Total	<u>27,715.50</u>	<u>21911.25</u>
Share of Joint Venture	454.82	-
Grand Total	<u>28,170.32</u>	<u>21911.25</u>

9.1 Trade Payables include ₹ 6099.11 Lakhs (Previous year : ₹ 609.06 Lakhs) outstanding in the nature of Buyers Credit from banks.

Note : 10 Other Current Liabilities

(₹ In Lakhs)

	31 March 2012	31 March 2011
Current Maturities of Long-Term Debt(Refer Note : 5.1.1)	13,430.70	13,251.41
Other Payable Employees	1,316.50	936.09
Trade Deposits & Advances Against Sales	4,814.12	2,912.20
Statutory Dues	1,155.92	633.05
Interest Accrued and Due	56.19	-
Interest Accrued But not Due	569.38	83.12
Unpaid/unclaimed Dividends *	33.28	36.44
Directors Current Account	38.64	19.46
Due to Directors (Agile Group)	-	1,370.00
Creditors Capital Expenditure	3,842.97	872.77
Other Payables	1,671.55	1,578.61
Total	<u>26,929.25</u>	<u>21,693.15</u>
Share of Joint Venture	<u>221.04</u>	<u>104.92</u>
Grand Total	<u>27,150.29</u>	<u>21,798.07</u>

10.1 There were no amounts due and outstanding as on the Balance Sheet date to be credited to Investor Education & Protection Fund

Notes Forming part of Consolidated Balance Sheet

Note : 11 Tangible Assets (at Cost)

(₹ In Lakhs)

Description	Gross Block					Depreciation Block					Net Block				
	As On April 1, 2011	Additions on Account of Amalgamation	Additions	Deletions on Account of Amalgamation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2012	As On April 1, 2011	On Account of Amalgamation	For the Year	Deletions on Account of Amalgamation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2012	As On March 31, 2011
Land - Freehold	2558.72	-	1823.10	-	-	-	4,381.82	-	-	-	-	-	-	4,381.82	2558.72
Land - Leasehold	92.57	-	4.96	-	-	-	97.52	-	-	-	-	-	-	97.52	92.57
Buildings - Factory	15982.03	1654.67	7238.82	1654.67	-	-	23,220.86	2000.37	289.35	568.43	289.35	-	-	20,652.05	13981.66
Buildings - Others	838.57	-	375.67	-	-	-	1,214.24	50.89	-	16.55	-	-	-	1,146.80	787.68
Plant & Machinery	55876.94	11008.55	10986.48	11010.26	16.26	48,44.69	62,000.76	16850.01	4037.31	4049.85	4037.96	13.25	2544.65	43,659.46	39026.94
Office Equipment	1995.23	114.22	265.19	-	1.62	60.17	2,312.85	966.72	38.83	209.35	-	1.40	2.79	1,102.14	1028.50
Furniture & Fixtures	1341.50	268.16	132.31	379.62	1.29	17.17	1,343.89	572.79	124.79	99.62	162.34	1.03	16.90	726.97	768.71
Vehicles	1267.82	50.10	127.58	51.14	-	58.11	1,336.25	575.25	20.78	121.72	21.40	-	47.95	687.85	692.57
Technical Library	1.89	-	-	-	-	-	1.89	1.89	-	-	-	-	-	-	-
Sub Total (A)	79,955.27	13,095.70	20,954.10	13,095.70	19.17	4,980.13	95,910.07	21,017.92	4,511.06	5,065.51	4,511.06	15.68	2,612.29	72,454.61	58,937.35
Share of Joint Venture (B)	468.61	-	23.78	-	-	0.22	492.16	32.22	-	20.36	-	-	10.49	450.08	436.39
Grand Total (A+B)	80,423.88	13,095.70	20,977.88	13,095.70	19.17	4,980.36	96,402.23	21,050.14	4,511.06	5,085.87	4,511.06	15.68	2,622.78	72,904.68	59,373.74
Previous Year	45671.07	24304.90	11199.28	133.61	478.13	139.64	80423.88	11564.85	6142.38	3774.50	173.51	47.55	210.53	59373.74	-

11.1 HBL Power Systems Ltd

11.1.1 Additions in Gross block include Factory Buildings & Plant and Machinery amounting to ₹ 4532.37 Lakhs and ₹ 410.67 Lakhs respectively being Assets Capitalised on the basis of Assets Ready for use, but yet to be put to intended use on 31.03.12



Notes Forming part of Balance Sheet



11.1.2 Breakup of adjustments/deletions in Gross and Depreciation blocks :

(₹ In Lakhs)

	Original Cost	Cumulative Depreciation	Written Down Value	Remarks
a) During the year under review management has carried out a detailed physical verification of Plant & Machinery which revealed differences. The value of such assets are	2623.92	1880.10	743.82	The written down value has been written off and shown as exceptional item.
b) During the year under review assets acquired and capitalized at AC Motors Division, Chennai were sold to M/s. Agile Electric Sub Assembly (P) Ltd., the details of which are	1574.00	8.58	1565.42	The assets were sold for Rs.1613.38 lakhs and the resultant profit of Rs.47.96 lakhs is shown as exceptional item.
c) During the year, certain Vehicles were sold., the details of which are	24.23	21.59	2.64	The Vehicles were sold at Rs.7.55 lakhs and the resultant profit of Rs.4.91 lakhs is shown under exceptional item.
d) During the year certain other assets were sold, the details of which are	51.56	25.61	25.95	The assets were sold at Rs.19.41 lakhs and the resultant loss of Rs.6.54 lakhs shown under other expenses.
e) During the year under review excess depreciation provided in earlier years of Rs.52.34 lakhs, over and above the original cost was identified and reversed.	—	52.34	—	Adjustment shown in other expenses under prior period items.
Total	4273.71	1988.22		

The company was incorporated 26 years ago and later in 1999-2000 and in 2003-04, there were amalgamations of HBL Ltd and Compact Power Sources Pvt Ltd into the company. HBL Ltd. had assets that were over 15 years old at the time of merger itself. In addition, manufacturing facilities were shifted to accommodate growth resulting in movement of assets from one physical location to another. During the year 2011-12, after a long gap, Management carried out a complete physical verification of Plant & Machinery at all major locations which revealed discrepancies between physical assets and book assets due to deterioration of old assets. Certain old items were not traceable. After a detailed re- verification, management has decided to write off the Written Down Value of such assets and accordingly this has been shown under deletions during the year.

11.2 Agile Electric Sub Assembly Pvt Ltd (Group)

11.2.1 Factory buildings have been constructed on land taken on lease for a period of five years from Madras Export Processing Zone (MEPZ) and monthly rental charges paid have been recognised as an expense in the statement of Profit and loss. The said lease has since been renewable for a further period of five years and further thereafter at the option of the Company on mutually agreed terms with MEPZ. In the event of the Company deciding to vacate the premises, the lessor (MEPZ) will compensate the Company, a mutually agreed consideration for the sale factory building. Accordingly, depreciation has been provided at the rates prescribed in Schedule XIV of the Companies Act, 1956.

11.2.2 Impairment of fixed assets

The Company has reviewed the future cash flows on the basis of value in use of its assets and has satisfied that the estimated recoverable amount of fixed assets is more than the amount carried in the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.

11.3 Adjustments on Amalgamation in Gross block and Depreciation block is due to Additions/deductions of book values of Transfer of company (Agile Electric Drives Technologies & Holdings Pvt Ltd (AEDTHPL) and Transferee company Agile Electric Sub Assembly Pvt Ltd (AESAPL) during the year.

Notes Forming part of Consolidated Balance Sheet

Note : 12 Intangible Assets (at Cost)

(₹ In Lakhs)

Description	Gross Block					Depreciation Block					Net Block		
	As On April 1, 2011	Additions on Account of Amalgamation	Additions	Deletions on Account Amalgamation of Subsidiary	Adjustments/ Deletions	As On March 31, 2012	As On April 1, 2011	On Account of Amalgamation	For the Year	Deletions on Account of Amalgamation of Subsidiary	Adjustments/ Deletions	As On March 31, 2012	As On March 31, 2011
Intangible Assets (A) New Product Development Expenditure	1116.72	534.29	1556.26	534.29	-	2,672.98	314.77	-	176.36	-	-	2,181.84	505.28
Goodwill	17230.80	3860.24	4900.84	17061.38	-	8,930.50	397.79	397.79	62.55	-	-	8,470.16	17230.80
Trade Marks and Other Business Intangibles	-	-	49.02	-	-	49.02	-	-	-	-	-	49.02	-
ERP Package	148.86	-	-	-	-	148.86	102.74	-	25.27	-	-	20.86	46.12
Technical know how	500.00	-	-	-	-	500.00	50.00	-	50.00	-	-	400.00	450.00
Sub Total (A)	18996.38	4,394.53	6,506.12	17,595.68	-	12,301.35	865.30	397.79	314.18	-	-	11,121.88	18232.20
Share of Joint Venture (B)	73.87	-	0.25	-	-	74.12	1.51	-	12.14	-	-	60.46	71.76
Grand Total (A+B)	19070.25	4,394.53	6,506.36	17,595.68	-	12,375.47	866.81	397.79	326.32	-	-	11,182.34	18303.97

12.1 HBL Power Systems Ltd

12.1.1 Intangible Assets and Intangible Assets under development (Internally Generated)

- During the previous accounting periods, the company decided to enter consumer batteries in the segments of UPS, Inverter, Automotive including for electric vehicles. Entry into these segments was attempted initially based on minor modifications to the company's existing product lines for industrial batteries. However, these products were not found suitable in the market for the intended applications. Resulting costs and losses were absorbed by the company in the relevant accounting periods.
- Based on the inputs received from the market/users and to manufacture products that would be properly suited for the specific applications, the company, during the year 2011-12 undertook substantial development activities and improvements by changing the product design, materials, manufacturing processes and developed prototypes for different models/ratings. Such costs were initially recognised as revenue, pending final decision to classify the expenditure as Intangible Assets upon meeting recognition criterion.

c) Considering the significant development activities undertaken and substantial technical improvements made in development phase, as internally generated knowledge gained prior to commercial production of the new design models and considering the volume of expenditure incurred in development phase the future economic benefits that will flow to the company by way of sales revenue and cost reduction, the management has decided to reclassify the expenditure and to recognise the costs incurred in the development phase as ' Intangible Assets-New Product Development expenditure within the meaning of Accounting Standard 26(Intangible Assets). While recognising Intangible Assets, the estimated value of reusable material content in prototypes is excluded and shown as inventory.

12.1.2 Using the technical and market knowledge gained during the development process and after successful internal testing of prototypes, commercial production was taken up for certain models/ranges and sales commenced in the year 2011-12. Amortisation of expenditure for these products was started as per Accounting Policy(Refer Note.11 above). In respect of other Products where development is in an advanced stage or further modifications are required and commercial production expected shortly, the costs incurred (net of estimated reusable material content) is shown as " Intangible Assets under development" (Refer value of Note.13 below).



Notes Forming part of Consolidated Balance Sheet

Note :13 Capital Work in Progress

(₹ In Lakhs)

	31 March 2012	31 March 2011
Machinery under Erection	2,022.94	2,442.98
Technical Know Fee/Software Development	1,619.58	1,506.73
Civil Works in Progress	267.52	4,595.87
Pre-operative Expenses pending to be capitalised	263.96	956.55
Total	4,174.00	9,502.13
Share of Joint Venture	324.76	252.17
Grand Total	4,498.76	9,754.31

Note : 14 Intangible Assets Under Development

(₹ In Lakhs)

Description	Gross Block					Depreciation Block				Net Block		
	As On April 1, 2011	Additions on Account of Amalgamation	Deletions on Account of Amalgamation	Deletions on disinvestment of Subsidiary	Adjustments/ Deletions	As On March 31, 2012	As On April 1, 2011	On Account of Amalgamation	For the Year	Adjustments/ Deletions	As On March 31, 2012	As On March 31, 2011
Intangible Assets Under Development	359.11	101.13	-	-	30.57	2057.21	-	-	-	-	2,057.21	101.13
Sub Total	359.11	101.13	-	-	30.57	2057.21	-	-	-	-	2,057.21	101.13

14.1 Refer Note 12.1 and 12.2 above.



Notes Forming part of Consolidated Balance Sheet

Note : 15 Non-Current Investments (at Cost)

(₹ In Lakhs)

No. of Equity Shares Held	Face Value (Rs)	Details	31 March 2012		31 March 2011	
i) Investment in Equity						
a) Associate Company						
41000 (41000)	'10	Naval Systems & Technologies Pvt Ltd				
	'10	Cost of acquisition	4.10		4.10	
		Add / (Less) : Group Share of Profits/(Losses) up to 31.03.2012	80.28	84.38	-	4.10
90000 (90000)	'10	Kairos Engineering Ltd.				
		Cost of acquisition	9.00		9.00	
		Add / (Less) : Group Share of Profits/ (Losses) up to 31.03.2012	(9.00)	-	(9.00)	-
b) Other Companies						
(Quoted)						
200 (200)	'10	Indian Lead Ltd		0.10		0.10
2060482 (840482)	'10	Sankhya Infotech Ltd		721.81		331.04
(Un quoted)						
2118649 (2118649)	'10	Bosch Electrical Drives I Pvt Ltd		2,118.65		2118.65
171216 (171216)	'10	Autotec Systems Pvt Ltd		300.34		300.34
		Total		3,225.28		2754.23

15.1 All Investments are Non-Trade and Un quoted (unless other wise stated) and are classified as permanent category (Non Current) and no provision is required to be made for fall in the value of investment except as stated above, as the losses in other companies are considered to be temporary.

	₹ in Lakhs	₹ in Lakhs
Aggregate amount of Quoted investments	721.91	331.14
Aggregate Market Value of Quoted Investments	Not Available	Not Available



Notes Forming part of Consolidated Balance Sheet

Note : 16 Loan and Advances

(₹ In Lakhs)

	31 March 2012		31 March 2011	
	Long-Term	Short-Term	Long-Term	Short-Term
Capital Advances				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	1,658.14	-	1,626.94	-
(A)	1,658.14	-	1,626.94	-
Security Deposits				
Secured, Considered Good				
Unsecured, Considered Good	1,012.86	390.76	731.13	77.92
(B)	1,012.86	390.76	731.13	77.92
Loans & Advances to Related Parties				
Unsecured, Considered Good	-	47.30	-	1,300.00
(C)	-	47.30	-	1,300.00
Other Loans & Advances				
Loans and advances to Employees	10.48	81.52	3.77	97.49
Deposits/Balances with Excise/Sales Tax Authorities	-	1,019.44	-	1,124.36
Advance for investment pending allotment	25.00	-	195.38	-
Advances for Purchases and Others	-	2,404.36	-	3,883.22
Interest Accrued But not Due	-	390.46	-	217.29
Service Tax Input/Vat Receivables	-	373.21	-	202.27
Claims & Other Receivables	-	249.24	-	138.73
Other Advances	-	1,282.74	-	1,284.06
Income Tax Refunds Receivable	-	49.07	-	488.33
Preliminary Expenses	-	0.90	-	1.20
MAT Credit Entitlement	-	435.00	-	-
(D)	35.48	6,285.94	199.15	7,436.95
Advance Payment of Income Tax (including TDS)	-	2,068.99	-	1,398.96
Less : Provision for Income Tax/Wealth Tax	-	887.10	-	431.36
(E)	-	1,181.88	-	967.60
Total (A+B+C+D+E)	2,706.48	7,905.88	2,557.22	9,782.47
Share of Joint Venture	-	112.34	40.50	-
Grand Total	2,706.48	8,018.22	2,557.22	9,822.97

16.1 Particulars of Loans and Advances due from the Related Parties

(₹ In Lakhs)

	31 March 2012	31 March 2011
Kairos Engineering Ltd (Associate Company)	43.78	-
Naval Systems & Technologies Pvt Ltd (Associate Company)	0.40	-
Sankhya Infotech Ltd.	2.90	1300.00
Auto TEC Systems (P) Ltd.	0.22	-
	<u>47.30</u>	<u>1300.00</u>

Notes Forming part of Consolidated Balance Sheet

Note : 17 Current Assets

(₹ In Lakhs)

	31 March 2012	31 March 2011
Inventories *		
Raw Materials	18,592.87	16,202.65
Stores, Spares, Process Chemicals, Fuels & Packing Material	998.40	949.75
Stock -in-trade (in respect of goods acquired for trading)	1,047.59	297.57
Bonded Stocks	240.27	43.39
Consumable Tools	24.84	23.27
Work In Progress	8,384.63	7,818.26
Finished Goods	4,897.50	5,309.00
Total	34,186.10	30,643.89
Share of Joint Venture	86.26	86.41
Grand Total	34,272.36	30,730.30

*Valuation of Inventories carried out as per Accounting Policy J of Note No. 1

Note : 18 Trade Receivables

(₹ In Lakhs)

	31 March 2012		31 March 2011	
	Long-Term	Short-Term	Long-Term	Short-Term
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, Considered Good				
Unsecured, Considered Good	-	5,257.28	-	5459.18
Provision for Doubtful Receivables	-	(14.40)	-	(14.40)
(A)	-	5,242.88	-	5444.78
Other Receivables				
Secured, Considered Good				
Unsecured, Considered Good	-	42,250.47	-	32254.46
(B)	-	42,250.47	-	32254.46
Total (A+B)	-	47,493.35	-	37,699.24
Share of Joint Venture	-	100.26	-	19.10
Grand Total	-	47,593.61	-	37,718.34

Note : 19 Cash and Bank Balances

	31 March 2012	31 March 2011
Cash & Cash Equivalents		
Current Accounts	1,340.40	5,697.58
Cash on hand	121.39	38.63
Fixed Deposits with original maturity of less than three months	49.76	308.76
(A)	1,511.55	6,044.97
Other Bank Balances		
Fixed Deposits *	923.72	1,520.58
Margin Money Deposits **	3,605.91	3,341.48
No-Lien Account	694.29	-
Dividend Account	33.28	25.73
(B)	5,257.20	4,887.79
Total (A+B)	6,768.75	10,932.76
Share of Joint Venture	255.45	306.95
Grand Total	7,024.20	11,239.71

* Includes ₹ 573.69 Lakhs (Previous year: ₹ 519.11 Lakhs) with original maturity for more than 12 months

** Includes ₹2591.48 Lakhs (Previous year : ₹ 2550.41 Lakhs) with original maturity for more than 12 months



Notes Forming part of Consolidated Statement of Profit & Loss

Note : 20 Revenue from Operations

(₹ In Lakhs)

	31 March 2012	31 March 2011
Sales of Products	1,54,567.15	1,22,456.92
Traded Goods	2,320.31	249.89
Sales of Services	5,672.56	4,884.79
Other Operating Revenue		
Scrap Sales	989.93	50.96
	<u>1,63,549.95</u>	<u>1,27,642.56</u>
Share of Joint Venture	616.10	66.10
Grand Total	1,64,166.05	1,27,708.66
Less : Excise Duty	7,724.41	7,171.87
	<u>1,56,441.64</u>	<u>1,20,536.79</u>

Note : 21 Other Income

(₹ In Lakhs)

	31 March 2012	31 March 2011
Interest Received on Deposit with Banks	358.86	330.49
Other Interest Received	39.23	26.19
Interest Received from ICD	133.98	115.62
Rent Received	13.88	39.93
Interest Received on IT refunds	14.22	16.05
Foreign Exchange Variation (Net Gain)	493.25	462.16
Bad Debts Written off recovered	4.16	74.85
Commission Received	45.00	3.23
Excess Provisions / Old Credit Balances no longer required written back	173.87	81.10
Sales Tax Refund Received	-	96.64
Miscellaneous Income	66.43	24.61
Duty Drawback Received	12.52	5.37
Total	<u>1,355.40</u>	<u>1,276.24</u>
Share of Joint Venture	0.06	-
Grand Total	<u>1,355.46</u>	<u>1,276.24</u>

Note : 22 Cost of Material Consumed

	31 March 2012		31 March 2011	
Opening Stock	16,202.65		11,944.23	
Added on Acquisition	-		1,098.18	
	16,202.65		13,042.41	
Purchases, Material, Components & Consumables	93,053.77		80,694.80	
	<u>1,09,256.42</u>		<u>93,737.21</u>	
Less : Closing Stock	18,592.87	90,663.55	16,202.65	77,534.56
Less : Internal capitalisation		295.10		293.10
Cost of Material Consumed		<u>90,368.45</u>		<u>77,241.46</u>
Share of Joint Venture		638.17		94.34
Grand Total		<u>91,006.62</u>		<u>77,335.80</u>



Notes Forming part of Consolidated Statement of Profit & Loss

Note : 23 (Increase) / Decrease in Inventory

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Closing Stocks				
a) Traded Goods	1,047.59		297.57	
b) Finished Goods	4,897.50		5,309.00	
c) Semi Finished Goods	<u>8,384.63</u>	14,329.72	<u>7,818.26</u>	13,424.83
Opening Stocks				
a) Traded Goods	297.57		1.24	
b) Finished Goods	5,309.00		3,996.98	
c) Semi Finished Goods	<u>7,818.26</u>		<u>6,517.86</u>	
	13,424.83		10,516.08	
Added on Acquisition				
a) Finished Goods	-		163.81	
b) Semi Finished Goods	-	<u>13,424.83</u>	<u>319.81</u>	10,999.70
		(904.89)		(2425.13)
Share of Joint Venture		<u>(53.71)</u>		-
Grand Total		<u>(958.60)</u>		<u>(2425.13)</u>

Note : 24 Employees Cost

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Salaries, Wages & Bonus	11,812.40		10,635.64	
Contribution to Provident Fund & Other Funds	872.87		762.62	
Gratuity	144.99		298.65	
Employees Stock Option Scheme	121.55		-	
Staff Welfare Expenses	1,421.90		1,029.48	
Recruitment & Training	<u>32.54</u>		<u>15.85</u>	
	14,406.25		12,742.24	
<i>Remuneration to Directors:</i>				
Salaries & Allowances	90.24		64.83	
Commission on Profits	65.44		-	
Contribution to Provident Fund	5.76		3.76	
Other Perquisites	-	<u>161.44</u>	<u>1.32</u>	<u>69.91</u>
Total	14,567.69		12,812.15	
Share of Joint Venture		<u>137.51</u>		<u>141.56</u>
Grand Total		<u>14,705.20</u>		<u>12,953.71</u>



Notes Forming part of Consolidated Statement of Profit & Loss

Note : 25 Finance Cost

(₹ In Lakhs)

	31 March 2012	31 March 2011
Interest on Term Loans	7,140.82	3,911.21
Interest on Bank Borrowings	3,898.35	1,733.22
Interest on Housing Loans	4.95	5.54
Interest on Vehicle Loans	26.18	25.08
Interest on Equipment Loans	70.19	61.76
Interest to Others	193.87	357.93
Interest on Unsecured Loans	82.82	76.31
Interest on Loan Against TDR's	54.00	-
Bank Charges	924.95	418.57
BG Charges	95.67	111.69
LC Charges	238.63	126.14
	<u>12,730.43</u>	<u>6,827.46</u>
Less: Capitalised and transferred to Pre Operative Expenses	1,079.75	922.92
Total	<u>11,650.68</u>	<u>5,904.54</u>
Share of Joint Venture	0.05	0.06
Grand Total	<u>11,650.73</u>	<u>5904.60</u>

Note : 26 Depreciation and Amortization expense

	31 March 2012	31 March 2011
Depreciation of Tangible Assets	5,065.51	3746.07
Amortisation of Intangible Assets	314.18	184.91
Obsolescence	30.93	-
Total	<u>5,410.62</u>	<u>3930.99</u>
Share of Joint Venture	32.50	29.85
Grand Total	<u>5,443.12</u>	<u>3960.84</u>

Note : 27 Other Expenses

	31 March 2012		31 March 2011	
Manufacturing Expenses				
Stores & Spares Consumption	4,067.21		2,720.59	
Power and Fuel	5,977.12		4,927.45	
Equipment Lease Rent	0.61		0.09	
Job Work Charges Paid (Piece Rate Contract)	3,665.28		4,037.76	
Factory Rent	34.34		21.05	
Consumable Tools Charged Off	20.22		31.25	
Testing Charges	129.05		128.65	
Installation Charges Paid	77.28		187.24	
Televan Hire Charges	572.16	14,543.27	720.07	12,774.15
Administrative Cost				
Rent	449.50		280.21	
Rates & Taxes	256.72		158.58	



Notes Forming part of Consolidated Statement of Profit & Loss

(₹ In Lakhs)

	31 March 2012		31 March 2011	
Licence Fees	56.49		267.44	
Sales Tax on Works Contracts	114.84		67.92	
Excise Duty on Stock Transfers to Branches	355.66		350.32	
Excise duty paid on Samples & Replacements	100.00		215.20	
Excise duty on Closing Stocks of Finished Goods	104.60		119.89	
Insurance	180.42		108.68	
Professional & Consultancy Charges	731.01		884.31	
Security Expenses	454.19		392.06	
Building & Garden Maintenance	326.23		297.15	
Office & Office Equipment Maintenance	240.52		264.81	
Vehicle Maintenance	231.85		377.40	
Maintenance - Others	601.21		302.41	
Conveyance	886.56		864.73	
Travelling	1,199.76		696.35	
Printing & Stationery	275.89		291.45	
Postage, Telephones & Telex	476.72		497.49	
Books & Periodicals	80.26		78.84	
Sundry Expenses	238.18		265.98	
Directors Sitting Fees	1.24		1.12	
Audit Fees	16.76		19.10	
Audit Expenses	0.76		0.78	
Internal Audit Expenses	0.14		-	
Debit Balances written off	24.19		9.44	
Donations	3.99	7,407.69	20.92	6,832.58
Selling Cost				
Freight Outward	2,760.75		2,314.52	
Freight and Insurance on exports	415.13		347.03	
Export Expenses	683.06		385.19	
Liquidated Damages	19.05		3.53	
Commission On Sales	66.90		35.30	
Commission On Export Sales	281.50		134.00	
Dealer Discount	78.75		-	
Advertisement	28.37		74.59	
Business Promotion	139.19		154.20	
Membership & Subscription	10.99		13.08	
Transit Insurance	32.10		21.98	
Royalties On Sales	42.94		90.88	
Bad debts written off	393.20		14.01	
Provision for Warranties	(52.18)		(129.70)	
Selling and Forwarding Expenses	-		416.51	
Other Selling Expenses	135.39		160.38	
Loss on Assets Sold	6.54		9.61	
Deposits Written off	1.20		0.83	
Capital Issue Expenses	0.30		0.30	
Prior Period Expenditure	21.25	5,064.43	38.56	4,084.80
Total		27,015.39		23,691.53
Share of Joint Venture		89.74		70.59
Grand Total		27,105.13		23,762.12



Notes Forming part of Consolidated Statement of Profit & Loss

Note : 28 Exceptional (Income)/Expenditure

(₹ In Lakhs)

	31 March 2012	31 March 2011
Assets written off	748.84	-
Profit on Sale of Investments	(12.82)	(1,141.22)
Profit on sale of assets	(6.22)	(5.03)
Sales Tax Subsidy Received	-	(365.78)
	<u>729.80</u>	<u>(1,512.03)</u>

Note : 29 Contingent Liabilities not provided for:

29.1 HBL Power Systems Ltd:

All known and undisputed claims and liabilities where there is present obligation as a result of past events and it is probable that there will be an outflow of resources, have been duly provided for.

29.1.1 Contingent liabilities not provided for:

Nature of Contingent Liability	31 March 2012	31 March 2011
a) Un-executed portion of letters of credit opened by Bank	6,064.93	3,975.13
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees * includes Bank Guarantees issued to others on behalf of a Subsidiary Company Rs.900 Lakhs	13,958.17	*15,521.22
c) Corporate Guarantee issued to ICICI Bank on behalf of Igarshi Motors India Ltd (a step down subsidiary of the company) for the loan facilities sanctioned to them.	7,600.00	-
d) Legal undertakings (LUTs) given to Custom's Authorities for clearing the imports at Nil / Concessional rate of duty pending for fulfilment of export obligations, (net of the export obligations fulfilled of ₹ 2302.49lakhs (previous year ₹ 1737.70 lakhs) for which the process of discharging the LUTs by the concerned authorities is at various stages).	4,586.53	2,736.36
e) Claims against the Company not acknowledged as debt:		
Excise duty claim	286.13	94.85
Sales Tax claim	61.45	4.84
Custom duty claim	31.96	36.67
Property Tax claim of VSEZ unit	27.64	27.64
Fuel surcharge adjustment (FSA) claim to the extent billed by Power Distribution Companies of A.P	122.02	97.34
Other claims	8.17	34.42
f) Income Tax Dispute for Asst.Year 2009-10	65.08	-

Notes Forming part of Consolidated Statement of Profit & Loss

(₹ In Lakhs)

	31 March 2012	31 March 2011
29.1.2 Estimated amount of contracts remaining to be executed on Capital account and not provided for	1,699.64	3,580.82
29.1.3 Investments committed by the Company in the Equity of other Companies:		
M/s. Sankhya Infotech Ltd. against share warrants issued by them (net of 50% contributed as on 31.03.11)	-	195.38
M/s. SCIL Infracon Pvt Ltd. Against purchase of 10000 shares (net of ₹ 25.00 Lakhs contributed as on 31.03.2012)	135.00	-
M/s. HBL Suntech,LLP against 60% Share in LLP (net of ₹ 18.30 Lakhs contributed as on 31-03-2012)	101.70	-
29.2 AGILE Group:		
a) Estimated amount of contracts remaining to be executed in capital account (net of advances Rs.180.67 lakhs)	287.87	1413.61
b) Bills discounted	2,497.63	2,278.73
c) Guarantees given for loans taken from banks and financial institutions	-	4,092.44
d) Income tax liability that may arise in respect of matters on appeal	101.64	101.64
e) ESI Demand on Dues for Trainees	24.34	24.34
29.3 SCIL Infracon Private Ltd.:		
a) Bank Guarantee issued to the Commissioner of Customs.	31.62	31.62
b) Income Tax Dispute for Asst.Year 2008-09	0.34	-

Note :30 Employee Stock Option Scheme:

- a) The Company's subsidiary, Igarashi Motors India Limited ("IMIL") has obtained approval of share holders through postal ballot on January, 2011 for grant of 1,250,000 options under the Employees Stock Option Plan, 2006 to its employees and Directors. IMIL
- b) The grant of options to the employees under the employee stock option schemes is on the basis of their performance and other eligibility criteria. The options are vested equally over a period of one year, subject to the discretion of the management and fulfillment of certain conditions.



Notes Forming part of Consolidated Statement of Profit & Loss

c) The details of grants under the aforesaid schemes are summarised below -

(₹ In Lakhs)

S.No	Particulars	ESOP, 2006 2011-2012	ESOP, 2006 2010-2011
1	Grant Price – Rupees	40.15	40.15
2	Grant date	27-Jan-12	27-Aug-10
3	Vesting date	27-Aug-13	27-Aug-11
4	Option granted and outstanding at the beginning of the year	750000	—
5	Options lapsed / withdrawn during the year	—	—
6	Options granted during the year	2,35,700	7,50,000.00
7	Options exercised during the year	20000	—
8	Options granted and outstanding at the end of the year of which –	9,65,700	7,50,000.00
	Option vested	7,30,000	—
	Option yet to vest	2,35,700	7,50,000.00

Note : 31 Changes in Reserves & Surplus :

31.1 During the year 2010-11, the parent company (HBL) acquired 72040000 shares of ₹10/- each (₹ 7204.00 Lakhs) i.e. 63.91% in the equity of Agile Electric Drives Technologies & Holdings Pvt Ltd (AEDTHPL) at a cost of ₹ 11288.04 lakhs and AEDTHPL became subsidiary of HBL. At the relevant time AEDTHPL had three subsidiaries viz. Agile Electric Sub Assembly Pvt Ltd (AESAPL), Igarashi Motors India Ltd (IMIL) and Igarashi Motors Sales Pvt Ltd (IMSPL). HBL's share in the net worth based on Financial Statements prior to acquisition, a Goodwill of ₹ 4761.13 lakhs and a surplus of ₹ 677.08 lakhs was determined and accounted for in CFS 2010-11.

During 2011-12, AEDTHPL was amalgamated with its subsidiary AESAPL. Pursuant to the scheme of amalgamation which was approved by the Hon'ble High Court of Madras on 20th July, 2012, the erstwhile AEDTHPL merged with AESAPL retrospectively w.e.f 01-04-2011. The amalgamation which is in the nature of merger has been accounted for under pooling interest method, prescribed under AS-14 and all assets, liabilities, share premium and deficit of AEDTHPL have been amalgamated at book values and in consideration for the above, 38 shares have been issued for every 100 shares held to the share holders of AEDTHPL. AESAPL accounted for the difference of ₹ 7254.09 lakhs as surplus arising out of merger. (original capital ₹ 11700.14 lakhs less capital issued as per scheme ₹ 4446.05 lakhs).

As per the scheme of merger, against 72040000 shares (₹ 7204.00 lakhs) held by HBL, 27375200 shares (₹ 2737.52 lakhs) were issued to HBL. The difference of ₹ 4466.48 lakhs has been adjusted to surplus in consolidation as AESAPL adjusted such difference to surplus as stated above and is not a Goodwill arising out of acquisition by parent Company, HBL. Consequent upon merger the b/f surplus net of minority interest of ₹ 104.70 lakhs as on 31.03.11 has also been adjusted to surplus in CFS 2011-12. In view of the merger of AEDTHPL with AESAPL, the following adjustments were made to surplus in CFS.

Surplus of AESAPL on 01.04.2011	₹ in Lakhs
Amalgamation adjustment as above	3236.75
Deficit of AEDTHPL and impact of merger	7254.09
	(10533.18)
	(42.34)

Total adjustments on account of amalgamation ₹ 4466.48 + ₹ 104.70 + ₹ 42.34 lakhs = ₹ 4613.52 lakhs

31.2 During the year 11-12, HBL, disinvested its equity in HBL, Malaysia a subsidiary Company with 80% holding and the CFS 2010-11 had a share in surplus of ₹ 11.73 lakhs on account of subsidiary. In view of the disinvestment, adjustment has been made for the surplus in CFS 2011-12.

Notes Forming part of Consolidated Statement of Profit & Loss

31.3 As per Last Balance Sheet	14,404.69
Group Share of Additions during the year	659.70
Less: Adjustment/Cancellation on account of Amalgamation	(1,568.18)
	13,496.21

Note : 32 Basis of preparation of CFS:

The CFS are prepared in accordance with Accounting Standard (AS) – 21 “Consolidated Financial Statements”, Accounting Standard (AS) – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” and Accounting Standard (AS) – 27 “Financial Reporting of Interest in Joint Ventures”, as specified in the Companies (Accounting Standards) Rules, 2006.

The Notes and Significant Accounting Policies to the CFS are intended to serve as a guide for better understanding of the Group’s position. In this respect, the Company has disclosed such notes and policies, which represent the required disclosure.

Note : 33 Disclosures under Accounting Standards (AS)21, 23 and 27 :

33.1 The CFS comprises the financial statements of the Parent Company (HBL Power Systems Ltd), its subsidiaries including step down subsidiaries (subsidiaries of subsidiary company), Joint Venture Company and Associate Companies, the details of which are as under:

- HBL Power Systems Limited, Hyderabad - Parent/Holding Company**
- Subsidiary Companies of HBL Power Systems Ltd**

Name of the Company	Country of Operation	% of interest of Holding Company on 31.03.2011
(i) Agile Electric Sub Assembly Pvt Ltd	India	61.57%
(ii) HBL Germany, GmBH	Germany	100.00%
iii) HBL America, Inc	USA	100.00%
(iv) Bhagirath Energy Systems (P) Ltd (under voluntary winding up)	Nepal	100.00%
(v) SCIL Infra Con (P) Ltd	India	90.00%
(vi) HBL Suntech LLP	India	60.00%

- Subsidiaries of Subsidiary Company (Step down subsidiaries):**

M/s. Agile Electric Sub Assembly Pvt Ltd., (Subsidiary of M/s. HBL Power Systems Ltd) has two subsidiaries on 31.03.2012:

Name of the Company	Country of Operation	% of interest held by it
(i) Igarashi Motors India Ltd	India	62.88%
(ii) Igarashi Motor Sales (P) Ltd	India	60.00%

- Joint Venture Company of HBL Power Systems Ltd:**

Name of the Company	Country of Operation	% of interest held by it
(i) Gulf Battery Company Ltd	Kingdom of Saudi Arabia	40.00%



Notes Forming part of Consolidated Statement of Profit & Loss

e) Associates of HBL Power Systems Ltd:

Name of the Company	Country of Operation	% of interest held by it
(i) Kairos Engineering Limited	India	23.00%
(ii) Naval Systems & Technologies (P) Ltd.	India	40.00%

- f) The investment held on 31.03.2011 in HBL Power Systems (M) SDN BHD, Malaysia a Subsidiary of HBL Power Systems Ltd has been disinvested during the year 2011-12. The investment of Rs.20.03 lakhs was sold for Rs.32.80 lakhs and the resultant profit on sale is shown as exceptional income.

'Agile' Group referred to in CFS consists of M/s. Agile Electric Sub Assembly Pvt Ltd and its two subsidiaries, referred to in Note 33(b)(i) and 33(c) above.

33.2 The CFS of the Group have been prepared and presented based on the financial statements as on 31.03.2012, the status of which is as under:

a) Holding Company (HBL Power Systems Ltd)	On the basis of Audited Financial Statements on 31.03.2012
b) Agile Electric Sub Assembly Pvt Ltd and two of its Subsidiaries	On the basis of CFS of this group prepared as on 31.03.2012 and certified by their Statutory Auditors (referred to as Mini Consolidation)
c) HBL Germany, GmbH	On the basis of audited financial statements as on 31.03.2012 certified by their Statutory Auditors.
d) HBL America.Inc	On the basis of audited financial statements as on 31.03.2012 certified by their Statutory Auditors.
e) Bhagirath Energy Systems Ltd. (Nepal)	The WOS in Nepal is under voluntary winding up and there is no activity. Audited financial statements are not available. Provisional statements of affairs as on 31.03.2012 as prepared by the Management of HBL Power Systems Ltd is considered for inclusion in CFS.
f) SCIL Infracon (P) Ltd	On the basis of audited statements on 31.03.2012 certified by their Statutory Auditors.
g) HBL Suntech LLP	On the basis of audited statements on 31.03.2012 certified by their Statutory Auditors.
h) Gulf Battery Company Ltd.(Kingdom of Saudi Arabia)	The JV follows the Calender Year as their Accounting Year and Audited statements are available upto 31.12.2011. Based on such statements, financial statements as on 31.03.2012 (un-audited) have been prepared by the JV and are considered for inclusion in CFS under proportionate consolidation method.
i) <u>Other Associate Companies:</u> M/s. Naval Systems & Technologies (P) Ltd	HBL Power Systems Ltd has invested Rs.4.10 lakhs (41% share). Following 'equity method', the value of the investment is restated based on the Audited statements as on 31.03.2012.
j) Kairos Engineering Ltd.	On the basis of Audited statements as on 31.03.2012 . Further the investment in this Associate Company by HBL Power Systems Ltd is only Rs.9.00 lakhs (a share of 23%) and net worth of the Company is negative on 31.03.2012. Following 'equity method' the investment is shown at Nil value in CFS.

Notes Forming part of Consolidated Statement of Profit & Loss

33.3 Disclosure as per Accounting Standard (AS) 21:

The effect of acquisition of subsidiaries during the year on the CFS is as under:

- a) The effect of acquisition of Subsidiary by Agile Electric Sub Assembly Pvt Ltd.

(₹ In Lakhs)

Sr No.	Name of Subsidiary Company	Effect on Group profit/(loss) after minority interest for the year ended March 31, 2012	Net Assets as at March 31, 2011
1	Igarashi Motors India Limited	986.94	10121.62
2	Igarashi Motors Sales Private Limited	13.74	145.07

Acquisition during the year represents subsidiaries of Agile Electric Drives Technologies and Holdings P Ltd (AEDTHPL) added on amalgamation of AEDTHPL with the Company during the year.

- b) The Parent Company, HBL invested 60% in HBL Suntech LLP during the year and the effect on acquisition of Subsidiary by HBL :

Name of the Company	Effect on Group Profit (Loss) net of Minority Interest	Net Assets on 31-03-2012
HBL Suntech LLP	(8.02)	5.11

33.4 The CFS have been prepared based on separate financial statements as reported in paragraph 33.2 above and substantially following uniform accounting policies. Deviations observed are as under: (Disclosure as per Accounting Standard (AS)-21)

Parent's Accounting Policy	Subsidiary's Accounting Policy
a) Product Development expenses are amortised over a period of 60 months from month of commencement of commercial production.	Such expenses are amortized over a period of 60 months from the date of commencement of commercial production.
b) Software expenditure capitalized is depreciated applying the rate of depreciation for computers as per schedule XIV of the Act.	Specialised Software is treated as Intangible Assets and amortised over a period of 5 years.
c) Depreciation on Assets is accounted on SLM basis as per Accounting Policy Note 1(c) (a)	Depreciation on Assets is accounted on SLM over their expected useful lives.1(C)(b)

The impact of above deviation on CFS is not likely to be material considering value of such assets as at the Balance sheet date.

33.5 Disclosure as required by the General Circular No. 2/2011 dated 8th February, 2011 issued by the Government of India, Ministry of Company Affairs as directions under Section 212(8) of the Companies Act, 1956 relating to Subsidiaries including step down subsidiaries. The particulars on 31.03.2012 are given in the annexed statement.

Note : 34

Reserves and Surplus shown in the CFS include Group's share in the respective reserves of Subsidiaries, Joint Venture and Associates Companies. Reserves attributable to minority share holders is reported as part of Minority Interest in the Consolidated Balance sheet. Retained earnings represents Group's share in General Reserve and Profit and Loss account.



Notes Forming part of Consolidated Statement of Profit & Loss

Note : 35 Disclosures as required under AS-7 "Construction Contract"

(₹ In Lakhs)

	31 March 2012	31 March 2011
35.1 In respect of Contracts where revenue is recognised		
i) Contract revenue recognised in the period (incl. Service Tax)	441.20	-
ii) Contract Costs incurred up to the reporting period (Incl. Service Tax)	279.05	-
iii) Recognised Profit	162.15	-
iv) Gross advance received from customer	500.00	-
v) Due from customer (Amount billed less amount received and advance adjusted)	40.00	-
vi) Due to customers (Advance received less adjusted against bill raised)	416.67	-
35.2 In respect of Contracts where Revenue is not recognised		
i) Contract costs incurred shown as contracts in progress	325.35	-
ii) Gross advance received against contracts shown as Liability	2112.90	-

Note :36 Disclosure as per AS-20 "Earnings per share";

(₹ In Lakhs)

	31 March 2012	31 March 2011
Computation of EPS (Basic & Diluted)		
Profit for the Year (Rs.)	1,853.81	1685.82
No. of Shares (Basic)	2,530	2530.00
No. of Shares (Diluted)	2,530	2530.00
EPS (Basic)	0.73	0.67
EPS (Diluted)	0.73	0.67

Note :37

Introduction of Revised Schedule VI :

The Revised Schedule VI notified under the Companies Act, 1956, has become applicable for the year ended 31.03.2012 for preparation and presentation financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous figures in accordance with the requirements applicable in the current year. Quantitative disclosures under Broad Heads for Revenue, Consumption and Closing Stocks furnished in independent financial statements are not disclosed in CFS in view of Accounting Standards Interpretation (ASI) 15- " Notes to the Consolidated Financial Statements".



Notes Forming part of Consolidated Statement of Profit & Loss

Note : 38 Segment Report – Accounting Standard (AS)-17:

(₹ In Lakhs)

	2011 - 2012		2010 - 2011	
<u>Segment Revenue</u>				
Batteries				
Exports	21,598.14		18,457.52	
Domestic sales	74,893.62	96,491.76	73,365.68	91,823.20
Sub Assembly		19,269.32		14,798.55
Parts		4,688.50		6,009.49
Motors		26,852.91		-
Unallocated				
Exports	1,655.16		1,392.31	
Domestic sales	17,351.95	19,007.11	8,610.05	10,002.36
Total		1,66,309.60		1,22,633.60
Less : Inter-segment Revenue		9,867.96		2,096.81
		1,56,441.64		1,20,536.79
<u>Segment Result</u>				
Batteries		15,161.59		8,757.75
Sub Assembly		2,083.25		1,654.05
Parts		433.03		414.20
Motors		3,110.27		-
Unallocated		1,220.38		(736.26)
Total		22,008.52		10,089.74
Less : Interest		11,586.16		5,904.60
Unallocable expenditure net of unallocable income		5,284.09		2,841.54
Net Profit before taxes		5,138.27		1,343.60
<u>Segment Assets</u>				
Batteries		1,01,630.87		96,827.77
Sub Assembly		11,267.80		12,189.07
Parts		3,731.87		7,918.47
Motors		18,252.74		
Unallocated		58,599.86		65,678.60
Total Assets		1,93,483.14		1,82,613.91
<u>Segment Liabilities</u>				
Batteries		25,024.37		18,450.97
Sub Assembly		6,833.80		7,868.61
Parts		804.92		2,836.32
Motors		4,246.85		
Unallocated (includes Term Loans, Bank Loans, Hire Purchase Loans)		1,03,916.32		96,712.48
Total Liabilities		1,40,826.26		1,25,868.38
Segment Capital expenditure during the year				
Batteries		4,786.41		9,058.33
Sub Assembly		561.47		654.54
Parts		103.99		157.37
Motors		3,593.16		
Unallocated		4,944.13		3,546.23
Total		13,989.16		13,416.47
<u>Segment Depreciation</u>				
Batteries		2,870.94		2,689.64
Sub Assembly		270.31		238.81
Parts		271.81		320.73
Motors		1,118.14		
Unallocated		554.94		525.32
Total		5,086.14		3,774.50



Notes Forming part of Consolidated Statement of Profit & Loss

Notes:

- (a) The group's operations include Batteries of different types, Sub Assembly, Parts etc. The Consolidated Statement Report is based on the information furnished in the separate financial statements of the group companies. Other items are included in 'Unallocated' segment.
- (b) Inter segment revenue is measured at the market prices at which the products are sold to external Customers

Note : 39 Related party Disclosure: (As per Accounting Standard (AS)-18)

1 Holding Company	:	Beaver Engineering & Holdings Ltd.
2 Investors of Subsidiaries	:	Shakthi Concrete Industries Ltd
3 Controlled Companies	:	Kairos Engineering Limited, Hyderabad
4 Associates Companies / Directors Interested Companies	:	Naval Systems & Technologies India Pvt Ltd Guided Missile Engineering India Pvt Ltd Autotec Systems Pvt Ltd, Bangalore Sankhya Infotech Ltd
5 Designated Partner of LLP interested Companies	:	Secure Power India Pvt Ltd Pushti Products
6 Key Management Personnel	:	Dr A J Prasad Chairman & Managing Director M S S Srinath Whole Time Director Kavita Prasad Whole Time Director Ashok Nagarkatti P.Satish Kumar (Up to 31st October 2011) P Mukund Significant Shareholder K Gyan Sagar Director Deepa Shashidhar Kuckian - Designated Partner/CEO



Notes Forming part of Consolidated Statement of Profit & Loss

Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2012

(₹ In Lakhs)

Sl.No	Name	Nature of Transaction	During the year	As on 31-03-2012		
				Investments	Amount Receivable	Amount Payable
1	Holding Company	Funds Borrowed	935.00			626.00
		Interest Paid	38.54			15.52
2	Investors of Subsidiaries	Funds Borrowed	148.42		298.33	
		Advance for Purchases	40.20			29.30
		Sale of Goods				
3	Controlled Companies	Investment in Shares	-	9.00		
		Rent Received	0.22		1.88	
		Services Received	46.71		43.78	
4	Associates Companies/ Directors Interested Companies	Investment in Shares	390.77	1026.25		
		Advance for Sale of Goods	300.00			294.82
		Service Rendered	3.57		0.40	
		Services Received	4.46		218.28	
		Sale of Goods	716.98			
		Interest Received	126.83		3.12	
5	Designated Partner of LLP Interested Companies	Service Rendered	5.02			
		Sale of Goods	37.59		32.69	
		Intangible Assets	175.00			174.97
6	Key Management Personnel	Funds Borrowed	335.00			332.19
		Remuneration	207.62			
		Rent	5.28			
		Interest Paid	87.24			

Note : 40

The previous year figures are not comparable due to amalgamation referred to in Note:31 and previous year figures have been regrouped wherever necessary

As Per Our Report of even date
for **M/s Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 14th November, 2012

Place : Hyderabad
Date : 14th November, 2012

M V S S Kumar
Company Secretary


Annexure to Notes Forming part of Consolidated Balance Sheet and P&L Statement - Note No : 33.5

(₹ In Lakhs)

Sl. No.	Name of Subsidiary Company / Step down Subsidiaries	1 Capital	2 Reserves	3 Total Liabilities	4 (1+2+3) Total	5 Total Assets (excluding investments)	6 Details of Investments (Other than in subsidiary) included in Assets	7 (5+6) Total	8 Turnover	9 PBT	10 Provision for Tax & Def. Tax	11 PAT	12 Dividend proposed
1)	Agile Electric Sub Assembly (P) Ltd (Subsidiary of HBL Power Systems Ltd)	4691.24	6564.77	21892.40	33148.41	24074.14	-	24074.14*	25613.54	1776.15	587.13	1189.02	-
2)	Igarshi Motors India Ltd (Subsidiary of subsidiary)	2039.44	8082.18	14693.34	24814.96	21953.31	2118.65	24071.96**	26852.91	1776.63	122.49	1654.14	-
3)	Igarshi Motor Sales (P) Ltd. (Subsidiary of subsidiary)	75.00	70.07	10.49	155.56	155.56	-	155.56	58.75	33.60	10.70	22.90	-
4)	SCIL Infracore (P) Ltd (Subsidiary Company)	1000.00	(76.07)	1125.16	2049.09	2049.09	-	2049.09	759.49	21.09	39.95	(18.86)	-
5)	HBL Germany, GmbH (WOS of HBL Power Systems Ltd)	14.92	(14.33)	905.90	906.49	906.49	-	906.49	1237.40	32.24	0.06	32.18	-
6)	Bhagirath Energy Systems (P) Ltd., (WOS of HBL Power Systems (P) Ltd.)	107.60	10.94	-	118.54	118.54	-	118.54	-	8.61	-	8.61	-
7)	HBL Suntech LLP (Subsidiary Company)	18.30	(13.19)	490.50	495.61	495.61	-	495.61	187.60	(13.19)	0.00	(13.19)	-
8)	HBL America (Subsidiary Company)	195.88	(128.15)	210.87	278.60	278.60	-	278.60	50.34	(127.96)	0.00	(127.96)	-

Notes:(1) Exchange Rates on 31.03.2012

Euros (HBL Germany) Rs.68.04 / per Euro

USD (HBL America) Rs.50.94 / per USD

Nepalese Rupees Rs.1.60 / per Nepalese Rupee

Total Assets 33148.41 * 24814.96 **

Less : Investments in Subsidiaries 9074.27 743.00

 Total Assets (excluding investments) **24074.14** **24071.96**



HBL Power Systems Limited

Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500 034
Twenty Sixth Annual General Meeting on Monday, December 24, 2012

Attendance Slip

DP. Id*		Name & address of the registered shareholder
Client Id*		
Regd. Folio No.		

**Applicable for shareholding in electronic form.*

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the 26th Annual General Meeting of the Company held on Monday, December 24, 2012 at 4.00 p.m. at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004.

Signature of the Member/Proxy

NOTE: Please fill this attendance slip and handover at the entrance of the meeting hall. No Attendance Slip will be issued at the venue of the meeting.



HBL Power Systems Limited

Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500 034
Twenty Sixth Annual General Meeting on Monday, December 24, 2012

Form of Proxy

I/We of being a member / members of HBL Power Systems Limited, hereby appoint of or failing him of as my/our Proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Monday, December 24, 2012 and at any adjournment thereof.

DP. Id*	
Client Id*	
Regd. Folio No.	
No. of Shares	

Affix Re.1/-
Revenue
Stamp

Name :

Address:

**Applicable for shareholding in electronic form.*

Signature: _____

Note: This form in order to be effective should be duly completed in all respects and must be deposited at the Registered Office or Secretarial Office of the Company not less than 48 hours before the meeting.

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HBL Power Systems Limited

Sy.no.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015

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