HBL ENGINEERING LTD
ANNUAL REPORT
2025-26

ELECTRIC DRIVE TRAIN FOR HEAVY COMMERCIAL VEHICLES

MOTOR

BATTERY MODULE

ONE OF THE SEVERAL
ELECTRONICS PRODUCTS
NEEDED FOR ELECTRIC DRIVE

HBL DESIGNED, DEVELOPED AND MANUFACTURED IN-HOUSE

CONTENTS OF ANNUAL REPORT AND PAGE NUMBERS IN THE REPORT

KEY INFORMATION OF PREVIOUS FIVE FINANCIAL YEARS

(₹ in Crs)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Financial performance					
Revenue	1,221	1,350	2,209	1,946	3,252
Tax	29	31	91	94	271
Profit after Tax	89	95	264	267	797
Financial information					
Net Worth	872	956	1,205	1,458	2,172
Net cash from operations	61	122	284	227	713
Debt to equity	0.07	0.09	0.05	0.04	0.03
Value of Exports	258	214	291	453	520
Value of Imports	107	135	164	144	253
Per share data(as on March 31)					
Earnings Per Share	3	3	9	10	29
Book Value	31	34	43	53	78
Dividend (interim + Final) (face value of ₹1 per share)	0.40	0.45	0.50	1	3
Shareholding related information (as on March 31)					
Number of Shareholders	1,43,984	1,74,854	2,93,512	3,90,313	3,40,740
Promoters' shareholding (%)	59	59	59	59	59
Other information					
Human Resources	1,663	1,720	1,875	2,152	2,455
CSR Spending	1	2	2	4	6

CHAIRMAN'S MESSAGE

What Does HBL Do?

HBL organizes engineering talent, To identify technology gaps in India it can fill,

To manufacture engineering intensive products, To grow profitably.

Why & How?

Technology gaps in India exist when a product is either fully imported into, or assembled in India, depending on foreign companies for supply of proprietary items, through some type of foreign collaboration.

HBL selects opportunities for profit in technology gaps which it can fill. Owning Technology enables sustained competitive advantage, which is necessary for profit in manufacturing. Licensing foreign technology is an easier, but not as profitable.

HBL relies on engineering talent to fill technology gaps through R&D. At HBL, engineering includes development of both, the products and the customised equipment made in-house. This reduces capital cost, which makes production even at small quantities viable initially, creating profitable niches.

Three Business Segments

In the last 40 years, HBL has filled multiple technology gaps (it has failed in a few). The resulting businesses fall into three very different Business Segments. The common factor has been using engineering for technology development. Perspectives on each business are shown further below, except for those in exploratory and R&D stages.

#1. Industrial Electronics Segment: Three Business Units

- Rail Signalling, Kavach, TMS/CTC
- Electric Drive trains (Motors & Batteries vehicle electronics for Trucks +maritime)
- Other Industrial Electronics Products. Now in exploratory/R&D stage.

#2. IndustrialBatteries Segment: Three Business Units

- Lead Batteries
- Nickel Cadmium Batteries
- Lithium Batteries

#3. Defence Businesses Segment: Three Business Units

- Batteries (for Aircraft, Missiles, Torpedoes, Submarines, Battle Tanks,….)
- Electronic Fuzes for ammunition
- Special Defence Products. Now in exploratory /R&D stage

HBL'S PRODUCT RANGE

The product range of HBL puzzles all those who become aware of it. However, this product range is the result of a logical business model which was consistently applied. A single product cannot grow every year, and growth rates vary. So, a portfolio was developed with ***related products*** (related in both technology and market extensions). A portfolio reduces variability and stabilizes the overall business; vulnerability to the environment is reduced.

Product market choice was and is, based on these criteria:

- Technology should be the basis of sustained competitive advantage; avoid products where technology is easily available.
- Develop the technology needed, appropriate to the size of the Indian market, by R&D in-house.
- Enter only Niche markets, which are (at that time) too small for big companies and too difficult for small companies. Begin small; then grow modularly in steps.
- Avoid capital intensive products and B2C businesses. Pursue only Engineering Intensive businesses.
- The goal is to be #1 or #2 in a market of reasonable size; or #3 in a large market. If this is not possible, do not enter, or exit.

Likely Scenario for FY30 and Beyond (Not a Prediction)

Sales and PBT Growth during the next few years should not be expected to be uniform; they will vary. Quarter to quarter variations should be expected.

Of the nine business units, the four units that contributes most to sales in the next four years are Kavach, Industrial Nickel Cadmium batteries, electronic fuzes and electric drive trains for trucks.

Industrial electronic products and specialdefence products, which are currently in the development phase will be commercialised by FY 30 and sustain growth thereafter.

Because of all the R&D and business development already done, the current businesses should together achieve more than 5,000 Crs in total sales in FY 2030.

USE OF SURPLUS CASH

Most of HBL's current businesses will continue to grow, at a smaller rate as the base sales of each business becomes larger. HBL expects cash surpluses in the next few years that will exceed internal needs, including R&D and increased dividends. These surpluses will need to be invested.

The Board has discussed this matter and there is a consensus to utilise the surplus cash in a mix of the following ways, to be decided annually by the Board.

- Increased R&D budgets
- Increased Dividends
- Invest in PE funds as a Limited Partner. HBL's focus is on funds which invest in small enterprises, including some deeptech start-up's
- Invest directly in startups focused on filling technology gaps and in domains related to HBL's businesses. HBL has invested in one such company during FY 2026 and a second investment is likely in FY 2027
- After all the above, invest the balance surpluses in the secondary market to provide liquidity in the event of need. Indian industry has many examples with companies deploying substantial cash, in the secondary market

Note: The MDA of FY 2025 mentioned Mittelst and Technology Partners as an AIF category 2 fund. This proposal had to be dropped, because the standard regulations were too restrictive for a fund using cash from a single investor.

CAN HBL CONTINUE TO FILL TECHNOLOGY GAPS?
(SUCCESSION PLAN)

- The opportunity for filling technology gaps at a profit, has increased since HBL was founded in 1977, as India is, at last, trying to grow its manufacturing sector. "Made in in India" is becoming appreciated by customers. Competition for HBL's strategy is still not coming from large businesses in India; while a few startups attempt this, their scale is not in competition with HBL.
- Unlike the past, HBL now has adequate human resources, both for scanning the environment to find technology gaps, and to fill the gaps. HBL also has adequate R&D infrastructure and cash surpluses to boldly take up new technology development projects. More important, there is a culture that has been nurtured, and confidence in the teams involved is growing.
- It is choosing the opportunities to pursue; the capacity for judgment, which is to be developed as part of the Succession Plan.

In most companies, the succession plan addresses only persons at the top of the hierarchy of the company. It needs only replacing afew names with other names. For HBL, this approach is not appropriate.

HBL is a portfolio of nine Business Units, each having several products & markets, customers, separate production facilities and technology.

The Succession Plan being developed is to help each of the nine Business Units grow as a decentralised entity under a Corporate umbrella. Each Business Unit would have its own management, for all but strategic / major decisions.

MANAGEMENT DISCUSSION AND ANALYSIS

#1 INDUSTRIAL ELECTRONICS SEGMENT

RAIL SIGNALING BUSINESS

KAVACH

Kavach has contributed almost 50% of sales in FY 26, and this % should be about the same even in FY 27, although HBL expects some growth in sales over FY 26.

At this time, we expect that sales will continue to be good in FY 27 and FY 28. In subsequent years, the competition would increase; both sales and PBT could decline from FY 29 onwards. It should be noted that Kavach contracts are of significantly different types. Competitive bidding leads to variations in margin. Some execution delays in wayside contracts are unavoidable because of nature of the contracts. Therefore, while the order book is good, sales recorded and profit margin will vary significantly from quarter to quarter.

To understand the competitive advantage HBL has in KAVACH, the key points are:

1. HBL was the pioneer who developed KAVACH with the active support of RDSO. We are now the leader in terms of execution of contracts received.
2. In most industries with multiple participants, the top two (in market share) are profitable. The third survives. The rest struggle. HBL sees no reason for Kavach to be different.

TMS, CTC

With the Indian Railways focus on increasing the capacity to run more trains by track doubling, automatic Signalling, and increased speed of trains, manual control of train operations will soon be seen as a limitation to fully harness the potential of all these investments. Introduction of TMS/CTC will resolve that limitation. Less than 2% of the Railway network is now covered by TMS. And the network is increasing rapidly.

HBL has significant advantage over foreign competitors because the software has been developed in-house, and has been proved to be satisfactory in four installations.

ELECTRIC DRIVE TRAINS

Technology Gap in Electric Drive Trains

HBL saw that the critical components of electric vehicles, including motors, batteries and electronics were being imported by all EV manufacturers in India. This is a technology gap that HBL thought can be filled. So development of the electric drive train begun in-house around 2016.

Around 2019, HBL sensed a potential business opportunity in a financially viable segment of the EV market: electric trucks could be economically viable in the high capacity segment of the overall market. HBL chose to focus on the 55 T GVW models. . HBL also chose as a part of its strategy to first fill the technology gap to secure a competitive advantage before attempting sales.

Our Annual Reports had mentioned this as ongoing work. As is common, some wrong paths and some dead ends took more time than was planned. But, the results and learning about an industry new to HBL, were worth the time and money spent. Road tests on trucks showed that the HBL electric drive train works reliably and could save money on operating costs for some use cases.

Emerging Market for Electric Heavy Trucks

Primary Benefit of Electric Drive

Saves money vs diesel drive, where the kms/year is high. As diesel prices are increasing steadily, and trucks drive longer distances every year, the EV option becomes more attractive for fleet owners.

Secondary Benefit: ESG Obligations

ESG Obligations, as part of the global effort to contain global warming, are being increased every year. Companies are evaluated on the contribution they made, which should be reported annually. Larger companies lean on their suppliers and service providers to do something, and this makes it desirable for even medium sized companies to do something.Large truck fleet operators are looking at converting to Electric Trucks, to show progress on ESG. This tilts the balance in favour of electric when the total cost of operations of Electric Versus Diesel is considered.

Plan for Electric Drive Trains for Trucks

HBL's plan is to sell complete drive trains: batteries, motors, and all other electronics. The entire kit is designed, developed, and made in-house. Only cells for the batteries are imported, but the BMS which is a challenging product has also been developed in-house. At this time, there is no other Indian Company that can offer such a kit. E-truck makers in India would find HBL's offer of an indigenous kit competitive.

The best way to create confidence in such customers about HBL kits is to demonstrate the kits on -road performance. Therefore, HBL assembled a few 55 T trucks for this purpose. Internal road trails have been completed for about 40,000 kms on such trucks. The kit parts and assembled truck are expected to complete homologation approvals by March 2027.

The last annual report said sales could begin in October 2026. The supply chain hurdles for permanent magnets needed for EV motors, necessitated design of "magnet less" motors. This caused a nine-month delay. Our current expectation is that approval for 55 T trucks would be received by March 2027, and pilot sales begin in July 2027.

The target customers will initially be customers who use trucks off highway. This is because the charging infrastructure problem will not be a hurdle for such applications. Highway charging infra is being planned by several firms but will need multiple years to be meaningful; so this segment will be addressed later.

Maritime Applications for Electric Drives

India's commitment to improving waterways and reducing pollution has created a viable market for electric drives for passenger ferries and tugboats. The Govt of India has floated many schemes through the Ministry of Shipping, Ports and Waterways, for electrically propelled vessels.

These drive trains need batteries, motors and electronics conforming to marine standards, which are different from standards for land-based drive trains. This will take a year and sales will be limited until end of September 2027.

Cochin Shipyard and HBL formed a JV called Green Maritime Propulsion Pvt Ltd. It was incorporated on 11 June 2026 at Hyderabad.The core strengths of CSL as a vessel builder and HBL as an indigenous drive train manufacturer are expected to synergise to address the growing market. The JV has already placed an order on HBL for batteries for two electric tugs.

#2 INDUSTRIAL BATTERIES SEGMENT

LEAD BATTERIES - TELECOM

The Telecom Service and Infrastructure Providers have migrated towards Lithium-Ion battery solutions, resulting in reduced demand for 2V-VRLA batteries. This has resulted in excess Industry capacity for 2V-VRLA batteries, leading to heightened competition and pricing pressure extending even to remaining application sectors.

In recent months, the price of imported Lithium-ion batteries from China has risen considerably. This, coupled with increased shipping costs, due to West Asia conflict, and Rupee depreciation has impacted the attractiveness of Lithium-ion battery solutions. HBL is closely monitoring this development, while it firmly believes that Lithium-ion batteries will continue to be a preferred option in the telecom sector in the years to come. HBL is not supplying Lithium-ion battery packs for telecom as the margins are too low to justify several years of warranty.

LEAD BATTERIES - RAILWAYS

In FY 2026, the demand for lead acid batteries from the Indian Railways remained stable. The Company maintained its share of business in all applications - train lighting, AC coach, and signalling. In this sector, the overall demand for lead acid batteries is expected to remain steady for the next few years. Only Vande Bharat trains use Li-Ion Batteries and HBL currently has a good market share in these.

LEAD BATTERIES - UPS

The UPS battery market in India is growing at approximately 6% CAGR. In FY 26, the demand for UPS batteries remained stable despite the gradual penetration of Lithium-ion batteries across IT/ITES and BFSI segments. This trend is expected to continue as major UPS OEMs are keen to promote Lithium-ion battery solutions along with their UPS offerings. However, HBL sustained its market position as #3 and sees reasonable growth in this segment.

LEAD PLT BATTERIES

HBL is the only manufacturer of Lead PLT batteries in India.

India's Data Center (DC) facilities have become a critical component of growing modern digital infrastructure. During FY 26, HBL leveraged years of groundwork in positioning Pure Lead Thin (PLT) technology as a suitable back up in this sector. We secured orders from major players in the Data Center space, STT, NTT, Colt, CapitaLand, Digital Edge, Reliance and CtrlS. HBL achieved 100% growth in sales in our Data Center businessover the previous year. PLT production capacity is being doubled.

HBL continues its co-operation with Cummins India, spanning two decades, for supplying PLT batteries in white label format, for their complete range of Diesel Generatorsets (DG). HBL was recognized by Cummins for this association during the recently held Supplier Conference. HBL is also exploring opportunities with other DG set and HEMM OEMs.

HBL's PLT battery is widely accepted as a superior product in the defence sector for use in battle tanks, armoured vehicles, and artillery guns, both in domestic and international markets.

NICKEL CADMIUM BATTERIES

HBL continues to be the second largest supplier of Industrial Nickel Cadmium batteries globally. We are expanding capacity for both domestic and export markets.

India: The demand for Nickel Cadmium batteries in India remained strong driven largely by capacity additions in oil refineries, power plants, and the widening Oil & Gas pipe-line network. Further, demand growth is driven by rapid expansion in the metro rail network; various tunnel projects and preference towards Nickel Cadmium batteries over lead acid batteries. The demand from the Indian Railways for Pantograph application has been robust due to locomotive electrification and is expected to continue for the next 5 years.

HBL also supplies Nickel Cadmium batteries for rolling stock applications to Metro rail network operators and Metro car OEMs. During the year, the Company secured large orders from Locomotive Manufacturers, Metro Operators, and OEMs.

HBL recorded double-digit growth in FY26 and ended the year with healthy order book position for FY27. A strong order book flow is expected in FY27 as well, necessitating capacity expansion.

Exports: In FY26, the Company's Nickel Cadmium batteries export performance was strong. HBL witnessed ~15% growth despite logistics disruptions towards the year-end due to the West Asia conflict. The growth was driven by strengthened presence in strategic sectors such as Utilities, Oil & Gas, and Data Centers for auxiliary power backups, through successful execution of several export projects backed by credible product performance.

Exports to North America was briefly impacted by import tariff uncertainty. The Company expects to grow its business in North America going forward.

As of March 31, 2026, the Company has a healthy export order book, providing good business visibility for FY27. Fresh order flows in FY27 are still strong. Pent-up demand for Industrial batteries is expected in Middle East countries, once the current West Asia conflict subsides and the global oil market stabilizes.

LITHIUM ION BATTERIES (LIB)

Except in consumer products, Lithium-Ion cells are not used directly. The need is for batteries. The business of making cells, and the business of using cells to design and integrate other parts of a battery to meet customer needs, are different businesses. Cell production is not viable at low volumes. Large volumes need large capex. HBL's approach to this domain is consistent with our vision. HBL does not enter capital intensive businesses, and therefore does not plan to make cells. The exception is for defence applications, where producing cells in India in small volumes is justified.

Instead, HBL focuses on low volume, customized, engineering intensive, higher margin markets.This is where HBL's Engineering capabilities help become competitive. There are three segments of demand for such batteries apart from small opportunities elsewhere.

ELECTRIC DRIVE TRAIN APPLICATIONS, WITH IMPORTED CELLS

HBL E-trucks will use HBL made batteries, assembled from Chinese cells.Maritime vessels also use Electric Drives.

Green Maritime Propulsion Pvt Ltd (a JV with Cochin Shipyard Ltd) will need batteries for many types of vessels.

RAIL APPLICATIONS, WITH IMPORTED CELLS

HBL has received significant volume orders for LIB for Vande Bharat trains. Production of these trains is still small but will scale rapidly because of Railway commitments to electric and the plans for increasing the number of trains in service.

Siemens Germany has chosen HBL as one of its two suppliers (the other in Germany) for developing LIB. Siemens policy is that all future trains they make will have LIB only.

DEFENCE APPLICATIONS, WITH HBL MADE CELLS

Defence has a strong purchase preference for Made In India. HBL has invested about Rs 200 crores for R&D and a modern production plant adequate for foreseeable demand. The plant capacity can be increased by line balancing if needed. There is no foreign collaboration involved; technology was licensed from NSTL of DRDO.

DEFENCE BUSINESSES SEGMENT

HBL began in 1977 with filling the technology gap for batteries for defence aircrafts. Many other types of batteries for defence were developed over the years. Niche opportunities in electronics products used in defence are being added.

Defence businesses worldwide are not transparent because of security considerations. They are procedure heavy, which makes it difficult to enter; but the same feature discourages new entrants. HBL's position is secure.

Batteries are "revenue" items, and need replacement at regular intervals. Therefore, while demand for each type of battery is not predictable annually, the aggregate demand tends to grow steadily.

HBL products for "capital" items in defence are very few. The demand for these tends to be quite unpredictable.

DEFENCE BATTERIES

Batteries for all types of aircraft, missiles, armoured vehicles, torpedo propulsion and submarine propulsion.

In all these batteries, Defence buyers have a second source; but overall, HBL is recognised as the leading supplier. Exports are a significant contributor.

OTHER DEFENCE PRODUCTS

Voice and Data Communications System for armoured vehicles (Battle Tanks and Armoured Personnel Carriers). HBL is the only supplier in India of this capital item. HBL also did high value "projects" which recur only with long intervals. Platform Management and Steering Systems, built to print by HBL, for Scorpene submarines is a prominent example.

HBL has taken up R&D in many products which are now imported, in the domain of underwater electronics, focused around Sonar technology. Sales may occur from FY 28 but, as always in such developments, they will grow over time.

ELECTRONIC FUZES

Fuzes (not fuses) are devices that act as triggers to detonate explosive warheads as per a preset intent. Bullets have no fuzes because they only penetrate without explosion.

Mechanically activated fuzes are steadily being replaced with electronically activated fuzes when the application calls for reliability and precision. HBL does not make mechanical fuzes.

Beginning in 2006, HBL has been developing in-house, technology for all the components and subsystems needed for Electronic Fuzes. There are no imports of any proprietary items. To our knowledge there is no other Indian company with this capability.

Based on the components developed in-house, HBL has developed Electronic Fuzes for many applications. The qualification approval requires that Fuzes need to be tested on actual weapons and warheads at declared ranges. The availability of the weapons and the testing range determine how long approvals take.

HBL's Electronic Fuzes for grenades have been approved by Ministry of Home Affairs and sales have started; the approval from the Indian Army is expected during 2027. We also expect to get approval for the fuzes used in artillery shells fired from 155MM Guns, during 2027. Several other types are in the pipeline for approval.

A licensed facility for the manufacturing of fuzes has been established in Telangana.

KEY NUMBERS

5 MANUFACTURING FACILITIES	50+ EXPORT MARKETS	2,455 EMPLOYEES
3,252 REVENUE (₹ CRORE)	1,130 EBITDA (₹ CRORE)	797 NET PROFIT (₹ CRORE)
2,172 NETWORTH (₹ CRORE)	537 FIXED ASSETS-NET (₹ CRORE)	78 BOOK VALUE PER SHARE (₹)
49 RETURN ON CAPITAL EMPLOYED (%)	271 NET FOREIGN EXCHANGE (₹ CRORE)	0.03 DEBT EQUITY RATIO
29 EPS (₹)	713 NET CASH FROM OPERATIONS (₹ CRORE)	35 EBITDA MARGIN (%)

FINANCIAL RATIOS

In accordance with SEBI regulations, this section details substantial variations in key financial ratiosfrom the prior fiscal year. Any changes surpassing 25% are disclosed as per the requirements of theSEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Particulars	March 31, 2026	March 31, 2025	Change	Reason for change
Debtors' turnover	6.24	5.25	18.86%	
Inventory turnover	6.07	4.10	48.05%	Increase in sales
Interest coverage ratio	79.63	31.68	151.36%	Improved profitability
Current ratio	3.63	2.90	25.17%	Increase in current assets
Debt equity ratio	0.03	0.04	-25.00%	Reduction in Borrowings
Operating profit margin (%)	32.41	17.87	81.37%	Improved profitability
Net profit margin (%)	24.52	13.71	78.85%	Improved profitability
Return on net worth (%)	36.70	18.30	100.55%	Improved profitability

HUMAN RESOURCES

HBL Engineering Limited's human resources strategy continues to be a key enabler of its growth and organisational success. As of March 31, 2026, the Company had a workforce of 2,455 employees, comprising skilled professionals with expertise across diverse technical and functional domains. HBL fosters a collaborative, inclusive and innovation-driven work environment that encourages employees to contribute meaningfully to the Company's objectives. The Company places strong emphasis on continuous learning, training and upskilling initiatives to enhance employee capabilities and keep pace with evolving technologies. Its focus on employee well-being, workplace safety, professional development and performance excellence enables HBL to attract, develop and retain talent, thereby strengthening its human capital and supporting the Company's continued pursuit of technological innovation and sustainable growth.

INTERNAL CONTROL & ADEQUACY

The Company has established a robust framework of internal controls to ensure operational efficiency, safeguard its assets and promote compliance across all areas of its operations. During FY 2025-26, the Company continued to periodically review and strengthen its internal control systems through independent internal audits, in coordination with the Statutory Auditors and the Audit Committee. These reviews are aimed at evaluating the effectiveness of internal controls, identifying potential gaps and implementing appropriate measures for continuous improvement. The Company also maintains stringent quality management systems and operational protocols across its manufacturing and other business processes, with a continued focus on quality, reliability, efficiency and compliance.

HEALTH, SAFETY & ENVIRONMENT

HEALTH

HBL prioritises the health and safety of its workforce. To ensure their well-being, the organization arranges routine health screenings for all employees, carried out by qualified healthcare providers.

SAFETY

HBL emphasizes the importance of safety in the workplace for every staff member. The company promotes a safety-first mindset by offering comprehensive training, necessary safety equipment, and conducting routine drills. Achieving ISO 45001:2008 certification highlights HBL's dedication to maintaining a protected and secure working environment.

ENVIRONMENT

HBL is dedicated to sustainability and environmental stewardship. The company champions a circular economy model, actively reducing waste through reduction, reuse, and recycling at every level of its operations. Its production facilities have proudly maintained a zero-liquid discharge record for over twenty years. Beyond its own operations, HBL actively supports afforestation initiatives and encourages its suppliers to adopt environmentally responsible.

Our Integrated Facilities

VIZIANAGARAM
Near Visakhapatnam, Andhra Pradesh
Product line: 2V/12V-AGM VRLA

SHAMIRPET
Hyderabad, Telangana
Product line: Ni-Cd & Specialty batteries and power electronics

NANDIGAON
Near Hyderabad, Telangana
Product line: PLT, Lithium-Ion and Submarine Batteries

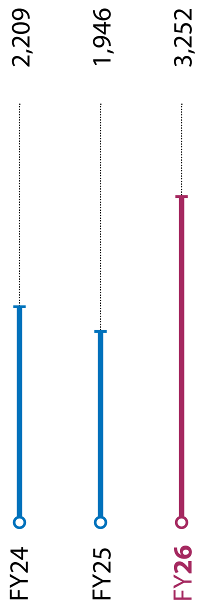
THUMKUNTA
Hyderabad, Telangana
Product line: Electronics

VISAKHAPATNAM (SEZ)
Andhra Pradesh
Product line: Ni-Cd batteries

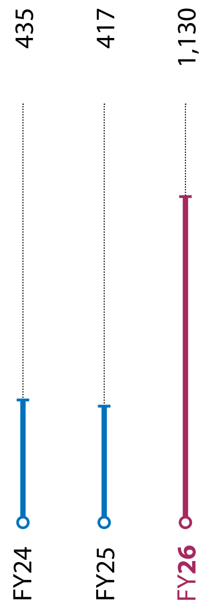
YAPRAL (Development Centre)
Hyderabad, Telangana
Product line: Product development initiatives

KEY PERFORMANCE INDICATORS

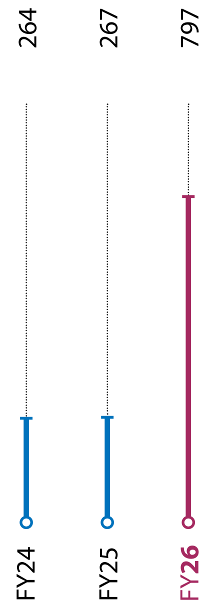
REVENUE
(₹ Crore)



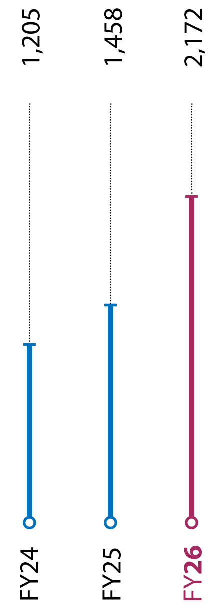
EBITDA
(₹ Crore)



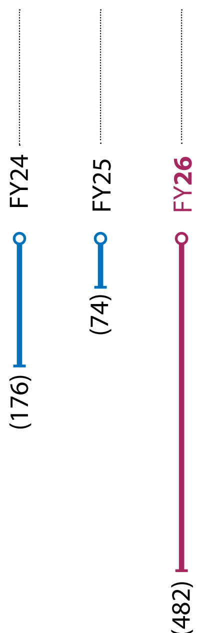
NET PROFIT
(₹ Crore)



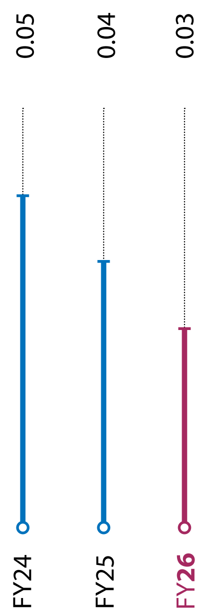
NET WORTH
(₹ Crore)



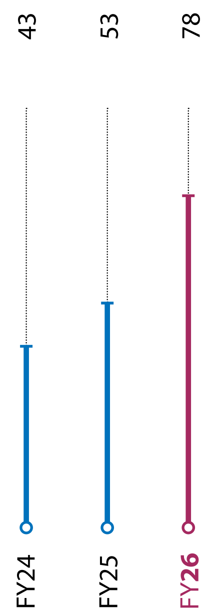
NET DEBT
(₹ Crore)



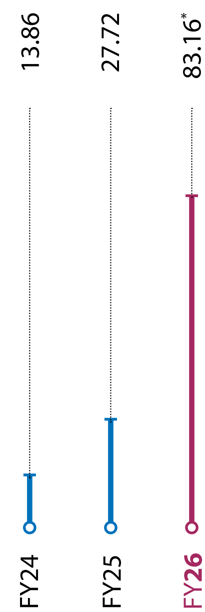
DEBT TO EQUITY
(x)



BOOK VALUE PER SHARE
(₹)



DIVIDEND PAYOUT
(₹ Crore)



*includes interim dividend and final dividend

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES AND IMPACT

OVERALL IMPACT

Through its diverse Corporate Social Responsibility (CSR) initiatives, HBL directly and indirectly impacts the lives of 12,000+ beneficiaries across all age groups. Spanning the areas of education, nutrition, healthcare, rural development, and community empowerment, HBL's programs are designed to create sustainable social impact and improve the quality of life for underserved and marginalized communities.

1. Early Childhood Development Program

HBL supports 181 Anganwadi Centres in FY26 (up from 157 in FY25), benefiting over 3,250 children through a holistic early childhood development program. The initiative includes:

- Early childhood education and pastoral support.
- Provision of nutritious food, uniforms, learning materials, and toys.
- Support for children from economically disadvantaged families.

2. Nutrition Program

In partnership with the Akshaya Patra Foundation, HBL supports the Mid-Day Meal Program for 5,000 government school students across Telangana and Andhra Pradesh (2,720 students in Mahabubnagar, Telangana, and 2,280 students in Visakhapatnam, Andhra Pradesh), ensuring access to nutritious meals that promote healthy growth, learning, and overall well-being.

3. Support for Children in Need

HBL extends support to organizations dedicated to child welfare:

- NICE – Promoting education for underprivileged and out-of-school children, aligned with SDG 4: Quality Education.
- Jyothi Ashram – Supporting orphaned and vulnerable children by providing care, shelter, and educational opportunities.

4. Care for the Elderly

HBL supports MEANS, a home for the elderly and mentally challenged, by funding nutritious meals, healthcare services, and recreational activities, ensuring dignity, care, and an improved quality of life for its residents.

5. Healthcare Initiatives

HBL continues to improve healthcare access through:

- Sponsoring 10 cleft lip and palate surgeries under the Smile Train program for children from economically weaker sections.

- Supporting free cataract and eye surgeries through KVR Memorial Trust for low-income patients.
- Conducting HPV vaccination drives for adolescent girls in Hyderabad and Vizianagaram.
- Thalassemia Prevention Program: In collaboration with Blood Warriors and the Medchal–Malkajgiri District Collectorate, HBL has launched a large-scale Thalassemia Carrier Screening Initiative across the district to identify carriers, raise awareness, and promote genetic counselling. This pioneering initiative focuses on reducing the incidence of thalassemia through early detection and informed decision-making, making it one of the first large-scale CSR initiatives in the region to prioritize prevention over treatment.

6. Education & Infrastructure Development

HBL invests in strengthening government school infrastructure and improving learning outcomes through:

- Establishing 2 school libraries in Telangana.
- Setting up 5 Physics, Chemistry, Mathematics & Biology (PCMB) Laboratories in Government Zilla Parishad High Schools in Vizianagaram.
- Renovating government schools and installing RO drinking water systems.
- Conducting career guidance and counselling programs for 4,670 students in the Medchal–Malkajgiri district in partnership with FutureDots.
- Implementing a Digital Literacy Program for 2,500 government school students in collaboration with Digital Equity India.

7. Rural Development

HBL undertakes community development initiatives in villages surrounding its manufacturing facilities through infrastructure development, women's livelihood and empowerment programs, digital inclusion, and other need-based interventions that enhance the quality of life in rural communities.

Creating Sustainable Community Impact

Through these initiatives, HBL remains committed to improving education, healthcare, nutrition, and rural development while empowering vulnerable and underserved communities. By creating sustainable opportunities, strengthening community infrastructure, and fostering inclusive growth, HBL continues to create meaningful social impact and contribute towards building a more equitable and sustainable society.

Thalassemia Prevention pilot program at Medchal-Malkajgiri district in Telangana.

Community level Safe Drinking Water Plant Setup in Vizianagaram District, Andhra Pradesh

Digital Equity Program for Zilla Parishad High School Students in Telangana

Inauguration of Physics, Chemistry, Mathematics and Biology Labs in Government Schools in Telangana and Andhra Pradesh

ESG SUMMARY REPORT

SUSTAINABILITY VISION & APPROACH

Keeping sustainability at the heart of its business ethos, HBL Engineering Limited continues to place strong emphasis on environmental stewardship, social responsibility, and sound governance practices. Sustainability considerations are integrated across operations, products, and decision-making processes, enabling the Company to create long-term value while strengthening business resilience.

During FY 2025-26, HBL accelerated its sustainability journey through significant investments in renewable energy, resource efficiency, water conservation, circular economy initiatives, and responsible business practices. Investments in solar power infrastructure, modernization of energy systems, and process improvements supported the Company's transition towards cleaner energy sources and lower-carbon operations.

The Company continues to advance responsible manufacturing through Zero Liquid Discharge (ZLD) systems, wastewater recycling, pollution-control measures, and waste recovery initiatives. By promoting circular economy principles, increasing the use of recycled materials, and strengthening Extended Producer Responsibility (EPR) practices, HBL remains focused on maximizing resource efficiency while minimizing environmental impact.

Alongside its environmental commitments, HBL places strong emphasis on employee well-being, workplace safety, diversity and inclusion, community development, ethical conduct, and stakeholder engagement. Through robust governance systems and responsible value chain practices, the Company continues to create sustainable value for customers, employees, communities, investors, and society at large.

MATERIALITY ASSESSMENT

As part of its focus on sustainability, HBL continues to assess and prioritize the environmental, social, and governance issues that are most relevant to its business and stakeholders. The Company focuses on nine key material topics that guide sustainability strategy, risk management, stakeholder engagement and long-term value creation.

ENVIRONMENT (E)

Energy Management

- Risk & Opportunity
- ***Focus:*** Renewable energy adoption, energy efficiency, climate action, emissions reduction and operational resilience

Water Management

- Opportunity
- ***Focus:*** Zero Liquid Discharge (ZLD), water recycling, conservation and efficient water use

Waste Management

- Risk & Opportunity
- ***Focus:*** Circular economy, battery recycling, resource recovery, EPR compliance and responsible waste disposal

SOCIAL (S)

Occupational Health & Safety

- Risk
- ***Focus:*** Workplace safety, emergency preparedness, employee well-being and ISO 45001 systems

Diversity, Equality & Inclusion

- Opportunity
- ***Focus:*** Equal opportunity, accessibility, inclusion and workforce diversity

Community Engagement

- Opportunity
- ***Focus:*** Education, healthcare, nutrition, livelihood development and rural development

GOVERNANCE (G)

Data Privacy & Cybersecurity

- Risk
- ***Focus:*** Data protection, cybersecurity, access management and information security

Product Safety & Quality

- Risk
- ***Focus:*** Product reliability, testing infrastructure, certifications and customer assurance

Compliance

- Risk
- ***Focus:*** Ethical business conduct, regulatory compliance, environmental obligations and human rights

ENVIRONMENT HIGHLIGHTS

Energy Management

HBL continued its transition towards cleaner energy sources and improved operational efficiency during FY2025-26.

Key Achievements

- Invested ₹9.03 crore in renewable energy infrastructure, including solar power installations at Vizag and a cumulative 2.2 MW solar capacity at Nandigaon
- Reduced total energy consumption by 7.1%, from 297.68 TJ to 276.49 TJ
- Improved energy intensity by 43%, from 0.0015 TJ/lakh ₹ turnover to 0.00085 TJ/lakh ₹ turnover.
- Reduced dependence on non-renewable energy sources through increased utilization of solar and biomass-based energy
- Continued strengthening energy management practices through operational improvements and energy-efficiency initiatives

Certifications & Management systems

- Continued implementation of ISO 14001 Environmental Management systems
- Undertook energy optimization initiatives and third-party assessments to identify efficiency opportunities
- Continued strengthening environmental and resource-management systems across manufacturing facilities

GHG Emissions Management

HBL continued to strengthen climate action initiatives through renewable energy adoption, modernization of energy infrastructure and deployment of energy-efficient technologies.

Scope 1 Emissions

- Maintained stable Scope 1 emissions despite significant growth in scale of operations
- Improved fuel efficiency through modernization of DG sets and process optimization measures

Scope 2 Emissions

- Reduced Scope 2 emissions by 14.3%, from 39,770 tCO_2e to 34,084 tCO_2e
- Improved overall GHG emission intensity by 50%, reducing from 0.24 to 0.12 tCO_2e per unit of revenue

Emission Reduction initiatives

- Expansion of solar energy generation
- Installation of energy-efficient equipment and modern DG systems
- Strengthening of pollution-control infrastructure and environmental performance initiatives

Water Management

Water stewardship remains a key priority for HBL, across its manufacturing operations and factory locations.

Key Achievements

- Maintained Zero Liquid Discharge (ZLD) across manufacturing facilities.
- Achieved zero external wastewater discharge.
- Improved water intensity by 36.6%, reducing from 1.34 KL/lakh ₹ turnover to 0.85 KL/lakh ₹ turnover.
- Commissioned an 80 KLD Multiple Effect Evaporator (MEE) to enhance water recycling and recovery.
- Recycled 8,853 KL of effluent through the MEE system.
- Achieved significant energy and biomass savings through improved resource recovery systems.

Key Practices

- ZLD systems operating across manufacturing units.
- Effluent Treatment Plants (ETPs) & Sewage Treatment Plants (STPs) supporting wastewater recycling.
- Use of treated water and water-recycling infrastructure to improve water-use efficiency.

Waste management & Circular economy

HBL continued strengthening circular economy practices and resource recovery initiatives.

Key Achievements

- Recovered 2,826 MT of waste through recycling, reuse and recovery operations.
- Increased recycled waste from 1,449 MT to 1,596 MT.
- Increased utilization of recycled materials in manufacturing.
- Recycled Lead increased to 5.46% of material usage.
- Recycled Plastic increased to 5.27% of material usage.

Key Practices

- Internal recovery and recycling of battery materials.
- CPCB-certified Extended Producer Responsibility (EPR) compliance.
- Centralized scrap management systems.
- Engagement of authorized recyclers for hazardous waste disposal.
- Responsible material recovery and waste-tracking mechanisms.

SOCIAL HIGHLIGHTS

Health & Safety

HBL maintained a strong focus on occupational health and safety through established management systems, risk-management processes and employee engagement initiatives.

Key Achievements

- Maintained ISO 45001-certified Occupational Health & Safety Management System.
- Reported zero fatalities during FY 2025-26.
- Reduced worker LTIFR from 1.22 to 0.31.
- Continued implementation of HIRARC assessments, safety audits, emergency drills and specialized safety training programs.

Employee welfare & Well-being

- Comprehensive medical and accident insurance coverage.
- Periodic health check-ups and wellness initiatives.
- Support for employee well-being and work-life balance.
- Career development and transition support programmes.

Training & Development

- Health & Safety training coverage reached 81% of employees and 78% of workers.
- Human rights training coverage increased to 45% of employees and 50.62% of workers.
- Continued employee capability building across technical, safety, cybersecurity and leadership domains.

Diversity & Inclusion

- Maintained 50% female representation on the Board of Directors.
- Continued implementation of equal opportunity and accessibility initiatives.
- Promoted an inclusive workplace aligned with the Rights of Persons with Disabilities Act, 2016.

Community Development

- Invested ₹5.67 crore in CSR initiatives.
- Positively impacted over 12,000 beneficiaries.
- Supported 181 Anganwadi Centers, benefiting over 3,250 children.
- Provided nutritious mid-day meals to 5,000 students.
- Undertook initiatives in healthcare, digital literacy, education, women empowerment, and rural development.

GOVERNANCE HIGHLIGHTS

Board & ESG oversight

- ESG oversight continued through the ESG Committee and senior leadership.
- Maintained Board-approved policies aligned with all 9 NGRBC Principles.
- Continued annual review of ESG policies and compliance performance.

Ethics & Integrity

- Zero incidents of bribery, corruption, or conflict of interest reported during FY 2025-26.
- Anti-Corruption and Anti-Bribery Policies applicable across stakeholders.
- Whistleblower and grievance-redressal mechanisms operational across stakeholder groups.

Transparency & Disclosure

- Strong governance systems supporting accountability and stakeholder trust.
- No significant governance-related complaints reported.
- Continued commitment to transparent ESG disclosures and reporting.

Cybersecurity & Data Privacy

- Data Leakage Prevention (DLP) systems implemented across critical systems.
- Strengthened cybersecurity controls and access-management processes.
- Reported zero data breaches during FY 2025-26.
- No incidents of anti-competitive conduct or regulatory actions.

Sustainability, way forward

HBL Engineering Limited remains focused on further expanding renewable energy adoption, improving energy and water efficiency, reducing greenhouse gas emissions, strengthening circular economy practices, enhancing responsible sourcing, and delivering positive social impact through targeted community initiatives. Supported by strong governance, stakeholder engagement, and ESG oversight mechanisms, the Company continues to advance its sustainability journey while creating long-term value for all stakeholders.

CORPORATE INFORMATION

As at March 31, 2026

REGISTERED OFFICE:

8-2-601, Road No 10,
Banjara Hills, Hyderabad – 500 034,
Telangana State.
CIN: L40109TG1986PLC006745
Phone: 040-23355575
E-Mail: contact@hbl.in; investor@hbl.in

BOARD OF DIRECTORS

Executive Directors

Dr. Aluru Jagadish Prasad	-	Chairman & Managing Director
MSS Srinath	-	Executive Director

Non-Executive Directors

Kavita Prasad Aluru
Deeksha Mikkilineni

Independent Directors

Narsing Rao Singayapally
(Non-Executive Vice-Chairman)
Karipineni Venkat Sriram
Richa Datta
Aparna Surabhi

Audit Committee

Narsing Rao Singayapally	-	Chairperson
Richa Datta	-	Member
Aparna Surabhi	-	Member
Kavita Prasad Aluru	-	Member

Key Managerial Personnel

Sairam Edara	-	Chief Financial Officer
GBS Naidu	-	Company Secretary

AUDITORS

Statutory

M/s. LNR Associates
Chartered Accountants
101, Seshu Villa Apartments
Gagan Mahal, Domalguda
Hyderabad-500 029

Cost (for FY 2026)

M/s. Narasimha Murthy & Co.
Cost Accountants
3-6-365, Pavani Estates,
Y V Rao Mansion Himayatnagar,
Hyderabad - 500 029

Secretarial

CS Vinay Babu Gade
Practicing Company Secretary
#4-65, Koheda, Hayatnagar,
Hyderabad – 501 511

Bankers

State Bank of India
Axis Bank Limited
ICICI Bank Limited

Registrar and Share Transfer Agent

KFin Technologies Limited
(Unit: HBL Engineering Limited)
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda,
Hyderabad – 500 032.
Tel : +91 040 67161530
e-mail: einward.ris@kfintech.com

NOTICE of Annual General Meeting

Notice is hereby given that the Fortieth Annual General Meeting of the members of HBL Engineering Limited will be held on Saturday, September 26, 2026 at 3.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (standalone and consolidated) of the Company for the financial year ended March 31, 2026 together with the reports of the Board of directors and auditors thereon.

2. To declare dividend for the year ended March 31, 2026.

3. To appoint a director in place of Mr. MSS Srinath (DIN 00319175) who retires by rotation and is eligible for re-appointment.

4. To ratify the appointment of statutory auditors and to authorize the Board to fix their remuneration.

   RESOLVED THAT pursuant to the recommendations of the Board of Directors (including Audit Committee), provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification, amendment or enactment thereof, for the time being in force), the appointment of M/s. LNR Associates (FRN: 05381S), Chartered Accountants, Visakhapatnam as independent Statutory Auditor of the Company be and is hereby ratified to hold the office for a period of five years from the conclusion of 36th (thirty-sixth) Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in the year 2027, subject to ratification by members at every year Annual General Meeting, at such remuneration plus applicable taxes and reimbursement of out-of-pocket expenses in connection with the Audit as may be mutually agreed between the Board of Directors of the Company.

SPECIAL BUSINESS:

5. **Appointment of Mrs. Kavita Prasad Aluru (DIN:00319292) as an Executive Director of the Company for a period of five years:**

   To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

   "RESOLVED THAT pursuant of the Articles of Association, recommendations of the Nomination and Remuneration Committee, the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act") and the Rules framed thereunder, (including any statutory modifications or re-enactment thereof, for the time being in force) Regulation 17 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 consent of the members of the Company be and is hereby accorded for appointment of Mrs. Kavita Prasad Aluru (DIN: 00319292) as an Executive Director of the Company for a period of 5 (five) years with effect from July 01, 2026 to June 30, 2031 on the following terms and conditions:

   I. **Remuneration**: ₹60 lakhs per annum and annual increment of 12% over the remuneration paid / payable in the immediately preceding financial year including following perquisites and other allowances:

   II. **Perquisites:**

      a. House rent allowance or Provision of house accommodation subject to maximum monthly rent at 40% of the basic salary.

      b. Salary of a driver appointed by the appointee for engaging on official duties will be reimbursed by the Company.

      c. Annual leave with Salary as per the rules of the Company.

      d. Company's contribution to provident fund and gratuity as per the rules of the Company.

e. Provision of a car for the use of Company's business and telephone at residence (including usage of mobile phone) will not be considered as perquisites.

f. Telephone expenses (office and residence).

III. Nature of Duties:

Mrs. Kavita Prasad Aluru shall carry out such functions, exercise such powers and perform such duties as the Board and the Chairman and Managing Director shall, from time to time, in their absolute discretion determine and entrust to her.

Unless otherwise stipulated, for the purpose of this resolution, the perquisites shall be evaluated as per the Income Tax Rules wherever applicable. In the absence of any such rule, perquisites shall be evaluated at actual cost.

RESOLVED FURTHER THAT Mrs Kavita Prasad Aluru, Executive Director shall be entitled to reimbursement of actual travelling, boarding, lodging, entertainment and any incidental expenses in India or abroad, incurred by her in connection with Company's business purposes.

RESOLVED FURTHER THAT except with the prior approval of the members of the Company by a special resolution, the total managerial remuneration payable to the executive director(s) of the Company taken together in any financial year shall not exceed the limit of 10% of net profit and overall managerial remuneration payable to all directors shall not exceed the limit of 11% of net profit of the Company as prescribed under Section 197 of the Act read with rules made thereunder or other applicable provisions or any statutory modifications thereof.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the appointment and/or remuneration based on the recommendation of the Nomination and Remuneration Committee subject to the same not exceeding the limits specified under Section 197, 198 read with Schedule V of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT pursuant to provisions of Section 188(1)(f) read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act"), rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 23(4) of the SEBI (LODR) Regulations, 2015, as amended from time to time and subject to such approvals, consents and permissions as may be necessary, consent of the members be and is hereby given for appointment of Mrs. Kavita Prasad Aluru (DIN: 00319292), being related party, to office or place of profit, with such powers and authority as may be decided, from time to time, by the Board of Directors (including committees of the Board) of the Company.

RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorised to take all steps as may be necessary to give effect to this resolution and to do such acts, deeds, matters as in its absolute discretion it may consider necessary and expedient in the best interest of the Company.

6. Approval to borrowing in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.

To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT in supersession of all the earlier resolution passed by the Members of the Company, the Board of Directors of the Company be and is hereby authorized in accordance with the provisions of Section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), to borrow periodically, including without limitation, from any Banks and/or public financial institutions as defined under Section 2(72) of the Companies Act, 2013 and/or any foreign financial institution(s) and/or any entity/entities or authority/authorities and/or through suppliers credit securities instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures (both convertible and nonconvertible), commercial papers, short term loans, working capital loans, or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings including external commercial borrowings from the private sector window of multilateral financial institutions, either in Indian Rupees or in such other foreign currencies as may be permitted by law from time to time, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's

Bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid-up share capital of the Company; its free reserves (that is to say reserves not set apart for any specific purpose) and securities premium account, subject to such aggregate borrowings not exceeding the amount which is ₹1,000 crores (Rupees One Thousand Crores only) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit.

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

7. **Authority under Section 180(1)(a) of the Companies Act, 2013 to sell, lease or otherwise dispose off, to mortgage/create charges on the properties of the Company.**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of all the earlier resolution passed by the Members of the Company, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made thereunder, including any statutory modification or re-enactment thereof, for the time being in force (the "Act"), and in supersession of all the earlier resolutions passed in this regard and such other approvals/ sanctions/permissions as may be necessary, the Members of the Company be and is hereby accord their consent to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board to exercise its powers including the powers conferred by this resolution and with the power to delegate authority to any person or persons) to sell, lease or otherwise dispose off, to mortgage, charge, hypothecate, pledge or otherwise, encumber from time to time, movable and/or immovable, tangible and/or intangible properties/assets, both present and future and/or whole or substantially the whole of the undertaking(s) of the Company in such form, manner and time as the Board may deem fit, for securing any loans and/ or borrowings and/or advances and/or guarantees and/or any financial assistance whether all/ any of such financial assistance taken or to be taken in foreign currency and/or Rupee currency by the Company and/or affiliates/associates Companies from any lender including without limitation, any bank, financial or other institutions, non-resident Indians, foreign institutional investors and/or public financial institutions as defined under Section 2(72) of the Act and/ or any other persons, bodies corporates and/or eligible foreign lenders and/or any entity/entities, machinery suppliers and/ or any other person(s) or institution(s) providing finance for purchase of assets/business of the Company or for working capital or for purchase of specific items of machinery and equipment under any deferred payment scheme or bills discounting/rediscounting scheme or in favour of trustees for debenture holders that may be appointed here after, as security for the debentures/bonds that may be issued by the Company, Group Companies, Associates Companies and other person or persons together with interest, cost, charges, expenses and all other monies payable by the Company, Group Companies, Associates Companies and other person or persons to the said lender(s) and/or for the purpose of securing the securities (comprising of fully/partly convertible and/or non-convertible debenture and/or any other debts instruments with or without detachable or non-detachable warrants and/or secured premium notes and/or floating rate notes/bonds or other debt instruments) together with interest, remuneration of the trustees, premium, if any, on redemption, costs, charges and expenses payable by the Company in terms of the trust deed/other documents to be finalized and executed between the Company and the trustees/lenders and containing such specific terms and conditions (which may include authorization to the lender to transfer /assignment of security in favour of third party) and covenants in that behalf and agreed to between the Board of Directors and the trustees /lenders, up to a value of and within the overall limits of ₹1,000 crores (Rupees One Thousand Crores only).

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

8. Authorisation to enter into related party transaction

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution:**

RESOLVED THAT pursuant to provisions of Section 188 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act"), rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 23(4) of the SEBI (LODR) Regulations, 2015, as amended from time to time and subject to such approvals, consents and permissions as may be necessary, consent of the members of the Company be and is hereby accorded to ratify and approve all existing and future contracts / agreements / transactions/ arrangements with the related parties as mentioned herein below and authorize the Board of Directors of the Company to enter into any contracts and/or agreements, arrangements, transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the listing regulations, with respect to sale and purchase, of supply of any goods, avail or service including capital goods, or materials, selling or otherwise disposing off, or buying, leasing of property of any kind, availing or rendering of any services, appointment of any agent for purchase or sale of goods, materials, services or property or any other transaction of whatever nature on such terms and conditions as the Board of Director may deem fit with related parties given below and also given in the explanatory statement:

Name of related party	Purpose	Relationship
HBL America Inc, USA	Sales and service of exports to USA	Wholly owned Subsidiaries
HBL Germany GmbH, Germany	Sales and service of exports to Europe	Wholly owned Subsidiaries
TTL Electric Fuel Pvt. Ltd	Intended to set up battery charging facilities	Subsidiary
Naval Systems and Technologies Pvt. Ltd	Development of naval electronics business	Associate Company
Tonbo Imaging India Ltd	Financial investment plus manufacturing	Investee Company
Green Maritime Propulsion Pvt Ltd	Obligation as a joint venture partner	Subsidiary
Xalten Systems Pvt Ltd	Sales and service	Associate Company
Description of transaction(s)		
Sale, purchase, supply any goods including capital goods, or materials, selling or otherwise disposing off, or buying, leasing of property of any kind, availing of or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction sale / purchase of goods and supply and availment of services.		
Maximum aggregate value per financial year		
Not exceeding ₹700 crores in one financial year in aggregate with one or more or in combination with one or more of the related party(ies) mentioned in column (1) of the table with a power to the Board of Directors to inter change the value of transaction with each or all the related party(ies) within the aggregate limit of ₹700 Crores.		

RESOLVED FURTHER THAT pursuant to provisions of Section 188(1)(f) read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other applicable provisions if any, of the Companies Act, 2013 ("the Act"), rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Regulation 23(4) of the SEBI (LODR) Regulations, 2015, as amended from time to time and subject to such approvals, consents and permissions as may be necessary, consent of the members of the Company be and is hereby given and authorized the Board of Directors of the Company to recommend and nominate any Director, Key Managerial Personnel (KMP) or such other officer(s) of the Company, by whatever name called, as Director on the Board or KMP or in such other key management position, in any or all of the above mentioned entities, as the Board of this Company may decide from time to time, in compliance with the regulatory provisions for appointment of a related party to any office or place of profit, with such powers and authority as may be decided, from time to time, by the Board of Directors (including committees of the Board) of the Company.

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

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in this resolution, be and are hereby approved, ratified and confirmed in all respects.

9. Ratification of Cost Auditor's Remuneration for FY 2026-27

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:-

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the remuneration of ₹12,00,000/- (Rupees twelve Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses, payable to M/s. Sagar & Associates, Cost Accountants, Hyderabad (Firm Registration No 000118), who are appointed on May 23, 2026 by the Board of Directors of the Company, to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2027.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper, or expedient to give effect to this resolution.

For and on behalf of the Board

Place: Hyderabad
Date: August 08, 2026

G B S Naidu
Company Secretary

Notes:

1. Pursuant to the General Circulars from 2020 and latest being Circular No. 09 / 2024 dated September 19, 2024 issued by the Ministry of Corporate Affairs, Government of India and various circulars of the Securities and Exchange Board of India's latest being Circular No. and SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated October 3, 2024 ("Circulars"), the 40th AGM of the Company is being held through VC. The deemed venue for the AGM shall be the Registered Office of the Company.

2. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos. 5 to 9 of the notice, is annexed. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also annexed.

3. In accordance with the Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated 15th April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body resolution/authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said resolution/ authorization shall be sent to the Scrutinizer by email through its registered email address to cs.gvinay@gmail.com with a copy marked to einward.ris@kfintech.com and investor@hbl.in.

5. Members of the Company under the category of Institutional Shareholders are encouraged to attend and participate in the AGM through VC/OAVM and vote.

6. Members whose shareholding is in electronic mode are requested to notify any change in address or bank account details to their respective depository participant(s) (DP). Members whose shareholding is in physical mode are requested to opt for the Electronic Clearing System (ECS) mode to receive dividend on time in line with the Circulars. We urge members to utilize the ECS for receiving dividends. Please refer to point no. 16 for the process to be followed for updating bank account details.

7. Members may note that the Board, at its meeting held on May 23, 2026, has recommended a final dividend of ₹1.00 per share (being 100% of the face of ₹1 per share) and in this regard, the Register of Members and Share transfer books of the Company shall remain closed from **Friday, September 11, 2026 to Saturday, September 26, 2026**

(both days inclusive). The record date for the purpose of final dividend, if approved by the members, is **Friday, September 11, 2026**. The final dividend, once approved by the members in the ensuing AGM, will be paid within the statutory period, electronically through various online transfer modes to those members who have updated their bank account details. For members who have not updated their bank account details, dividend warrants / demand drafts will be sent to their registered addresses only. To avoid delay in receiving dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialized mode) and with the Company's Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive the dividend directly into their bank account on the payout date.

8. Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividend paid or distributed by a company on or after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source (TDS) at the time of making the payment of final dividend. To enable us to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid Permanent Account Number	10%* or as notified by the Government of India (GOI)
Members not having PAN / valid PAN	20% or as notified by the GOI

*As per the Finance Act, 2021, Section 206AB has been inserted effective July 1, 2021, wherein the higher rate of tax (twice the specified rate) would be applicable on payment made to a shareholder who is classified as 'Specified Person' as defined under section 206AB of the Finance Act, 2021.

*As per section 139AA of the IT Act, every person who has been allotted a PAN and who is eligible to obtain Aadhaar, shall be required to link the PAN with Aadhaar. In case of failure to comply with this, the PAN allotted shall be deemed to be invalid / inoperative and he shall be liable to all consequences under the IT Act and tax shall be deducted at the higher rates as prescribed under the IT Act.

However, no tax shall be deducted on the dividend payable to resident individual shareholders if the total dividend to be received by them during financial year 2024-25 does not exceed ₹5,000, and also in cases where members provide Form 15G / Form 15H (Form 15H is applicable to resident individual shareholders aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding of tax. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above.

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20%** (plus applicable surcharge and cess) or as notified by the GOI on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA), read with Multilateral Instrument (MLI) between India and the country of tax residence of the shareholders, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA read with MLI, non-resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Indian income tax authorities duly attested by the shareholders or details as prescribed under rule 37BC of the Income-tax Rules, 1962
- Copy of the Tax Residency Certificate for financial year 2024-25 obtained from the revenue or tax authorities of the country of tax residence, duly attested by shareholders
- Electronic Form 10F as per notification no. 03/2022 dated July 16, 2022 issued by the Central Board of Direct Tax [Notification can be read under notification-no-3-2022-systems.pdf (incometaxindia.gov.in)]. Form 10F can be obtained electronically through the e-filing portal of the income tax website at https://www.incometax.gov.in/iec/foportal
- Self-declaration by the shareholders of having no permanent establishment in India in accordance with the applicable tax treaty
- Self-declaration of beneficial ownership by the non-resident shareholder
- Any other documents as prescribed under the IT Act for lower withholding of taxes, if applicable, duly attested by the shareholders

In case of Foreign Institutional Investors (FII) / Foreign Portfolio Investors (FPI), tax will be deducted under Section 196D of the IT Act at the rate of 20%** (plus applicable surcharge and cess) or the rate provided in relevant DTAA, read with MLI, whichever is more beneficial, subject to the submission of the above documents, if applicable.

**As per the Finance Act, 2021, Section 206AB has been inserted effective July 1, 2021, wherein the higher rate of tax (twice the specified rate) would be applicable on payment made to a shareholder who is classified as 'Specified Person' as defined under the provisions of the aforesaid Section. However, in case of a non-resident shareholder or a non-resident FPI / FII, the higher rate of tax as mentioned in section 206AB shall not apply if such non-resident does not have a permanent establishment in India.

The aforementioned documents are required to be sent to investor@hbl.in and einward.ris@kfintech.com by **11:59 p.m. IST on Friday, September 11, 2026**. **No communication would be accepted from members from September 12, 2026, regarding tax-withholding matters.**

TDS certificates in respect of tax deducted, if any, can be subsequently downloaded from the shareholder's portal. Shareholders can also check their tax credit in Form 26AS from the e-filing account at https://www.incometax.gov.in/iec/foportal or "View Your Tax Credit" on https://www.tdscpc.gov.in.

9. Members are requested to address all correspondence, including dividend-related matters, to RTA, KFin Technologies Limited, Unit: HBL Engineering Limited (formerly HBL Power Systems Limited), Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500 032, Telangana.

10. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA as mentioned above, or with the Company Secretary, at the Company's registered office or at investor@hbl.in. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall also be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.

11. In compliance with Section 108 of the Act, read with the corresponding rules, Regulation 44 of the LODR Regulations and in terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, the Company has provided a facility to its members to exercise their votes electronically through the electronic voting (e-voting) facility provided by Kfin Technologies Limited to vote on all the resolutions set forth in this notice. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialized mode, physical mode and for members who have not registered their email addresses is provided in the 'Instructions for e-voting' section which forms part of this Notice. The Board has appointed Mr. Vinay Babu Gade (Membership No. ACS 20592) (CP No. 20707) Practicing Company Secretary, as the scrutinizer ("Scrutinizer") for conducting the e-voting process in a fair and transparent manner.

12. The Scrutinizer will submit his report to the Chairman of the Company ("the Chairman") or to any other person authorized by the Chairman after the completion of the scrutiny of the e-voting (votes cast during the AGM and votes cast through remote e-voting), not later than 48 hours from the conclusion of the AGM. The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges and will also be displayed on the Company's website, www.hbl.in.

13. Members holding share either in physical or dematerialized form, as on cut-off date, i.e. **Friday, September 11, 2026**, may cast their votes electronically. The e-voting period commences on **Wednesday, September 23, 2026 at 9:00 a.m. IST and ends on Friday, September 25, 2026 at 5:00 p.m. IST**. The e-voting module will be disabled by Kifn Technologies Limited thereafter. Members will not be allowed to vote again on any resolution on which vote has already been cast. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the cut-off date, i.e. **Friday, September 11, 2026**. A person who is not a member as on the cut-off date is requested to treat this Notice for information purposes only.

14. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting period mentioned above or is otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.

15. Any person holding shares in physical form, and non-individual shareholders who acquire shares of the Company and become members of the Company after the Notice is sent and holding shares as of the cut-off date, i.e. **Friday, September 11, 2026**, may follow steps mentioned in the Notice under 'Instructions for e-voting'.

16. In compliance with the Circulars, the Annual Report 2025-26, the Notice of the 40th AGM, and instructions for e-voting are being sent through electronic mode to those members whose email addresses are registered with the Company / depository participant(s) (DP). Members may also note that

the Notice of the 40th AGM and the Annual Report 2025-26 will also be available on the Company's website, https://hbl.in/Investors-Details.php, websites of the stock exchanges, i.e. BSE and NSE, at www.bseindia.com and www.nseindia.com, respectively.

17. We urge members to support our commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective DP, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, KFin Technologies Limited at einward.ris@kfintech.com, to receive copies of the Annual Report 2025-26 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the report and update of bank account details for the receipt of dividend.

Type of holder	Process to be followed	
Physical	For availing the following investor services, send a written request in the prescribed forms to the RTA of the Company, KFin Technologies Limited either by email to einward.ris@kfintech.com or by post to KFin Technologies Limited, Unit: HBL Engineering Limited (formerly HBL Power Systems Limited), Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500 032.	
	Form for availing investor services to register PAN, email address, bank details and other KYC details or changes / update thereof for securities held in physical mode.	Form ISR-1
	Update of signature of securities holder.	Form ISR-2
	For nomination as provided in Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014.	Form ISR-13
	Declaration to opt out.	Form ISR-3
	Cancellation of nomination by the holder(s) (along with ISR-3) / Change of nominee).	Form ISR-14
	Form for requesting issue of duplicate certificate and other service requests for shares / debentures / bonds, etc., held in physical form.	Form ISR-4
Demat	Please contact your DP and register your email address and bank account details in your demat account, as per the process advised by your DP.	

18. Additional information, pursuant to Regulation 36 of the LODR Regulations, in respect of the directors seeking appointment / reappointment at the AGM, forms part of this Notice.

19. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, KFin Technologies Limited, at einward.ris@kfintech.com. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP. In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2025 in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

20. As per Section 72 of the Act, the facility for submitting nomination is available for members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form SH-13. Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the RTA, in case the shares are held in physical form.

21. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

22. Instructions for e-voting and joining the AGM are as follows:

PROCEDURE FOR REMOTE E-VOTING

i. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:

Step 1 : Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access to KFIN e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Step 3 : Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

Details on Step 1 are mentioned below:

Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL Google Play App Store	**1. User already registered for IDeAS facility:** I. Visit URL: https://eservices.nsdl.com II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. **2. User not registered for IDeAS e-Services** I. To register click on link : https://eservices.nsdl.com II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp III. Proceed with completing the required fields. IV. Follow steps given in points 1 **3. Alternatively by directly accessing the e-Voting website of NSDL** I. Open URL: https://www.evoting.nsdl.com/ II. Click on the icon "Login" which is available under 'Shareholder/Member' section. III. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will requested to select the name of the company and the e-Voting Service Provider name, i.e.KFIN. V. On successful selection, you will be redirected to KFIN e-Voting page for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in demat mode with CDSL	**1. Existing user who have opted for Easi / Easiest** I. Visit URL: https://web.cdslindia.com/myeasinew/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered user id and password. IV. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFIN e-Voting portal. V. Click on e-Voting service provider name to cast your vote. **2. User not registered for Easi/Easiest** I. Option to register is available at https://web.cdslindia.com/myeasinew/Registration/EasiRegistration II. Proceed with completing the required fields. III. Follow the steps given in point 1 **3. Alternatively, by directly accessing the e-Voting website of CDSL** I. Visit URL: www.cdslindia.com II. Provide your demat Account Number and PAN No. III. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. IV. After successful authentication, user will be provided links for the respective ESP, i.e KFIN where the e- Voting is in progress.

Type of shareholders	Login Method
Individual Shareholder login through their demat accounts / Website of Depository Participant	I. You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. II. Once logged-in, you will be able to see e-Voting option.Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. III. Click on options available against company name or e-Voting service provider – KFIN and you will be redirected to e-Voting website of KFIN ` for casting your vote during the remote e-Voting period without any further authentication.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Securities held with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com or call at toll free no.: 022-48867000
Securities held with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 18002109911

Details on Step 2 are mentioned below:

Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFIN which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

i. Launch internet browser by typing the URL: https://evoting.kfintech.com/

ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFIN for e-voting, you can use your existing User ID and password for casting the vote.

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, $, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVEN" i.e., '**HBL Engineering Limited - AGM**" and click on "Submit"

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFIN, by accessing the link: https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx

a. Select the Company name viz.

b. Enter the DP ID & Client ID / Physical Folio Number and PAN details. If the PAN details are not available on record in respect of a Physical Folio, Member shall enter one of the Share Certificate numbers.

c. Upload a self-attested copy of the PAN card (in case registered) or a self-attested copy of share certificate details of which are entered as mentioned above, for authentication.

d. Enter your email address and mobile number.

e. The system will then confirm the email address for receiving this AGM Notice.

f. After successful submission of the email address, KFintech will email the Annual Report, the Notice of AGM along with the e-voting user ID and password to the shareholders on or before XXXX

ii Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFIN. Members may access the same at https://emeetings.kfintech.com/ by using the e-voting login credentials provided in the email received from the Company/KFIN. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.

ii. Facility for joining AGM though VC/ OAVM shall open atleast 15 (fifteen) minutes before the commencement of the Meeting.

iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at investor@hbl.in. Questions /queries received by the Company from September 23, 2026 9:00 a.m. till September 25, 2026 5:00 p.m. shall only be considered and responded during the AGM.

vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.

vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.

ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit https://emeetings.kfintech.com and login through the user id and password provided in the mail received from KFIN. On successful login, select 'Speaker Registration' which will open from **September 23, 2026 9:00 a.m. till September 24, 2026 5:00 p.m.** Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting https://emeetings.kfintech.com or may send your questions to investor@hbl.in. Please login through the user id and password provided in the mail received from KFIN. On successful login, select 'Post Your Question' option which will opened from **September 23, 2026 9:00 a.m. till September 24, 2026 5:00 p.m.**

III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.kfintech.com (KFIN Website) or contact Ms. B. Swati Reddy at evoting@kfintech.com or call KFIN's toll free No. 1800-309-4001 for any further clarifications.

IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Friday, September 11, 2026** being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

V. In case a person (individual holding shares in physical mode/ non individuals) has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:

i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

1. Example for NSDL:
2. MYEPWD <SPACE> IN12345612345678
3. Example for CDSL:
4. MYEPWD <SPACE> 1402345612345678
5. Example for Physical:
6. MYEPWD <SPACE> XXXX1234567890

ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.kfintech.com/ , the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFIN at toll free number 1800-309-4001 or write to them at evoting@kfintech.com .

VI. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's report shall also be placed on the website of the Company.

EXPLANATORY STATEMENT

[PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013]

ITEM NO. 5

Appointment of Mrs. Kavita Prasad Aluru as an Executive Director of the Company for a period of five years

Mrs. Kavita Prasad Aluru (DIN: 00319292) was appointed on the Board in the year 2000 and continued as an Executive Director till August 2023. She has been actively involved in day-to-day business operations and management with specific focus on exports, finance & banking, finance control and corporate governance oversight. In view of the increased scale of operations of the Company, her participation in an executive role would be beneficial to the Company considering her extensive industry experience, familiarity with the Company's business operations, leadership capabilities, operational expertise, long-term business plans and succession planning of the Company. The proposed appointment is expected to support management supervision and improve operational effectiveness. Therefore, the approval of the members is sought for change in her role from Non-Executive Director to Executive Director subject to approval of the members of the Company in their meeting.

Terms of Appointment

Designation	Executive Director
Period of Appointment	Five years effective from July 01, 2026, liable to retire by rotation
Roles and Responsibilities	• oversee exports, finance & banking, finance control and corporate governance. • participate in strategic planning and execution. • exercise powers delegated by the Chairman and Managing Director. • perform executive management functions; and • undertake such responsibilities as may be assigned by the Board from time to time.
Proposed Remuneration	₹60 Lakhs per annum including perquisites and other allowances with annual increment of 12% over the remuneration paid / payable in the immediately preceding financial year.

The resolution seeks the approval of the members in terms of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) for the appointments of key managerial personnel.

Brief particulars pursuant to Regulation 36(3) of the Listing Regulations and additional information to be given to Members in terms of Secretarial Standards on General Meetings (SS-2), of all the appointees are given in Annexure to the Explanatory Statement.

No director, key managerial personnel or their relatives, except Dr Aluru Jagadish Prasad, Mr. MSS Srinath, and Ms Deeksha Mikkilineni is interested or concerned in the resolution to the extent of their shareholding.

The Board recommends the resolution set forth in Item no. 5 for the approval of members.

ITEM NO. 6 and 7

The members of the Company had, at their AGM held in the year 2022, authorised the Board of Directors (which term shall be deemed to include any Committee of the Board) to borrow money(ies) on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and for creation of charge on moveable and immovable properties of the Company as security in favour of lending agencies for a sum not exceeding ₹1,000 crores (Rupees One thousand Crores only), over and above the aggregate of the paid-up share capital; free reserves and securities premium account of the Company.

As matter of prudent corporate governance practice and procedural and administrative requirements of the banks and / or financial institutions, it is considered desirable for the Company to recommend the resolutions in Item No.6 and 7 of the notice for approval of the members by way of special resolution for borrowing limits and for creation of charge on moveable and / or immovable properties of the Company on exiting limits and conditions under the provisions of Sections180 (1) (c) and 180(1) (a) of the Companies Act, 2013 (the "Act").

Shareholders consent by way of special resolution is required operational requirements of the Company.

None of the Directors or Key Managerial Personnel, are in any way concerned or interested in the said resolutions.

ITEM NO. 8 – Authorisation to enter into related party transactions

Necessary approval of members was obtained pursuant to Section 188 of the Companies Act, 2013 at the previous Annual General Meeting of the Company. As informed to the stakeholders through the Stock Exchanges on various occasions, that the Company is intending to invest / had invested in entities; to enter into transactions, which would eventually result into transactions with a related party of the Company. Further, to protect the interest of the Company and to oversee the operations of the investee Company, it is recommended by the Board to nominate any Director, Key Managerial Personnel (KMP) or such other officer(s) of the Company as Director or in such KMP position, as the Board of Directors, the Chairman and Managing Directors deems fit, in such investee entities. Therefore, the special resolution set out in S.No.8 of the notice above, is recommended for approval of the members of the Company. Nature of interest of related parties is given below:

Name of the Related party	Description of relationship	Particulars of contract or arrangement with related party (existing and proposed)
HBL America Inc, USA	A wholly owned Company.	a. Sale, purchase, supply any goods including capital goods, or materials, selling or otherwise disposing off, or buying, leasing property of any kind, availing of or rendering of any services, appointment for purchase or sale of goods, materials, services or property or any other transaction sale / purchase of goods and supply and availing of services. b. Not exceeding ₹700 crores in one financial year in aggregate with one or more or in combination with one or more of the related party(ies) with a power to the Board of Directors to inter change the value of transaction with each or all the related party(ies) within the aggregate limit of ₹700 Crores. c. Appointment of related party in the office or place of profit.
HBL Germany, GmbH	A wholly owned Company.	
TTL Electric Fuel Private Limited	A stepdown subsidiary and Kavita Prasad Aluru and Mr. MSS Srinath are Directors.	
Naval Systems and Technologies Private Limited	Associate Company and Kavita Prasad Aluru and Mr. MSS Srinath are Directors. HBL holds 41% shares in the Company.	
Tonbo Imaging India Limited	Investee Company.	
Green Maritime Propulsion Private Limited	Investment and business. Associate Company and Kavita Prasad Aluru and Mr. MSS Srinath are Directors.	
Xalten Systems Private Limited	Investment and business. Mr. MSS Srinath is Nominee Director on the Board of Xalten	

Regulation 23(4) of the listing regulations require prior approval of the shareholder if a transaction with a related party is material in nature. The proposed related party transactions with each of the related parties would not fall under the definition of "material transactions" as mentioned under Schedule XII of the listing regulations. The disclosure pursuant to SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated June 26, 2025, titled "Industry Standards on "Minimum information to be provided to the Shareholders" is not applicable.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval of the members.

Except Dr. Aluru Jagadish Prasad, Kavita Prasad Aluru, Mr. MSS Srinath and Ms Deeksha Mikkilineni and their relatives, if any, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 8 of the Notice.

ITEM NO. 9

Ratification of Cost Auditor's remuneration for FY 2026-27

As per the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014 ("the Rules"), as amended from time to time, the Company is required to have an audit of its cost records conducted by a cost accountant in practice for products covered under the Companies (Cost Records and Audit) Rules, 2014. The Board, based on the recommendation of the Audit Committee, has approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad (Firm Registration No 000118), as the Cost Auditors to conduct the audit of the cost records of the Company, for the financial year ending March 31, 2027, at a remuneration of 12,00,000/- (Rupees twelve Lakhs) plus applicable taxes and reimbursement of reasonable out of pocket expenses.

In accordance with Section 148(3) of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors, as recommended by the Audit Committee and approved by the Board of Directors, is required to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought to pass an ordinary resolution as set out in Item No. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors, for the financial year ending March 31, 2027.

None of the Director or Key Managerial Personnel are concerned or interested in the said resolution.

For and on behalf of the Board

Place: Hyderabad
Date: August 08, 2026

G B S Naidu
Company Secretary

Information pursuant to Secretarial Standards-2 and Regulation 36(3) of the listing Regulations regarding appointment or reappointment of the Directors at the forthcoming annual general meeting

Name of the appointee	MSS Srinath	Kavita Prasad Aluru
DIN	00319175	00319292
Category	Executive Director – Promoter group	Executive Director – Promoter group
Date of Birth	23.04.1969	11.12.1971
Date of appointment/re-appointment	27.05.2024	10.08.2018
Qualification	BA (Hons) Economics	A graduate degree in commerce
Brief profile and expertise in specific functional area	Mr. MSS Srinath has been an Executive Director on the Board of the Company from 2024. Mr. MSS Srinath has extensive expertise in business management and specific focus on marketing and administrative affairs.	Expertise in business management and specific focus on international marketing activities and corporate finance, banking and internal control.
Chairman/ Member of Committees of the Board of Companies of which he/she is a director	NIL	Nil
Shareholding as on 31.03.2026	19,56,920 (0.71%)	97,88,386 (3.53%)
Last remuneration drawn	₹81 lakhs p.a.	No remuneration since August 2023
Relationship with other Directors/ KMP etc.	Related to Dr. Aluru Jagadish Prasad, Chairman and Managing Director, Mrs. Kavita Prasad and Ms Deeksha Mikkilineni, Directors	Related to Dr. Aluru Jagadish Prasad, Chairman and Managing Director and Mr. MSS Srinath and Ms Deeksha Mikkilineni, Directors.
Meetings of Board attend during the financial year 2025-26	Three	Four

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Fortieth Annual Report for the financial year ended on March 31, 2026. The standalone financial performance is presented below prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) as amended.

(₹ in Crs)

Particulars	Standalone		Consolidated	
	2025-26	2024-25	2025-26	2024-25
Revenue from Operations	3,251.80	1,946.13	3,302.83	1,967.20
Other Income	58.39	26.79	58.99	25.36
Total Income	3,310.19	1,972.92	3,361.82	1,992.56
Total Expenditure	2,211.38	1,610.02	2,255.16	1,631.64
Earnings before interest, depreciation and tax (EBITDA)	1,160.50	417.10	1,171.98	418.13
Finance Costs	13.59	11.76	14.69	13.02
Depreciation & Amortization expenses	48.10	42.44	50.63	44.19
Profit before Exceptional items and Tax	1,098.81	362.90	1,106.66	360.92
Exceptional Items – Income / (Expenses)	(30.82)	(1.23)	(31.25)	(0.98)
Share of Profit/loss of associates	0.00	0.00	16.34	13.91
Profit before tax (PBT)	1,067.99	**361.66**	**1,091.75**	**373.85**
Provision for tax & Deferred tax adjustment	271.20	94.16	277.31	97.37
Non-controlling interest	-	-	(0.45)	(0.44)
Profit after tax (PAT)	**796.79**	**267.50**	**814.89**	**276.92**
Other comprehensive income (net)	0.40	(0.66)	(0.25)	(0.85)
Total Comprehensive Income for the Period (PAT)	797.19	266.84	814.64	276.07
Earnings Per Share (Diluted EPS of Rupees)	28.76	9.63	29.39	9.96
Proposed Dividend on share of Re 1 each	100%	100%	-	-

Performance Review and operating results

Standalone Revenue from Operations increased to ₹3,251.80 crore from ₹1,946.13 crore in the previous year, registering a growth of 67.1%. Total Expenditure increased to ₹2,211.38 crore from ₹1,610.02 crore, primarily on account of higher business volumes in Kavach contracts. However, the increase in expenditure was significantly lower than the growth in revenue, resulting in improved operational efficiency and profitability. EBITDA increased sharply to ₹1,160.50 crore from ₹417.10 crore, recording a growth of 178.2%, while EBITDA margin improved to 35.7% from 21.4% in the previous year, reflecting better operating leverage and improved cost efficiencies. Profit after tax stood at ₹796.79 crore, compared to ₹267.50 crore in the previous financial year, representing impressive growth. Consequently, the Company's Diluted Earnings Per Share (EPS) increased to ₹28.76 from ₹9.63, reflecting the strong growth in earnings and enhanced value creation for shareholders.

Please refer to the Management Discussion & Analysis Report section of the annual report for detailed analysis.

Dividend (Interim and Final)

During the fourth quarter of reporting period the Board has declared and paid an interim dividend of 200% (i.e. ₹2.00 per equity share of ₹1 each fully paid up). The total cash outflow was ₹55.44 Crores.

Your Directors are pleased to recommend a final dividend of 100% (i.e. ₹1.00 per equity share of ₹1 each fully paid up) for the Financial Year 2025-26 subject to the approval of the members at the ensuing annual general meeting. The proposed final dividend, if approved by the members, would involve cash out flow of ₹27.72 Crores and will be paid subject to deduction of applicable tax pursuant to Finance Act, 2020.

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company had formulated a Dividend Distribution Policy ('the Policy'). The Policy is available on the Company's website at https://hbl.in/reports/HBL-Policies.pdf.

The details of book-closure and record date for entitlement of members to receive dividend, if approved, for the financial year March 31, 2026 is given in the notes to the notice of annual general meeting of this annual report.

Consolidated Financial Statement

The Consolidated Financial Statements of the Company, its subsidiaries and associates, prepared in accordance with the Companies Act, 2013 and applicable Indian Accounting Standards along with all relevant documents and the Auditors' Report form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiaries and associates.

The Consolidated Revenue from operations increased to ₹3,302.83 crore from ₹1,967.20 crore in the previous year, registering a growth of approximately 67.9%. Total income stood at ₹3,361.82 crore, as against ₹1,992.56 crore in the previous financial year. After providing for tax, the Company reported a Profit after Tax of ₹814.64 crore, compared with ₹276.07 crore in FY 2024-25, representing an increase of approximately 195%. Earnings per equity share (basic and diluted) also improved significantly to ₹29.39 per share from ₹9.96 per share in the previous year.

A statement containing the salient features of the Financial Statement of the subsidiary companies is attached to the Financial Statement in Form AOC-1 pursuant to Section 129(3) of the Companies Act, 2013.

Additionally, the Company will make available the said financial statement of the subsidiary companies pursuant to the provisions of Section 136 upon request by any Member of the Company or its subsidiary(ies) including associate companies. These financial statements of the Company, the subsidiary(ies) and associate companies would be available on the website of the Company at https://hbl.in/Investors-Details.php.

Subsidiary and Associate Companies (as on March 31, 2026)

As per the notification issued by the Ministry of Corporate Affairs on July 27, 2016 with regard to Companies (Accounts) Amendment Rules, 2016, the report of the Board shall contain highlights of performance of subsidiaries, associates companies and their contribution on overall performance of the company. Accordingly, we hereby furnish the following:

Subsidiary companies	HBL America Inc. USA HBL Germany GmBH, Germany Torquedrive Technologies Private Limited TTL Electric Fuel Private Limited
Associate companies	Naval Systems and Technologies Private Limited Tonbo Imaging (India) Limited

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary and associates companies prepared in accordance with the Companies Act, 2013 (Act) and applicable Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended.

There has been no material change in the nature of the businesses of the subsidiaries except as disclosed hereunder.

Performance of subsidiaries and associates and their contribution on overall performance of the Company:

The details with respect to contribution to assets and other information are provided in Form AOC-1 attached to the financial statements of the Company.

Share Capital

There is no change in the share capital of the Company. Company has not issued different class of securities except equity. There is no change in the share capital of the Company.

Material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

There were no material changes and commitments affecting the Company's financial position between the end of the financial year and the date of this Report.

Directors and Key Managerial Personnel (KMP)

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. MSS Srinath (DIN 00319175) will retire by rotation at the 40th AGM and being eligible, has offered for re-appointment. Brief profile of the appointee has been provided elsewhere in the annual report.

In the opinion of the Board, all the Independent Directors possess requisite qualifications, experience, expertise and integrity for the purpose of Rule 8(5)(iiia) of the Companies (Accounts) Rules, 2014.

During the year, none of the non-executive directors of the Company had any pecuniary relationship or transactions with the Company except for the sitting fee paid for attending the Board and the Committee meetings.

Change in Key Managerial Personnel

During the year under review, there were no changes Key Managerial Personnel.

Number of meetings of the board

Five meetings of the board were held during the reporting year. For details of the meetings of the board, please refer to the Corporate Governance Report section, which forms part of this report.

Committees of the Board

As required under the Companies Act, 2013 and the SEBI Listing Regulations, your Company has constituted various Statutory Committees. Additionally, the Board has formed other governance committees and sub-committees to review specific business operations and governance matters including any specific items that the Board may decide to delegate. As on March 31, 2026, the Board has comprised the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Stakeholders' Relationship Committee
5. Risk Management Committee

Details of composition, terms of reference and number of meetings held for respective committees are given in the Report on Corporate Governance, which forms a part of this Report. Further, during the year under review, all recommendations made by the various committees have been accepted by the Board.

Board evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations. The performance of the board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India. In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

Policy on directors' appointment and remuneration and other details

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of the Directors' report.

Audit committee

The details pertaining to composition of Audit Committee are included in the report on corporate governance, which forms part of this report. The Board of Directors has accepted the recommendations of the Audit Committee placed at respective meetings.

Risk Management

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. All the identified risks are managed through continuous review of business parameters by the management and the board of directors is also informed of the risks and concerns.

Internal financial controls

Pursuant to Section 134 of the Companies Act 2013, the Directors state that the Board, through the operating management has laid down Internal Financial Controls to be followed by the Company and such policies and procedures were adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information. The Audit Committee evaluates the internal financial control system periodically. To the best of their knowledge and ability and inputs provided by various assurance providers confirm that such financial controls are adequate with reference to the size and operations of the Company and no reportable material weakness or deficiency in the design or operation of internal financial controls was observed.

Particulars of loans, guarantees and investments

On March 25, 2026, HBL signed a Joint Venture Agreement with Cochin Shipyard Limited to develop electric mobility technology and energy storage solutions in the marine space to cater to both domestic and global markets. As per the agreed terms of the JV agreement, HBL will hold 60% of the shareholding in the JV Company with right to nominate three Directors on the Board of the JV Company. On June 11, 2026, the JV Company namely Green Maritime Propulsion Private Limited was incorporated with a authorized and subscribed capital of ₹9 crores with its registered office at Hyderabad.

During the reporting period, the Company has not made any other investment, given guarantee to any of its subsidiaries and associates companies and other body corporates and people except as disclosed in the financial statements.

Transactions with related parties

All contracts/ arrangements/ transactions entered by the Company during the FY 2025-26 with related parties were on an arm's length basis and in the ordinary course of business and approved by the Audit Committee. Certain transactions, which were repetitive in nature, were approved through omnibus route.

As per the SEBI Listing Regulations, if any Related Party Transactions ('RPT') exceeds ₹1,000 crore or 10% of the annual consolidated turnover as per the last audited financial statement whichever is lower, would be considered as material and would require members' approval. In this regard, the Company has obtained necessary approval of the members in the previous years. However, there were no material transactions of the Company with any of its related parties as per the Act. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure I** in Form AOC-2.

The details of RPTs during FY 2025-26, including transaction with person or entity belonging to the promoter/ promoter group which hold(s) 10% or more shareholding in the Company are provided in the accompanying financial statements.

During the FY 2025-26, the Non-Executive Directors of the Company had no pecuniary relationship or transaction with the Company other than sitting fees, commission and reimbursement of expenses, as applicable.

Pursuant to the requirements of the Act and the SEBI Listing Regulations the Company has formulated a policy on RPTs and is available on Company's website URL: https://hbl.in/reports/HBL-Policies.pdf

Corporate Social Responsibility

The Company has a Board level committee that supervises its Corporate Social Responsibility (CSR) activities. The brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure II** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Secretarial Standards

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

Business responsibility and sustainability report

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, the Business Responsibility and Sustainability Report ('BRSR') on initiatives taken from an environmental, social and governance perspective, in the prescribed format is available as a separate section in the Annual Report.

Management discussion and analysis

Management Discussion and Analysis Report of the Company for year under review as required under Listing Regulations is given as a separate Statement in the Annual Report.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

i. in preparation of the annual accounts, the applicable Ind AS accounting standards have been followed and there are no material departures;

ii. they have selected such accounting policies as per Ind AS and applied them consistently and made judgments and estimates that 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 of the profit of the Company for that period;

iii. they 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 and detecting fraud and other irregularities;

iv. they have prepared the annual accounts on a going concern basis;

v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, cost, statutory and secretarial auditors and external consultants and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2025-26.

Extract of annual return

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the extract of Annual Return is placed on the website of the Company in the prescribed Form MGT-9 at https://hbl.in/Investors-Details.php .

Information regarding employees and related disclosures

Your Company consistently believes in concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives. Rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow. During the year, there were no complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending as on the end of the financial year.

S. No.	Category	Complaints filed during the year	Pending as on end of the year
1	Child labor / forced labor/ involuntary labor	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

Disclosure as required under Section 22 of Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Company believes in providing a healthy environment to all HBL Employees and does not tolerate any discrimination or harassment in any form. The Company has in place a gender neutral, Prevention of Sexual Harassment (POSH) policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This policy is frequently communicated in assimilation programs and at regular intervals to all HBL employees. Following are some of the awareness programs imparted to train HBL Employees and Internal complaints committee (ICC).

1. It is mandatory for every new joiner to undergo a program on 'Prevention of Sexual Harassment ' during induction program.
2. The Internal Complaints Committee is trained by external agency when the committee members are on-boarded to the committee.
3. Policy of 'Prevention of Sexual Harassment' at workplace is available on internet for HBL employees to access as and when required.
4. The 'Prevention of Sexual Harassment' policy is placed in conspicuous places for better visibility and communication of the policy. The posters are also displayed in regional languages at all HBL offices.

HBL has setup an Internal Complaints Committee (ICC) both at the Head office / Corporate office and at every major location where it operates in India. ICC has equal representation of men and women. ICC is chaired by Ms. Sucharita Palepu, external women representation.

ICC investigates the case(s) and provides its recommendations to the apex authority . The apex authority upon receiving the recommendations from ICC arrives at the conclusion and acts upon such recommendations.

Penal Consequences of Sexual Harassment ("SH") and the constitution of the ICC is displayed at conspicuous places.

Human resources

Please refer to the paragraph on Human Resources / Industrial Relations in the Management Discussion & Analysis section for detailed analysis.

Diversity and inclusion

Diversity and inclusion at workplace helps nurture innovation, by leveraging the variety of opinions and perspectives coming from employees with diverse age, gender and ethnicity. The Company assists the employees through awareness drives or personal interactions, to build an approach of open mindedness, express of thoughts and culture. The Company employed 7.82% women employees in FY 2025-26 vis- à-vis 7.57% in FY 2024-25.

Particulars of employees

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Employee Name	Dr. Aluru Jagadish Prasad	MVV Vidyasagar	Sairam Edara
Total remuneration CTC	₹1.17 crs and commission ₹56.02 Crs	₹1.41 Crs	₹1.15 Crs
Designation and Nature of Duties	Chairman and Managing Director	President – Electronics Group	Chief Financial Officer
Qualification	B. Tech from IIT, Kharagpur, MS in Management from Massachusetts Institute of Technology USA, Doctorate in International Business from Columbia University, USA.	BE (Electrical & Electronics)	Qualified CPA (USA) from State Board of Accountancy, Arizona, USA, a Member of ICAI and ICSI, Law graduate from Osmania University, Hyderabad.
Date of commencement of employment	Promoter of the Company	01.04.2011	29.03.2023
Age (years)	80 years	62 years	61 years
Last employment held before Joining the Company	Administrative Staff College of India	Director (Operations) at Axiom Consulting Ltd.	Group CFO - Archean group.

a. The ratio of the remuneration of each Non-Executive director to the median remuneration of the employees of the Company for the financial year: Not Applicable as none of the Non-Executive Director was paid any remuneration.

b. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Key Managerial Personnel	Remuneration for the financial year (in Crs)		% increase
	March 31, 2026	March 31, 2025	
Dr. Aluru Jagadish Prasad, Chairman and Managing Director	1.17	1.03	13.59
MSS Srinath, Whole-time Director	0.88	0.85	3.53
GBS Naidu, Company Secretary	0.49	0.45	8.89
Sairam Edara, Chief Financial Officer	1.15	1.01	13.86

c. The percentage increase in the median remuneration of employees in the financial year: 14%

d. The number of permanent employees on the rolls of Company: 2,455 (as at 31 March 2026)

e. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

	2025-26	2024-25
Aggregate remuneration of KMP	3.69	3.34
Commission on profits to CMD	56.02	18.95
Total	59.71	22.29
Revenue	3,251.80	1,946.13
Profit before tax	1,098.81	362.90
Remuneration of KMPs as % of revenue	**1.84**	**1.15**
Remuneration of KMP as % of PBT	**5.43**	**6.14**

f. Comparison of remuneration of each the key managerial personnel (March 31, 2026):

Name of the KMP	Designation	₹ In Crs		
		Remuneration	Commission on profit	Total
Dr. Aluru Jagadish Prasad	Chairman and Managing Director	1.17	56.02	57.19
MSS Srinath	Whole-time Director	0.88	0	0.88
GBS Naidu	Company Secretary	0.49	0	0.49
Sairam Edara	Chief Financial Officer	1.15	0	1.15
Total		**3.69**	**56.02**	**59.71**

g. The key parameters for any variable component of remuneration availed by the directors:

Commission on net profits was paid to Chairman and Managing Director only in addition to the monthly remuneration as disclosed elsewhere in this report.

h. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not applicable.

Disclosure requirements

As per listing Regulations, corporate governance report with auditors' certificate thereon and management discussion and analysis are attached separately, which form part of this report.

Vigil Mechanism / Whistle blower policy

The Company has formulated a vigil mechanism /whistle blower policy to provide a vigil mechanism for employees including directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and the Regulation 22 of the SEBI (LODR) Regulations, 2015.

Deposits from public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

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 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the Annexure hereto.

Corporate governance report

Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, a separate section in **Annexure VI** titled "Report on Corporate Governance" is attached to the Annual Report.

Prevention of insider trading

Your Company has adopted a code of conduct for prevention of "Insider Trading" as mandated by the SEBI and the same is available on the website of the Company: https://hbl.in/reports/HBL-Policies.pdf. Your Company's Audit Committee monitors implementation of said Policy.

Statutory Auditors

M/s LNR Associates, Chartered Accountants (FRN 05381S) Visakhapatnam who are the Statutory Auditors of the Company have been appointed by the members at the 36th Annual General Meeting (AGM) of the Company held on September 27, 2022 for a period of five years to hold office till the conclusion of AGM in 2027 subject to ratification of members at every year AGM. Accordingly, ratification of their appointment is being recommended at the ensuing AGM.

The Report given by M/s. LNR Associates, Chartered Accountants on the financial statements of the Company for the year 2024-25 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report. During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act. Therefore, no detail is required to be disclosed under Section 134 (3)(ca) of the Companies Act, 2013.

Cost Auditors

As per Section 148 of the Act, the Company is required to have the audit of its cost records conducted by a Cost Accountant. Your Board, on the recommendation of Audit Committee has appointed M/s. Sagar & Associates, Cost Accountants, Hyderabad (Firm Registration No 000118) in place of M/s K. Narashima Murthy & Co., Hyderabad, Cost Accountants (FRN 000042) as Cost Auditors of the Company for conducting the audit of cost records of the Company for the financial year 2026-27 at a remuneration of ₹12 lakhs per annum plus applicable taxes and reimbursement of expenses.

Disclosure under Section 148(1) of the Companies Act, 2013

The Company has been maintaining required cost records as specified under Section 148(1) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 as mended from time to time.

Secretarial Auditors, reports and certificates

CS Vinay Babu Gade, Practicing Company Secretary issued Secretarial Auditor for the financial year 2025-26 and his secretarial audit report is attached to this report in **Annexure III**. There are no qualifications, adverse comments and observations in the secretarial audit report for the year 2025-26.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder the Company has appointed CS Vinay Babu Gade, Practicing Company Secretary to undertake the secretarial audit of the Company for the year ended

March 31, 2025. Your Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

The Secretarial Audit Report is given in Annexure to this Report. There are no qualifications, adverse comments and observations in the secretarial audit report for the year 2025-26 except for the details of payment of the outstanding SOP fine by the Company.

Pursuant to Regulation 24(A) of SEBI Listing Regulations, the Company has obtained annual secretarial compliance report from CS Vinay Babu Gade, Practicing Company Secretary (ICSI M No.: A20592 and COP No 20707) and the same submitted to the stock exchanges. There are no qualifications, adverse comments and observations in the secretarial audit report for the year 2025-26.

As required under SEBI (LODR) Regulations, Your Company has obtained a certificate from the Practicing Company Secretary that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors by MCA/SEBI and other Statutory Authorities. The said Certificate is forming part of this Report.

In accordance with the provisions of Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI listing regulations, the Board of Directors, at its meeting held on May 24, 2025, approved the appointment of CS Vinay Babu Gade, Practicing Company Secretary (ICSI M No.: A20592; COP No 20707 and Peer Review no. 3047/2023, as the Secretarial Auditor of the Company for a fixed term of five financial years from FY 2025-26 to FY 2029-30.

Dematerialisation of shares

As of March 31, 2026, 99.29% of the Company's paid-up Equity Share Capital exists in dematerialized form, with the remaining 0.71% in physical form. Your Company has issued three reminders to all relevant shareholders, urging them to convert their physical shares into dematerialized form. The Company's Registrars are Kfin Technologies Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

General

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these items during the year under review:

√ There are no significant material orders passed by the Regulators or Courts or Tribunal, which would impact the going concern status of the Company and its future operation. However, Members attention is drawn to the Statement on Contingent Liabilities and Commitments in the Notes forming part of the Financial Statement.

√ No fraud has been reported by the Auditors to the Audit Committee or the Board.

√ There has been no change in the nature of business of the Company.

Cautionary Statement

Statements in this Annual Report, particularly those relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations to enable shareholders and investors to comprehend our prospects. Although the expectations are based on reasonable assumptions, the actual results might differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as plant breakdowns, industrial relations etc.

Acknowledgements

Your Directors place on record their sincere appreciation towards the Company's valued customers and shareholders for the support and the confidence reposed by them in the management of the company and look forward to the continuance of this mutually supportive relationship in future. Your Directors take this opportunity to thank all the Company's Bankers, 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 and their ability to deliver good results in the future.

For and on behalf of the Board

Place: Hyderabad
Date: August 00, 2026

Dr. Aluru Jagadish Prasad
Chairman and Managing Director

Annexure

Conservation of energy, technology absorption, foreign exchange earnings and outgo for the Financial Year 2025-2026

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts of Companies) Rules, 2014]

A. Conservation of Energy: Energy saving devices such as re-cycling of heat, biomass based boilers 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: (₹ Crs)

Sl. No.	PARTICULARS	2024-25	2023-24
A	**VALUE OF IMPORTS (ON ACCRUAL BAISI)**		
	Raw Materials, Components & Spares	239.83	134.81
	Capital Items/Equipment	1.25	8.95
B	**EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**		
	Travelling Expenses	2.09	0.90
	Professional Charges	2.07	0.29
	Commission	3.29	6.97
	Marketing Expenses	3.16	3.63
	Advances/Others	1.61	28.75
	Total	**253.31**	**184.31**
C	**INCOME IN FOREIGN CURRENCY (ON ACCRUAL BASIS)**		
	Export Sale	520.00	451.80
	Services	4.33	1.29

For and on behalf of the Board

Place: Hyderabad
Date: August 08, 2026

Dr. Aluru Jagadish Prasad
Chairman and Managing Director

Annexure I

Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

The related party transactions entered by the Company during the financial year ended March 31, 2026 with the related parties are well within the scope of statutory and regulatory provisions prescribed under the Companies Act, 2013 read with rules made thereunder; SEBI listing regulations and other applicable regulations, if any, and with the relevant approvals of the Board / members as the case may be.

2. Details of material contracts or arrangements or transactions at arm's length basis:

a. Name(s) of the related party and nature of relationship:

(i) Entities

Name of the related party	Nature of relationship
HBL Germany, GmbH	Wholly owned subsidiary
HBL America Inc, USA	Wholly owned subsidiary
Torquedrive Technologies Private Limited	Wholly owned subsidiary
TTL Electric Fuel Private Limited	Subsidiary Company
Kavita Prasad Aluru - Trusetee for Aluru Family Private Trust	51.30% shareholding in the Company.
Kavita Prasad Aluru - Trusetee for Mikkilineni Family Private Trust	0.09% shareholding in the Company.
Naval Systems and Technologies Private Limited	Associate company
Tonbo Imaging India Limited	Associate Company
SCIL Infracon Private Limited	Wholly owned subsidiary – dormant Company

(ii) Key Managerial Personnel

Name of the Key Managerial Personnel	Nature of relationship
Dr Aluru Jagadish Prasad	Chairman and Managing Director
Kavita Prasad Aluru	Non-Executive Director (daughter of CMD)
Deeksha Mikkilineni	Non-Executive Director (granddaughter of CMD)
MSS Srinath	Executive Director (Spouse of Kavita Prasad)
Sairam Edara	Chief Financial Officer
GBS Naidu	Company Secretary

b. Nature of contracts / arrangements / transactions: Supply and service of batteries, electronic equipment, concrete products, moulds, tools and equipment.

c. Duration of the contracts / arrangements / transactions: arrangements are ongoing.

d. Date(s) of approval by the Board, if any: For transactions with entities mentioned in table (a)(i) above, necessary approval was obtained at the Annual General Meeting of the Company held the year 2023. In respect of the related parties covered in table (a)(ii) approval of the Board and shareholders was obtained as per the provisions of section 188 of the Act and rules made thereunder.

e. Amount paid as advances, if any: Nil

For and on behalf of the Board

Dr. A J Prasad
Chairman and Managing Director
DIN: 00057275

Place: Hyderabad
Date: August 08, 2026

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

[For the financial year March 31, 2026]

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014]

Brief outline on CSR Policy of the Company

At HBL, Corporate Social Responsibility ("CSR") is an integral part of our commitment to being a responsible corporate citizen. The Company is committed to contributing towards the well-being and sustainable development of communities, with a particular focus on areas in and around its business operations. The Company's CSR initiatives are aligned with the needs of communities surrounding its manufacturing facilities and are undertaken in accordance with the provisions of Schedule VII to the Companies Act, 2013.

The CSR initiatives of the Company are periodically reviewed and approved by the CSR Committee and the Board of Directors. The Company's CSR efforts are primarily focused on the key areas of Health, Education, Environmental Sustainability and Rural Development. These initiatives are designed to promote diversity, inclusivity and sustainable development and are implemented across rural and semi-urban areas. The CSR philosophy of the Company, "Bring constructive change in the standard of societies around us," reflects its commitment to creating meaningful and sustainable social impact through the effective and efficient utilisation of resources and continuous improvement in outcomes.

The CSR Policy of the Company sets out the purpose, objectives and guiding principles for the identification, selection, implementation and monitoring of CSR activities, as well as the formulation of the annual CSR Action Plan. The CSR projects and activities undertaken by the Company are identified in accordance with the CSR Policy and the provisions of the Companies Act, 2013. In accordance with the provisions of the Companies Act, 2013, the Company is committed to allocating and spending at least 2% of the average net profits of the Company made during the three immediately preceding financial years towards eligible CSR activities, subject to applicable statutory provisions. The Company endeavours to ensure that its CSR initiatives create a positive, measurable and sustainable impact on the communities and environment in which it operates.

CSR spending during previous five financial years excluding reporting period

(₹ in Lakhs)

Financial Year	2020-21	2021-2022	2022-23	2023-24	2024-25
Amount Spent	45	102	167	179	418

1. Composition of CSR committee:

S. No.	Name and directorship category	Designation / Nature of Directorship	No of meetings held	No of meetings attended
3	K V Sriram	Chairperson - Non-Executive Independent Director	2	2
4	Richa Datta	Member - Non-Executive Independent Director	2	1
5	Kavita Prasad Aluru	Member – Non-Executive Director	2	2
6	MSS Srinath	Member – Whole-time Director	2	2

2. Prescribed CSR expenditure:

During financial year, the Company was required to spend a minimum of ₹588 lakhs, computed as per the provisions of the Companies Act, 2013. However, the CSR Committee and the Board have approved budget of ₹600 lakhs. Against the approved budget, the Company spent ₹562 lakhs after setting off the excess amount of ₹48 lakhs spent towards CSR in the financial year 2022-23 lakhs. The spending during the year was in compliance with the statutory requirement under the Act. (₹ lakhs)

Sl. No.	Sector – CSR Project	Project area	Actual	Direct / indirect
1	Eradication of Malnutrition and Hunger	Telangana – Shameerpet, Tumkunta, Mahbubnagar and Nandigaon, Andhra Pradesh – Vizianagaram, Visakhapatnam and Narsaraopeta	154	Direct
2	Promotion of Children Education	Telangana – Shameerpet, Tumkunta, Mahbubnagar and Nandigaon, Andhra Pradesh – Vizianagaram, Visakhapatnam and Narsaraopeta	175	Direct
3	Safe drinking water	Telangana and Andhra Pradesh	31	Direct
4	Contribution to eligible Orphanages / Old age homes	Donations	192	Indirect
5	Rural Development	Nandigaon, Telangana	8	Direct
6	Promotion of sports	Telangana and Andhra Pradesh	2	Direct
Grand Total			**562**	

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

Composition of the CSR committee shared above and is available on the Company's website at www.hbl.in

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Since the CSR obligation pursuant to Section 135(5) of the Act, for the Company in the three immediately preceding financial years is less than the amount prescribed under Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company is not required to undertake impact assessment of the CSR projects.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Excess amount spent in the Financial year	Minimum spending obligation [Section 135(5)]	Actual amount spent	Amount available for set off [Rule 7(3)]	Financial year upto which set off can be availed	Cumulative amount available for set off
2022-23	119.75	167.37	47.62	2025-26	47.62
2023-24	177.05	178.94	1.89	2026-27	49.51
2024-25	414.89	417.80	2.91	2027-28	52.42
2025-26	588.00	562.00	NIL	2028-29	4.80

6. Average net profit of the Company as per Section 135(5) of the Act: ₹29,410 lakhs

7. Information as per Section 135 of the Act:

(a)	Two percent of average net profit of the company as per section 135(5)	₹588 lakhs
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	-
(c)	Amount required to be set off for the financial year, if any	47.62
(d)	Total CSR obligation for the financial year (7a+7b-7c)	₹540.38 lakhs

8. (a) **CSR amount spent or unspent for the financial year:** (₹ lakhs)

Total Amount Spent during the Financial Year (₹ In lakhs)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
562	-	-	-	-	-

(b) **Details of CSR amount spent against ongoing projects for the financial year:** (₹ In lakhs)

Sl. No.	Name of the Project	Item in Schedule VII	Local area (Yes /No)	Location of the project	Project duration	Amount allocated for the project (in ₹)	spent in the current financial Year	Amount transferred as per Section 135(6)	Implementation - Direct (Yes/ No)	Implementation through agency	
				State and District(s)						Name	CSR Registration number
1	Health	Eradicating poverty, hunger, malnutrition, health for children below 6 years age	Yes	Telangana State Medchal-Malkajgiri, Mahboonagar and Rangareddy Andhra Pradesh Visakhapatnam, Vizianagaram and Guntur	Open ended	121	154.00	NIL	Yes	NA	NA
		Safe dirking water	Yes	Telangana State and Andhra Pradesh	-	4.5	31.00	NIL	Yes	NA	NA
2	Education	Promoting quality of education for children by providing required facilities (Soft & Hard) including infrastructure and Preschool education below 6 years age	Yes	Telangana State Medchal-Malkajgiri, Mahboonagar and Rangareddy Andhra Pradesh Visakhapatnam, Vizianagaram and Guntur	Open ended	214	175.00	NIL	Yes	NA	NA
3	Rural development	Rural Development	Yes	Telangana State Mahboonagar	-	0.00	8.00	NIL	Yes	NA	NA
4	Promotion of sports	Sports	Yes	Andhra Pradesh	-	0	2.00	NIL	Yes	NA	NA

(c) Details of CSR amount spent against other than ongoing projects for the financial year: (₹ In lakhs)

1	2	3	4	5	6	7	8	
Sl. No.	Name of the Project	Item in Schedule VII	Local area (Yes /No)	Location of the project: State and Districts	spent for the project	Mode of Implementation Direct	Implementation through agency: Name	CSR Registration number
1	Education	Promoting quality of education for children by providing required facilities (Soft & Hard)	Yes	Telangana State Medchal-Malkajgiri Rangareddy Andhra Pradesh Vizianagaram Guntur	75.60	NA	The Akshaya Patra Foundation	CSR00000286
					5.00		Needy Illiterate Children Education	CSR00013933
					15.75		Inquilab Inventions Foundation	CSR00010990
					15.00		Coding For All Foundation	CSR00062372
2	Health /Projects	Supporting in Old age & Orphanage people and Health care projects for under-privildged people	Yes	Telangana State Medchal-Malkajgiri Rangareddy	2.40	NA	Jyothi Orphan Ashram	CSR00034540
				Andhra Pradesh - Vizianagaram & Guntur	5.25		Medical Educational & Nature Service	CSR00032475
				Maharashtra	12.00		Dwaraka Mai Seva Trust	CSR00024141
				Telangana State Medchal-Malkajgiri Rangareddy	36.75		Blood Warriors Foundation	CSR00050482
					6.00		Nandamuri Basava Taraka Ramarao Memorial Cancer Foundation	CSR00007803
3	Others - Donations	Various CSR activities as per Schedule VII	Yes	Various locations	5.00	NA	Associate Saikorean-Campus Challenge	CSR00019351
					4.00		K V R Momorial Trust	CSR00004687
					2.00		Andhra Pradesh Roller Skating Association	CSR00072890
					6.00		Sri Sathya Sai Trust For Universal Welfare	CSR00079206
					3.00		Smile Train India	CSR00000842

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: Not applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹562Lakhs

(g) Excess amount for set off, if any: ₹47.62

(₹ in lakhs)

S. No.	Particular	Amount
1	Two percent of average net profit of the company as per section 135(5)	588.00
2	Total amount spent for the Financial Year	562.00
3	Excess amount spent for the financial year	-
4	Surplus arising out of the CSR projects or programme or activities of the previous financial years, if any	-
	Total	(26.00)
5	Less : the surplus amount pertains to FY 2022-23 could not be utilized till the FY 2026	47.62
6	Net excess amount available for set off in succeeding financial years	21.62

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** NIL

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** NIL

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** Not Applicable

11. **Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) of the Act:** NA

Place: Hyderabad
Date: August 08, 2026

Dr. Aluru Jagadish Prasad
Chairman and Managing Director
DIN: 00057275

K V Sriram
Chairperson, CSR Committee
DIN: 00073911

Annexure III

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

[Pursuant to section 204(1) of Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
HBL Engineering Limited
CIN: L40109TG1986PLC006745,
Registered Office: 8-2-601, Road No.10,
Banjara Hills, Hyderabad - 500 034, Telangana.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HBL Engineering Limited** (hereinafter called "HBL" or "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the HBL's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit.

I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I. The Companies Act, 2013 (the Act) and the rules made thereunder and the Companies (Amendment) Act, 2017 (to the extent notified and applicable);

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') (as amended by the Finance Act, 2017) and the rules made thereunder;

III. The Depositories Act, 1996 (as amended by the Finance Act, 2017) and the regulations and bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (as amended from time to time);

V. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended)

VI. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992

VII. Compliance report with respect to Securities and Exchange Board of India Act, 1992 ('SEBI Act'), various listing and other Regulations prescribed by SEBI have been covered in my Annual Secretarial Compliance Report dated May 19, 2025, copy of which is annexed to this report as Annexure B, issued for the financial year ended March 31, 2025 pursuant to SEBI circular No. CIR/CFD/CMD1/27/2019 dated Feb 08, 2019 read with Circular No. NSE/CML/ 2023/21 dated March 16, 2023 and Circular No. NSE/CML/ 2023/30 dated April 10, 2023 issued by National Stock Exchange of India Limited and therefore specific comment under this para has not been made separately.

I have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors (SS -1) and General Meetings (SS -2) issued by The Institute of Company Secretaries of India and the revised Secretarial Standards (SS - 1) and (SS - 2) for the time being in force.

I have also examined compliance with the applicable clauses of the Uniform Listing Agreement entered by the Company with the Bombay Stock Exchange and National Stock Exchange effective from March 23, 2016.

I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Notifications, Guidelines, Circulars, Secretarial Standards and the Uniform Listing Agreement issued by the appropriate authorities in this regard mentioned above.

The Company does not have any Foreign Direct Investments except for shareholding by foreign entities / individuals / NRI's under normal permitted portfolio investment and there are no External Commercial Borrowings.

I further report that, there were no events / actions requiring compliance thereof by the Company during the Audit Period in pursuance of:

a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Guidelines, 2014.

I further report that, based on present sector / industry of the Company and on examination of the relevant documents and records in pursuance thereof, on a test-check basis, the Company has complied with specifically applicable laws including any statutory modification or re-enactment thereof for the time being in force and the rules, regulations, guidelines, notifications, circulars framed thereunder:

I further report that, based on the information provided and the representation made by the Company and also on the review of the compliance reports taken on record by the Board of Directors of the Company, in my opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws like economic laws, labour laws and environmental laws.

I further report that, the Board of Directors of the Company was duly constituted with optimum combination of 2 (two) Executive Directors, 6 (Six) Non-Executive Directors out of which 4 (four) are Independent Directors including 2 (Two) Women Independent Directors. There is no change in composition of the Board during the reporting period.

I further report that, there is no other change in key managerial personnel.

Adequate notice was given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance to all Directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. I also report that all the meetings were conducted through video conferencing.

As per the Minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were with requisite majority.

I further report that, based on the review of the compliance reports submitted by the management of the Company, I am of the opinion that there were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs except the following:

Sr. No.	**During the reporting period BSE while considering the DRHP filed by an Associate Company of HBL, asked the Company for payment of towards outstanding SOP fines for:**		
Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	**Period**	**Regulation**	**Amount (₹)**
Regulation/ Circular No.	Dec' 2013	27(2)	1,000.00
Deviations	Mar' 2014	34	12,000.00
Action Taken by	Sep' 2020	23(9)	10,000.00
Type of Action	**Total**		**23,000.00**
Details of Violation	GST @ 18%		4,140.00
Fine Amount	**Total**		**27,140.00**
Observations/ Remarks of the Practicing Company Secretary	The Company made necessary representation stating that there was no SOP fine prescribed by the SEBI for the period December 2013 and March 2014. In respect of SOP fine for September 2020 under regulation 23(9), the Company paid the invoiced value, however, BSE informed that the Company had paid less than the invoiced value. BSE insisted Company to first pay the outstanding and file waiver subsequently. The Company paid ₹27,140 towards outstanding SOP fines.		
Management Response			
Remarks			

Vinay Babu Gade

Practicing Company Secretary
ACS No: 20592 CP No: 20707
UDIN: A020592H001041920

Place: Hyderabad
Date : August 08, 2026

This report is to be read with my letter of even date which is annexed as **Annexure – 'A'** and forms an integral part of this report.

Annexure A

To,
The Members,
HBL Engineering Limited
CIN: L40109TG1986PLC006745,
Registered Office :8-2-601, Road No.10,
Banjara Hills, Hyderabad - 500 034, Telangana

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.

3. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of financial records and books of account of the Company.

5. Wherever required, I have obtained management representation about the compliance of laws, rules, regulations, guidelines and happening of events, etc.

6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, guidelines, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Vinay Babu Gade

Practicing Company Secretary
ACS No: 20592 CP No: 20707
UDIN: A020592H001041920

Place: Hyderabad
Date : August 08, 2026

Annexure IV

ANNUAL SECRETARIAL COMPLIANCE REPORT

HBL Engineering Limited (formerly HBL Power Systems Limited) for the financial year ended March 31, 2026

I, Vinay Babu Gade, Company Secretary in Practice have examined:

a. all the documents and records made available to us and explanation provided by HBL Engineering Limited ("the listed entity"),

b. the filings/ submissions made by the listed entity to the stock exchanges,

c. website of the listed entity,

d. any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2026 ("Review Period") in respect of compliance with the provisions of :

   i. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

   ii. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations (as amended), whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

i) other regulations as applicable

and circulars/ guidelines issued thereunder;

(Note: The aforesaid list of Regulations is only illustrative. The list of such SEBI Regulations, as may be relevant and applicable to the listed entity for the review period, shall be added.)

I hereby report that, during the Review Period the compliance status of the listed entity is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations/ Remarks by PCS*
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI), as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	NIL
2.	Adoption and timely updation of the Policies: All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/circulars/guidelines issued by SEBI	Yes	NIL
3.	Maintenance and disclosures on Website: The Listed entity is maintaining a functional website Timely dissemination of the documents/ information under a separate section on the website Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/ section of the website.	Yes	NIL
4.	Disqualification of Director: None of the Director(s) of the Company is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity.	Yes	NIL

Sr. No.	Particulars	Compliance Status (Yes/No/ NA)	Observations/ Remarks by PCS*
5.	Details related to Subsidiaries of listed entities have been examined w.r.t.: Identification of material subsidiary companies Disclosure requirement of material as well as other subsidiaries	Yes	NIL
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	NIL
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.	Yes	NIL
8.	Related Party Transactions: The listed entity has obtained prior approval of Audit Committee for all related party transactions; or The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	Yes	NIL
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	NIL
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	NIL
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder except as provided under separate paragraph herein (**).	NA	NIL
12.	Additional Non-compliances, if any: No additional non-compliance observed for any SEBI regulation/circular/guidance note etc.	NA	NIL

The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

<table>
<tr><th>Sr. No.</th><th colspan="3">During the reporting period BSE while considering the DRHP filed by an Associate Company of HBL, asked the Company for payment of towards outstanding SOP fines for:</th></tr>
<tr><td>Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)</td><th>Period</th><th>Regulation</th><th>Amount (₹)</th></tr>
<tr><td>Regulation/ Circular No.</td><td>Dec' 2013</td><td>27(2)</td><td>1,000.00</td></tr>
<tr><td>Deviations</td><td>Mar' 2014</td><td>34</td><td>12,000.00</td></tr>
<tr><td>Action Taken by</td><td>Sep' 2020</td><td>23(9)</td><td>10,000.00</td></tr>
<tr><td>Type of Action</td><td>Total</td><td></td><td>23,000.00</td></tr>
<tr><td>Details of Violation</td><td>GST @ 18%</td><td></td><td>4,140.00</td></tr>
<tr><td>Fine Amount</td><td>Total</td><td></td><td>27,140.00</td></tr>
<tr><td>Observations/ Remarks of the Practicing Company Secretary
Management Response
Remarks</td><td colspan="3">The Company made necessary representation stating that there was no SOP fine prescribed by the SEBI for the period December 2013 and March 2014. In respect of SOP fine for September 2020 under regulation 23(9), the Company paid the invoiced value, however, BSE informed that the Company had paid less than the invoiced value.
BSE insisted Company to first pay the outstanding and file waiver subsequently. The Company paid ₹27,140 towards outstanding SOP fines.</td></tr>
</table>

The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	
Compliance Requirement (Regulations/ circulars/ guide- lines including specific clause)	**Not applicable**
Regulation/ Circular No.	
Deviations	
Action Taken by	
Type of Action	
Details of Violation	
Fine Amount	
Observations/ Remarks of the Practicing Company Secretary	
Management Response	
Remarks	

Vinay Babu Gade

Practicing Company Secretary
M.No.: A20592
CoP No.: 20707
PR No.: 3047/202
UDIN: A020592H000506693

Place: Hyderabad
Date : May 22, 2026

Annexure V

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (LODR) Regulations, 2015)

To,
HBL Engineering Limited
CIN: L40109TG1986PLC006745,
Registered Office :8-2-601, Road No.10,
Banjara Hills, Hyderabad - 500 034, Telangana.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of HBL Engineering Limited (hereinafter called "HBL" or "the Company")having CIN L40109TG1986PLC006745 and having registered office at 8-2-601, Road No.10, Banjara Hills, Hyderabad – 500034, Telangana State (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2026 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Name of the Director and category	DIN	Date of appointment
Dr. Aluru Jagadish Prasad - Chairman & Managing Director	00057275	29/08/1986
Karipineni Venkata Sriram - Non-Executive - Independent Director	00073911	07/02/2018
Richa Datta - Non-Executive - Independent Director	08084501	15/03/2018
Kavita Prasad - Non-Executive–Non-Independent Director	00319292	10/08/2018
Deeksha Mikkilineni - Non-Executive–Non-Independent Director	10267611	11/08/2023
Narsing Rao Singayapally - Non-Executive - Independent Director	00800362	07/02/2024
Aparna Surabhi - Non-Executive - Independent Director	01641633	27/05/2024
MSS Srinath – Executive Director	00319175	27/05/2025

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Vinay Babu Gade

Practicing Company Secretary
M.No.: A20592
CoP No.: 20707
PR No.: 3047/2023
UDIN: A020592H001041911

Place: Hyderabad
Date: August 06, 2026

Annexure VI

REPORT ON CORPORATE GOVERNANCE

I. Company's philosophy on Corporate Governance:

Corporate governance philosophy:

At HBL governance principles is founded upon ethical and clear governance practices by implementing the standards of expertise and honesty in day-to-day business activities and decisions. Our Board, together with the committees, upholds all fiduciary responsibilities by ensuring fairness, independence and transparency in all decisions through the governance framework. Fairness, good citizenship, and commitment to compliance are key characteristics that drive relationships of the Board and Senior Management with other stakeholders.

Company's philosophy:

Our governance philosophy is based on the principles of standard decision-making and confirming that our business observes both legal and regulatory requirements as well as on social responsibilities. This structure is aimed to protect the interests of all our stakeholders while reassuring improvement and attainment of calculated commercial objectives.

HBL follows this philosophy for building a sustainable business that is embedded in the community and exhibits carefulness towards the environment. HBL considers that viable growth stems from accountable behaviour towards all stakeholders, including shareholders, employees, customers, and the communities in which we function. The core of our governance practices is strong commitment to environmental and social responsibility, which are important to the success of our business. The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code").

The Company has adopted a Code of Conduct for its employees including Whole-time Directors and Senior Management. The Company has also adopted a Code of Conduct for Non-Executive Directors including Independent Directors which suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013 ('the Act'). The Company's governance guidelines cover aspects mainly relating to composition and role of the Board, Chairman and Directors, Board diversity and Committees of the Board.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable, with regard to corporate governance. Pursuant to Regulation 27(2) of the SEBI Listing Regulations, the Company also submits a quarterly compliance report on Corporate Governance to the Stock Exchanges where the securities of the Company are listed, including details on all material transactions with related parties, within 21 days from the closure of every quarter. The Chairman and Managing Director and the Chief Financial Officer have certified in accordance with Regulation 17(8) read together with Part B of Schedule II of the SEBI Listing Regulations to the Board on inter-alia, the accuracy of the financial statements and adequacy of internal controls for financial reporting for the Financial Year ended March 31, 2026.

II. Shareholders:

The Listing Regulations and Companies Act, 2013 prescribe the governance by shareholders participation in the corporate actions by passing ordinary and special resolutions at their meetings. HBL follows the applicable and prescribed procedure to ensure that the information with the shareholders is shared on time and with complete details, whether financial or non-financial, with adequate explanation, wherever needed to obtain approval, if any.

Generally, required approvals of the shareholders are taken at the Annual General Meeting. In addition, approval of shareholders can also be pursued through postal ballot in case of urgency of the matter as per the applicable regulations. During the reporting year there were no instances of passing of resolution through postal ballot.

During the year ended March 31, 2026, your Company had complied with the provisions set out on Corporate

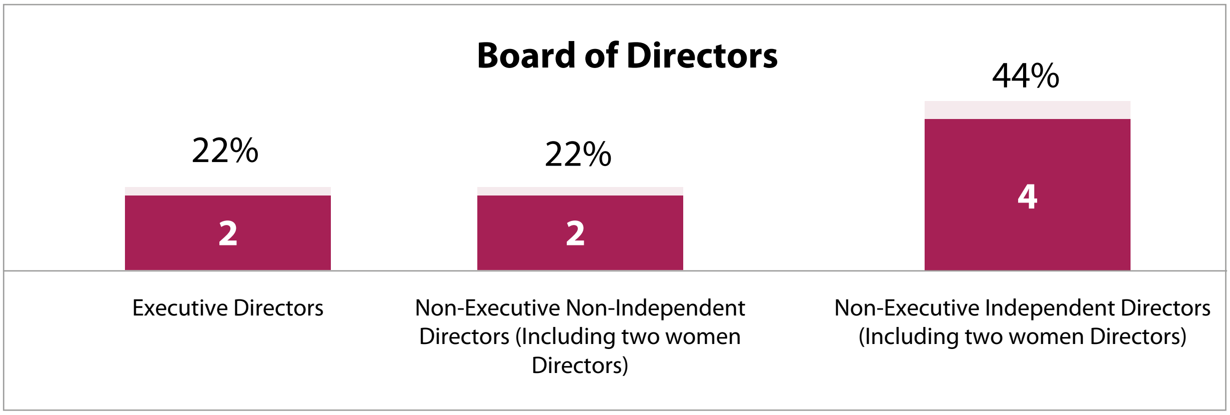
Governance required under Listing Regulations. In this report, we have provided details on how the corporate governance principles are put into practice.

III. Board of Directors

For management and administration of the Company's overall functioning, the shareholders have constituted the Board of Directors. During the year under review, the composition of the Board was in conformity with the Companies Act and listing regulations.

- As on March 31, 2026, the Board of Directors of your Company comprises of:

Category	No of Directors
Executive Chairman and Managing Director	1 (One)
Executive Director	1(one)
Non-Executive Directors*	6 (Eight)
Total^	8 (Eight)
* Includes Independent Directors with two women Independent Directors	4 (four)
^ Includes women Directors	4 (four)



The company is in compliance with the requirements of Section 149 and 152 of the Act read with Regulation 17 of the SEBI Listing Regulations. The Company has an appropriate composition and size of the Board.

- None of the directors on the Board
  - holds directorships in more than ten public companies;
  - is a member of more than ten committees or chairperson of more than five committees across all the public companies in which he/she is a director.
  - who are Executive Directors serves as independent directors in any other Company.

Necessary disclosures regarding committee positions in other public companies as on March 31, 2026 have been made by the directors. None of the directors is related to each other except Dr. Aluru Jagadish Prasad, Mrs. Kavita Prasad Aluru, Mr. MSS Srinath and Mikkilikeni Deeksha.

- Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Companies Act, 2013 read with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

  Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

- Four meetings of the Board of Directors were held during the reporting period and the gap between two meetings did not exceed one hundred twenty days as per the requirements under the Companies Act, 2013 read with SEBI regulations. The said meetings were held on May 24, 2025; June 26, 2025; August 09, 2025; November 08, 2025 and February 07, 2026. Necessary quorum was present for all the meetings.

- The agenda papers for the Board and Committee meetings are circulated electronically well before the date of meeting notified to the Board and Committee member, thereby eliminating circulation of printed agenda papers.

- The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and at the last Annual General Meeting (AGM) and the number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies as on March 31, 2026 are given below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Name of the Director and DIN Number	Category#	Attendance in the year	Attendance at last AGM	Directorships in other Public Companies@		Committee positions held in other Public Companies	
				Chairperson	Member	Chairperson	Member
Dr. Aluru Jagadish Prasad Chairman and Managing Director (DIN: 00057275)	PEC	5	Yes	-	-	-	-
Kavita Prasad Aluru (DIN:00319292)	NENID	3	No	-	-	-	-
Karipineni Venkata Sriram (DIN: 00073911)	NEID	5	Yes	-	2	-	-
Richa Datta (DIN: 08084501)	NEID	1	No	-	-	-	-
Deeksha Mikkilineni (DIN: 10267611)	NED	4	No	-	-	-	-
Narsing Rao Singayapally (DIN: 00800362)	NEID	5	No	-	2	1	1
MSS Srinath (DIN:00319175)	ED	3	No	-	-	-	-
Aparna Surabhi (DIN: 01641633)	NEID	5	No	-	3	3	7

Note:

Category: PEC: Promoter and Executive Chairman; ED: Executive Director; NEID: Non-Executive Independent Director; and NENID: Non-Executive-Non-Independent Director.

@ Directorship in other public Companies excluding this company.

- The Company offered the facility of video conferencing, as prescribed under Section 173(2) of the Act read together with Rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, thereby saving resources and cost to the Company as well as the valued time of the Directors.
- Directorship in other public Companies as on March 31, 2026

Name of the Director	Category in this Company	Directorship in other public Companies and designation
Dr. Aluru Jagadish Prasad	Promoter and Executive Chairman	NIL
Kavita Prasad Aluru	Non-Executive-Non-Independent Director	NIL

Karipineni Venkata Sriram	Non-Executive Independent Director	Andhra Electronics Limited – Managing Director Sri Bhavani Castings Limited – Whole Time Director
Richa Datta	Non-Executive Independent Director	NIL
Deeksha Mikkilineni	Non-Executive-Non-Independent Director	NIL
Narsing Rao Singayapally	Non-Executive Independent Director	Biological E Limited Kaveri Seed Company Limited
MSS Srinath	Non-Executive-Non-Independent Director	NIL
Aparna Surabhi	Non-Executive Independent Director	Heritage Foods Limited – Independent Director Heritage Nutrivet Limited – Independent Director Medplus Health Services Limited – Independent Director

- During the financial year, information required in Part A of Schedule II of the SEBI Listing Regulations, 2015 as amended, was placed before the Board for its consideration wherever applicable.
- In the opinion of the Board, the independent directors fulfill the conditions specified SEBI Listing Regulations, 2015 as amended and are independent of the management.
- Status on compliance of applicable laws was reviewed periodically by the Board.
- None of the Independent Directors has resigned from the Board during the reporting period and therefore, disclosure under SEBI listing Regulation 34(3) read with Schedule V (C)(j) is not required.
- Details of equity shares of the Company held by the directors as on March 31, 2026 are given below. The Company has not issued any convertible securities.

Name	Category	No of equity shares	Percentage
Dr. A J Prasad	Chairman and Managing Director	26,92,827	0.97
Kavita Prasad Aluru	Non-Executive-Non-Independent Director	97,88,386	3.53
MSS Srinath	Executive Director	19,56,920	0.71
Deeksha Mikkilineni	Non-Executive-Non-Independent Director	20,87,187	0.75

The above shareholding of the Directors does not include shares held by the members of the promoter group.

- Board comprises of members who bring in the required skills, ability and proficiency to allow them to effectively contribute in deliberations at Board and Committee meetings. The below matrix summarizes a mix of skills, expertise and competencies expected to be possessed by our individual directors, which are key to corporate governance and Board effectiveness:

Entrepreneurial leadership	Entrepreneurial leadership experience resulting in a practical understanding of organization, processes, strategic planning and risk management. Demonstrated strengths in developing engineering talents and driving the change for long-term growth.
Engineering expertise	Engineering expertise involves application of knowledge to identify and design the systems and processes to fill the technology gaps and reach the goals.
Financial Expertise	Education and experience as an auditor or financial officer / comptroller or holding a position involving performance of similar functions.
Industry experience	Experiences in similar industries, resulting in knowledge of how to anticipate market trends, motivates innovation and extends or create new business models.
Diversity	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders at large.
Board Service and Governance	Service on other public company boards, to develop insights on maintaining board and management accountability, protecting shareholder interests and observing appropriate governance practices.
Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, as well as enhance brand reputation.
Global Exposure	Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks, and a broad perspective on global market opportunities.

Key Board Skills, Expertise and Competencies

Name of the Director	Entrepreneurial leadership	Engineering expertise	Financial proficiency	Industry Experience	Diversity	Board Service and Governance	Sales and Marketing	Global Exposure
Dr. Aluru Jagadish Prasad	√	√	√	√	√	√	√	√
Kavita Prasad Aluru	√	-	√	√	√	-	-	√
Karipineni Venkata Sriram	√	√	√	√	√	-	√	√
Richa Datta	√	-	√	-	√	-	-	√
Deeksha Mikkilineni	-	-	-	-	√	-	-	-
Narsing Rao Singayapally	√	√	√	√	√	√	-	√
MSS Srinath	√	-	√	√	√	-	√	√
Aparna Surabhi	√	-	√	√	√	√	-	√

Familiarization Programme: Pursuant to the provisions of Regulation 25(7) and Regulation 46 of the SEBI Listing Regulations, kindly refer to the Company's website https://hbl.in/reports/Familiarization-Programmefor-IndependentDirectors.pdf for familiarization programme for IDs on their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters.

Board Evaluation: Pursuant to Regulation 17(10) of the SEBI Listing Regulations and the provisions of the Act, Board evaluation was conducted for the financial year 2024-25, involving the following:

i. Evaluation of IDs, in their absence, by the entire Board was undertaken, based on their performance and fulfillment of the independence criteria prescribed under the Act and SEBI Listing Regulations, including their independence from the Company's Management; and

ii. Evaluation of the Board of Directors, its Committees including the role of the Board Chairman by Independent Directors.

A meeting of the Independent Directors was held on March 23, 2026 in accordance with the provisions of Section 149(8) read with Schedule IV of the Act and Regulation 25(3) and 25(4) of the SEBI Listing Regulations for review of performance of Non-Independent Directors, Chairman and the Board as a whole.

IV. Committees of the Board

The composition and the terms of reference of various Committees constituted by the Board, inter-alia including the details of meetings held during the year and attendance thereat are presented below. All Committee decisions are taken at the meetings of the Committee. The Company Secretary acts as the Secretary for all Committees meetings. During the year under review all recommendations made by the various Committees were accepted by the Board. There are six committees of the Board as on March 31, 2026:

Name of the Committee	Minimum Number of members required	Number of Independent Directors required	Quorum required	Percentage of independence of the Committees
Audit Committee (AC)	Three	Majority	Majority of Independent Directors	75%
Nomination and Remuneration Committee (NRC)				100%
Corporate Social Responsibility Committee (CSR)				50%
Risk Management Committee (RMC)				33%
Stakeholders Relationship Committee (SRC)				33%

Composition, major terms of reference and other details of the Committees as on March 31, 2026

Audit Committee		
Composition and category	**Name of the committee member**	**Category**
	S Narsing Rao (Chairperson)	Non-Executive Independent Director
	Aparna Surabhi	Non-Executive Independent Director
	Richa Datta	Non-Executive Independent Director
	Kavita Prasad Aluru	Non-Executive Non-Independent Director
Major terms of reference	Committee is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Companies Act, 2013. • Oversight of financial reporting process. • Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval. • Evaluation of internal financial controls and risk management systems. • Recommendation for appointment, remuneration and terms of appointment of auditors of the Company. • Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same. • Approval of related party transactions.	
Meetings and related details	Seven meetings of the Audit Committee were held during the year and the gap between two meetings did not exceed one hundred and twenty days. • Committee invites head of the finance function, representatives of the statutory auditors, cost and internal auditors, as it considers appropriate, to be present at its meetings. • The Company Secretary acts as the Secretary to the Audit Committee. • The previous AGM of the Company was held on September 25, 2025 and was attended by the Chairperson of the Audit Committee. Attendance of the members at the committee meetings	

Date of meetings	Name of the Committee member and attendance			
	S Narsing Rao	Aparna Surabhi	Kavita Prasad Aluru	Richa Datta
24.05.2025	√	√	√	-
26.06.2025	√	√	-	-
09.08.2025	√	√	√	√
17.10.2025	√	√	√	-
08.11.2025	√	√	√	-
07.02.2026	√	√	√	-
23.03.2026	√	√	√	√

Audit Committee - other details

The Committee trusts the expertise and knowledge of the Management, the Internal Auditor and the Statutory Auditor, in carrying out its oversight responsibilities. The management is responsible for the preparation, presentation and integrity of the Company's financial statements, including consolidated statements, accounting and financial reporting principles. The management is also responsible for internal control over financial reporting and all procedures are designed to ensure compliance with accounting standards, applicable laws and regulations as well as for objectively reviewing and evaluating the adequacy, effectiveness and quality of the Company's system of internal controls.

Nomination and Remuneration Committee		
Composition and category	**Name of the committee member**	**Category**
	S Narsing Rao (Chairperson)	Non-Executive Independent Director
	Aparna Surabhi	Non-Executive Independent Director
	Karipineni Venkata Sriram	Non-Executive Independent Director
	Richa Datta	Non-Executive Independent Director

Nomination and Remuneration Committee	
Major terms of reference	Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act. a) To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees; b) Formulation of criteria for evaluation of Directors; c) Devising a policy on Board Diversity d) While formulating the remuneration policy, to ensure that - - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and - Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. e) Identifying the person who is qualified to become a Director or senior managers in accordance with criteria let down and recommend to the Board their appointment and removal. The Company shall disclose remuneration policy and evaluation criteria in its annual reports f) To have relevant experience of contributions to the deliberations of the Board and Corporate Governance
Meetings and related details	One meetings were held during the financial year. a) In discharging its responsibilities, the Committee must have regard to the following policy objectives: - to ensure that the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders; - to attract and retain skilled executives; - to structure short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns; and - to ensure any termination benefits are justified and appropriate. - To consider professional indemnity and liability insurance for Directors and senior management. b) The Committee must at all times have regard to, and notify the Board as appropriate of, all legal and regulatory requirements, including any shareholder approvals which are necessary to obtain. c) Remuneration to Key Managerial Personnel & other employees Attendance of the members at the committee meetings

Name of the committee member	Date of meetings
	09.08.2025
S Narsing Rao (Chairperson)	√
Aparna Surabhi	√
Karipineni Venkata Sriram	√
Richa Datta	√

The Company pays remuneration by way of salary, benefits, perquisites and allowances and commission to Chairman and Managing Director and its Executive Director on the recommendations of the NRC. Increments are recommended by the NRC within the salary scale approved by the Board and Members and ceilings prescribed under the Act.

Nomination and Remuneration Committee - other details

The Nomination and Remuneration Committee of the Company is empowered to review the remuneration of the Chairman and Managing Director and the Executive Directors, 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 Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) to its Chairman and Managing Director and the Executive Director and commission (variable component) to its Chairman and Managing Director. Annual increments are recommended by the Nomination and Remuneration Committee within the salary scale approved by the members. The Nomination and Remuneration Committee decides on the commission payable to the Chairman and Managing Director out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company as well as that of the Executive Directors.

Details of remuneration and fees paid during the year:

a. Directors' remuneration for the year 2025-26 (₹ in Crs)

Name of the Director	Designation	Remuneration	Commission	Total
Dr. Aluru Jagadish Prasad	Chairman and Managing Director	1.17	56.02	57.19
MSS Srinath	Whole-time Director	0.88	-	0.88
Total		**2.05**	**56.02**	**58.07**

Kavita Prasad Aluru, Director (who is a relative of the Chairman and Managing Director) has been paid ₹0.10 Crores as rental charges for a premises owned by her, which was leased to the Company.

b. Independent Directors were paid sitting fees for the board meetings in 2025-26.

Name of Directors	Board meetings	Committee meeting (for all)	Sitting fees paid (₹ In Crs)
Karipineni Venkata Sriram	5	4	0.04
S Narsing Rao	5	11	0.05
Aparna Surabhi	5	8	0.05
Total			**0.14**

Richa Datta, Non-Executive Independent Director, consented not to take sitting fee for the meetings of the Board and Committees. Accordingly, no sitting was paid.

c. Remuneration paid to Key Managerial personnel

Key Managerial Personnel	Remuneration for the financial year		% increase
	March 31, 2026	March 31, 2025	
GBS Naidu, Company Secretary	0.49	0.45	8.89
Sairam Edara, Chief Financial Officer	1.15	1.01	13.86

Stakeholders Relationship Committee

Composition and category	Name	Category
	S Narsing Rao (Chairperson)	Non-Executive Independent Director
	Karipineni Venkata Sriram	Non-Executive Independent Director
	Kavita Prasad Aluru	Non-Executive Non-Independent Director

Major terms of reference

Committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.

- Consider and resolve the grievances of security holders.
- Consider and approve issue of share certificates, transfer and transmission of securities, etc.

Meetings and related details

One meetings of the Stakeholders' Relationship Committee were held during the year.

- The Company has always valued its customer relationship. This philosophy has been extended to investor relationship. The Committee focuses on servicing the needs of various stakeholders viz., investors, analysts, brokers and the general public.
- Details of investor complaints and the Compliance Officer are provided in this report.

Attendance of the members at the committee meetings

Name of the Committee member	Date of meetings			
	24.05.2025			
S Narsing Rao	√			
Karipineni Venkata Sriram	√			
Kavita Prasad Aluru	√			

Complaints or queries relating to the shares and/or debentures can be forwarded to the Company's Registrar and Share Transfer Agents – Kfin Technologies Limited at einward.ris@kfintech.com . Kfin is the focal point of contact for investor services in order to address various matters mainly including issue of new or duplicate share certificates, repayment / revalidation of dividend warrants, change in bank details/ address and PAN corrections.

Stakeholder Relationship Committee – Other details

a. Name, designation and address of the compliance officer:
G B S Naidu, Company Secretary
HBL Engineering Limited
8-2-601, Road 10, Banjara Hills, Hyderabad– 500034
Ph: 040-23355575 / Email: investor@hbl.in

b. Details of investor complaints / requests during the financial year :

Sl. No.	Description	Opening balance as on April 01, 2025	Received					Resolved	Closing balance as on March 31, 2026
			Q1	Q2	Q3	Q4	Total		
1	Status of Applications for Public Issue	0	0	0	0	0	0	0	0
2	Non Receipt of Refund Order	0	0	0	0	0	0	0	0
3	Request for Annual Report	0	0	0	0	0	0	0	0
4	Non Receipt of Dividend Warrants	0	0	0	0	0	0	0	0
5	Non Receipt of Electronic Credits	0	0	0	2	0	2	2	0
6	Issue of duplicate shares	1	0	1	0	0	2	2	1
7	Others	0	0	0	0	0	0	0	0
	Total (i)	1	0	1	2	0	4	4	0
8	Complaints received from	0	0	0	0	0	0	0	0
a.	Securities and Exchange Board of India	0	0	1	5	0	6	3	3
b.	Stock Exchanges	0	0	0	0	7	7	3	4
c.	Ministry of Company Affairs	0	0	0	0	0	0	0	0
d.	Others	0	0	0	0	0	0	0	0
Total(ii)		**1**	**0**	**1**	**5**	**7**	**13**	**6**	**7**
Grand Total (i+ii)		**1**	**0**	**2**	**9**	**7**	**17**	**10**	**7**

Corporate Social Responsibility Committee		
Composition and category	**Name**	**Category**
	Karipineni Venkata Sriram (Chairperson)	Non-Executive Independent Director
	MSS Srinath	Non-Executive Independent Director
	Richa Datta	Non-Executive Independent Director
	Kavita Prasad Aluru	Non-Executive Non-Independent Director
Major terms of reference	Committee is constituted in line with the provisions of Section 135 of the Act. • Formulate and recommend to the Board, a CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act. • Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy. • Monitor the implementation of approved CSR activities.	

Corporate Social Responsibility Committee	
Meetings and related details	Two meetings of the CSR Committee were held during the year. The Committee recommended to the Board for approval of increase in CSR budget for the financial year. The Board accordingly approved the recommended enhancement in budget. Attendance of the members at the committee meetings

Name of the committee member	Date of meetings	
	24.05.2025	08.11.2025
Karipineni Venkata Sriram (Chairperson)	√	√
MSS Srinath	√	√
Richa Datta	-	-
Kavita Prasad Aluru	√	√

A detailed report on the CSR activities and spending by the Company during the reporting period is sited elsewhere in the annual report.

Risk Management Committee		
Composition and category	**Name**	**Category**
	S Narsing Rao (Chairperson)	Non-Executive Independent Director
	MSS Srinath	Non-Executive Independent Director
	Kavita Prasad Aluru	Non-Executive Non-Independent Director
Major terms of reference	Committee is constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations. - Review the Company's risk governance structure, risk assessment and risk management practices and guidelines, policies and procedures for risk assessment and risk management including the risk management plan. - Monitor the Company's risk appetite and strategy relating to key risks. - Oversee Company's process for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. - Review and analyze risk exposure related to specific issues, concentrations and limit excesses, and provide oversight of risk across organization. - Review compliance with risk policies, monitor breaches / trigger trips of risk tolerance limits and direct action. - Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.	
Meetings and related details	Two meetings of the Committee held during the year under review. The Committee shall act and have powers in accordance with the terms of reference specified in writing, by the Board, which shall include the following: - Seek any information or explanation from any employee or Director of the Company. Ask for any records or documents of the Company and have full access to Company information. - Recommend engagement of independent consultants and advisors, including legal counsel or expert, as it deems appropriate. Secure attendance of outsiders with relevant expertise in Committee meetings, as the Committee considers necessary. - Oversee the major risks of the subsidiaries. - The committee shall coordinate with other committees to the extent that its work has a bearing on their scope of work. Attendance of the members at the committee meetings	

Name of the committee member	Date of meetings	
	09.08.2025	07.02.2026
S Narsing Rao (Chairperson)	√	√
MSS Srinath	√	√
Kavita Prasad Aluru	√	√

The Committee operates as per its Charter approved by the Board and within the guidelines laid down in it. The Company has a Risk Management Policy in accordance with the provisions of the Act and SEBI Listing Regulations. It establishes various levels of accountability and overview within the Company, while vesting identified managers with responsibility for each significant risk. The results of the risk assessment are thoroughly discussed with the Senior Management before being presented to the RMC. The Board takes responsibility for the overall process of risk management in the organization.

Particulars of senior management and changes during the year [ref: SEBI circular dated July 14, 2023]
There is no change in senior management during the reporting period.

V. General Meetings

(1) Shareholders meetings

(a) Annual General Meetings:

Financial Year	Date of meeting	Venue	Time
March, 2023	September 28, 2023	Meeting conducted through Video Conferencing ("VC")/ Other Audio Video Means ("OAVM") pursuant to the MCA and SEBI Circulars.	4.00 pm
March, 2024	September 26, 2024		
March, 2025	September 25, 2025		

(b) Extraordinary General Meeting: No extraordinary general meeting was held during the financial year 2025-26.

(c) Special Resolutions: The following special resolutions were passed at the previous annual general meeting:

S. No.	Agenda item	Ascent / descent
01	reappointment of Dr. Aluru Jagadish Prasad (DIN: 00057275) as Chairman and Managing Director of the Company	The special resolution moved at the last years' AGM, was passed, by means of electronic voting, by requisite majority of votes.

(2) Details of special resolution passed through postal ballot: No resolution was passed by postal ballot during the reporting period.

(3) Disclosure pursuant to Clause 10(i) in Part C of Schedule V of the SEBI LODR: A certificate has been received from CS Vinay Babu Gade, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

(4) Disclosure pursuant to Clause 10(k) in Part C of Schedule V of the SEBI LODR: (₹ in Crores)

Particulars	Amount
Statutory audit	0.50
Certification fee	0.15
Total (excluding GST)	**0.65**

VI. Means of communication

The quarterly, half-yearly and annual financial results of the Company are published in newspapers viz. Financial Express in English and Andhra Jyothi in Telugu. The results are also displayed on the Company's website www.hbl.in/investor. Statutory notices are published in Financial Express in English and Andhra Jyothi in Telugu. Financial Results, Statutory Notices after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited and BSE Limited as well as uploaded on the Company's website. A Management Discussion and Analysis Report is a part of this Annual Report.

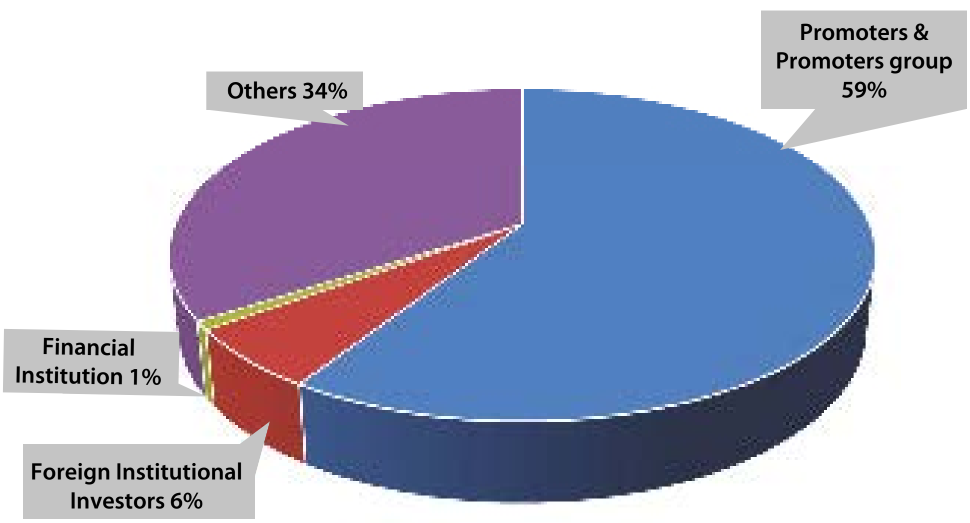
VII. General shareholder information

1.	Forthcoming Annual General Meeting (Date and Time)	Saturday, September 26, 2026 at 3.00 PM The Ministry of Corporate Affairs and SEBI vide its relevant circulars, has permitted the holding of the Annual General Meeting through video-conferencing / other audio visual means ('VC / OAVM'), without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. (For details please refer to the Notice this AGM.) As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings, particulars of Directors seeking re-appointment at this AGM are given in the Annexure to the Notice of this AGM.
2.	Financial year and reporting	2025-2026
	First quarter ending 30.06.2025	August 09, 2025
	Half-year ending 30.09.2025	November 08, 2025
	Third quarter ending 31.12.2025	February 07, 2026
	Forth (31.03.2026) and annual audited results	Standalone and Consolidated : May 23, 2026
	Website where results displayed	https://hbl.in/Investors-Details.php
3.	Dates of book-closure and record date	**Book-closure: 12.09.2026 to 26.09.2026 (both days inclusive)** **Record date: 11.09.2026**
4.	Dividend recommended (subject to approval of shareholders at AGM)	Final Dividend: Recommended 100% on paid up equity share capital, subject to approval of members.
5.	Address for correspondence	**Registered office:** 8-2-601, Rd. No.10, Banjara Hills, Hyderabad- 500 034 Contact person: Company Secretary Phone: 040-2335 5575, Fax: 040-2335 5048 E-Mail: contact@hbl.in; investor@hbl.in **Secretarial office:** Kubera Towers, Block A, Tirumalagiri, Hyderabad – 500 015, Telangana. Phone : +91 – 04 – 2779 1641.
6.	Registrars for electronic transfer and physical transfer of shares	**KFin Technologies Limited** (Unit: HBL Engineering Limited) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500 032, Telangana Contact Person: B.Swati Reddy, Manager–Corporate Registry Phone nos. + 91-40-67161530 E-mail : einward.ris@kfintech.com
7.	Manufacturing facilities	1. Aliabad, Shameerpet, RR Dist., Telangana 2. Nandigoan, Kothur, Mahabubnagar Dist., Telangana 3. Kandivalasa, Posapatirega, Vizainagaram, Andhra Pradesh 4. VSEZ, Visakhapatnam, Andhra Pradesh 5. Thumkunta, Shameerpet, RR Dist, Telangana 6. Narsaraopeta, Guntur Dist., Andhra Pradesh
8.	Listing on Stock Exchanges	BSE Limited (BSE)
		National Stock Exchange of India Limited (NSE)
9.	Scrip Code	BSE: 517271 and NSE: HBLENGINE
	ISIN number	INE 292B01021
	Corporate Identity Number (CIN)	L40109TG1986PLC006745

10.	Investors / Analyst Meets	The Company calls or organizes meetings with investors/analysts on request. Post the quarterly results meeting is organized which provides a platform for the management to answer questions and provide clarifications to investors /analysts. The Company continues to communicate with all types of funds and investors in order to have diversified shareholders. Financial Results, Statutory Notices and Presentations made to the investors / analysts after the declaration of the results are submitted to NSE and BSE as well as uploaded on the Company's website : https://hbl.in/reports/investor-presentation.pdf
11.	Dividend payment date	Within 30 days from the date of AGM, if approved by the shareholders.
12.	Electronic Communication	During FY 2025-26 various communications, including Annual Reports were sent by email to those shareholders whose email addresses were registered with the Company/ Depositories. In support of the 'Green Initiative' the Company encourages members to register their email address with their Depository Participant or the Company, to receive soft copies of the Annual Report, Notices and other information disseminated by the Company.

VIII. Shareholding holding pattern as on March 31, 2026

Category	March 31, 2026	%	March 31, 2025	%
Promoters & Promoters group	16,38,52,309	59.11	16,38,52,309	59.11
Foreign Institutional Investors	1,64,68,019	5.94	1,33,90,560	4.83
Financial Institution	21,86,463	0.79	10,11,290	0.36
Others	9,46,88,155	35.16	9,89,40,787	35.69
Total	**27,71,94,946**	**100.00**	**27,71,94,946**	**100.00**



IX. Distribution Schedule (based on folios, not consolidated on the basis of PAN):

S. No.	Category	No of Shareholders		% of Shareholders		No. of shares		% to total equity	
		March, 2026	March, 2025	March, 2026	March, 2025	March, 2026	March, 2025	March, 2026	March, 2025
1	1-5000	3,38,414	3,88,208	99.36	99.46	4,83,88,525	5,37,00,772	17.46	19.37
2	5001- 10000	1073	1,064	0.32	0.27	77,37,096	77,88,193	2.79	2.81
3	10001- 20000	539	528	0.16	0.14	76,36,944	74,50,559	2.76	2.69
4	20001- 30000	173	172	0.05	0.04	42,67,614	42,58,226	1.54	1.54
5	30001- 40000	96	90	0.03	0.02	33,77,816	31,74,980	1.22	1.15
6	40001- 50000	53	38	0.02	0.01	23,86,267	17,53,658	0.86	0.63
7	50001- 100000	137	128	0.04	0.03	96,78,361	88,90,752	3.49	3.21
8	100001& Above	103	85	0.03	0.02	19,37,22,323	19,01,77,806	17.46	68.61
Total		**3,40,588**	**3,90,313**	**100.00**	**100.00**	**27,71,94,946**	**27,71,94,946**	**100.00**	**100.00**

X. Top ten shareholders as on March 31, 2026 (other than promoters / promoters group)

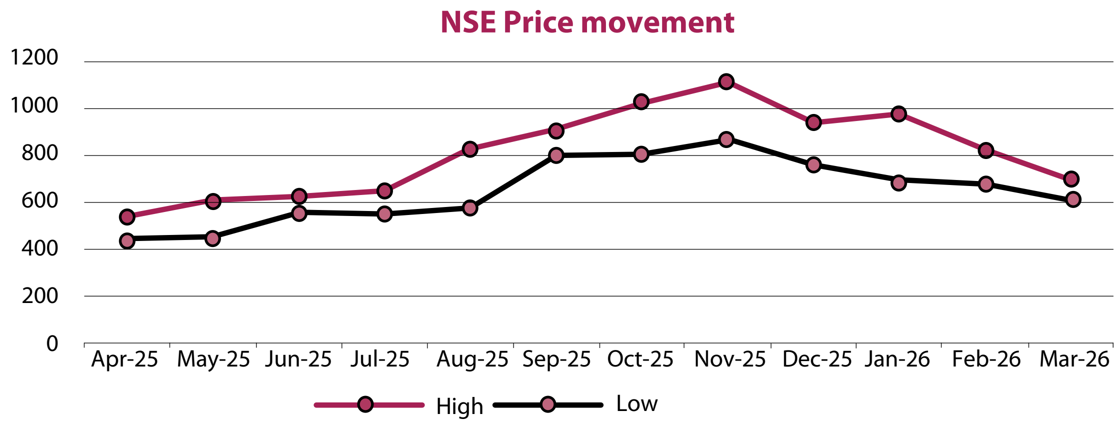
Sl. No.	Name of the shareholder - PAN based Shareholding	No. of Shares	% holding
1	Anant Jain	20,00,000	0.72
2	Vanguard Total International Stock Index Fund	16,46,263	0.59
3.	Vanguard Emerging Markets Stock Index Fund, A Seri	15,38,689	0.56
4.	Ishares Core Msci Emerging Markets Etf	13,78,545	0.50
5.	Hitesh Narsinhbhai Patel	12,33,000	0.44
6.	Government Pension Fund Global	11,59,598	0.42
7.	Investor Education And Protection Fund Authority M	9,72,210	0.35
8.	Vanguard Fiduciary Trust Company Institutional Tot	8,27,609	0.30
9.	Emerging Markets Core Equity 2 Portfolio Of Dfa In	6,81,227	0.25
10.	Yachna Bhatia	6,49,154	0.23

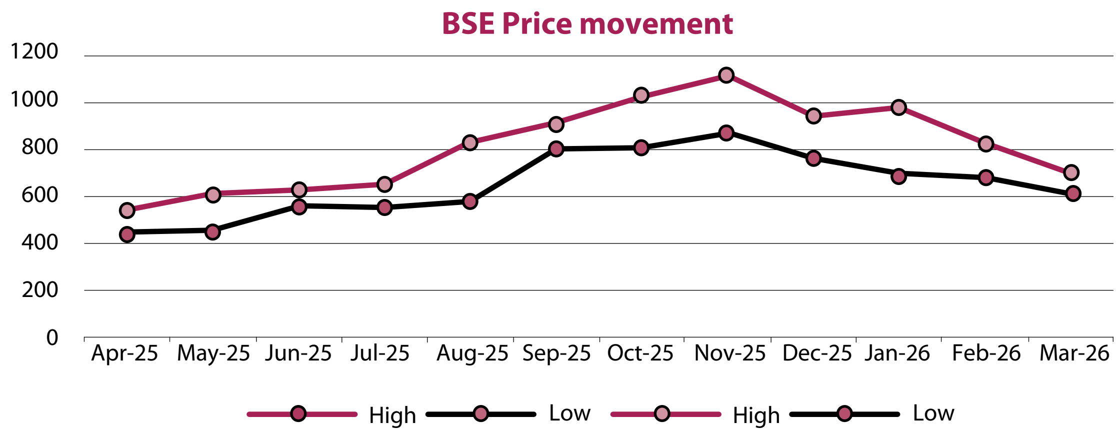
XI. Stock market data during 2025-26

a. Monthly high and low stock price and number of equity shares traded during financial year 2025-26 on NSE and BSE:

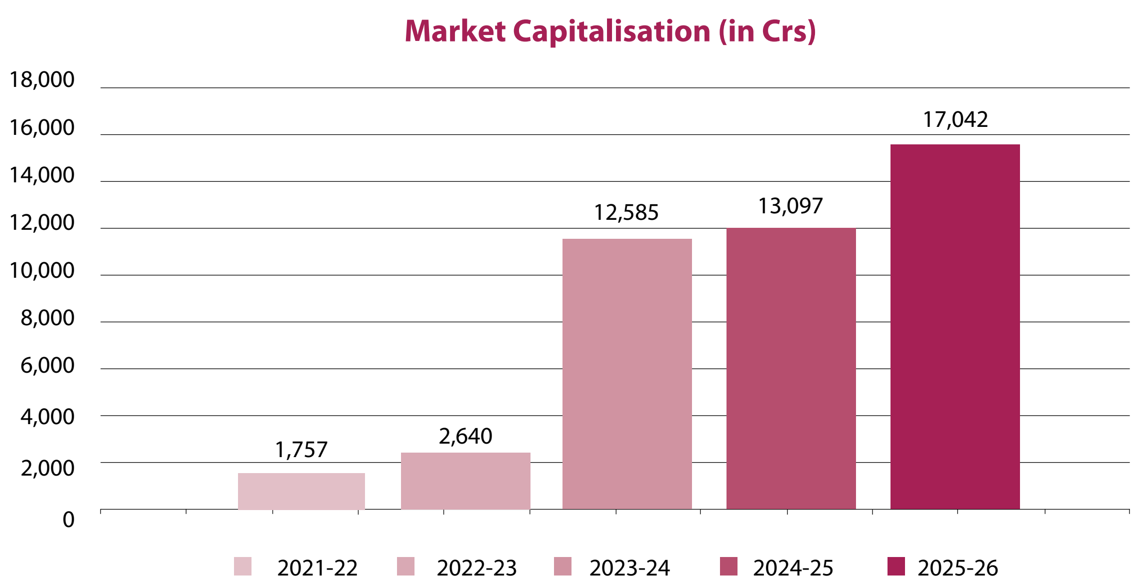
Month	National Stock Exchange			BSE Limited		
	Price		No. of shares traded	Price		No. of shares traded
	High	Low		High	Low	
Apr-25	543.80	440.10	7,01,40,457	546.25	421.15	45,31,531
May-25	604.90	452.00	5,40,69,809	604.4	452.05	43,92,926
Jun-25	627.00	558.30	2,55,71,952	626.75	558.5	17,60,324
Jul-25	649.75	551.60	4,38,56,908	649.35	551.8	27,25,917
Aug-25	835.00	581.90	11,91,73,467	834.85	576.05	84,27,032
Sep-25	914.35	805.50	3,37,60,847	915	805	23,94,821
Oct-25	1,033.65	806.00	3,83,62,098	1,032.05	806.9	23,48,771
Nov-25	1,122.00	868.30	9,76,17,216	1,121.95	868.4	86,61,127
Dec-25	948	760.1	4,93,06,721	949	760.4	37,40,954
Jan-26	984.9	692.4	5,14,51,658	984.5	692.35	40,05,497
Feb-26	829.1	680.4	3,23,56,063	828.4	682	27,56,391
Mar-26	701.85	613	2,50,81,443	701.35	603.2	24,56,088

b. Price Movement





c. Market Capitalization



XII. Payment of dividend

As per the SEBI Listing Regulations, 2015, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Where dividend payments are made through electronic mode, intimations regarding such remittance would be sent separately to the members to the registered email ID of the members. Where the dividend cannot be paid through electronic mode, the same will be paid by warrants and sent to the registered address of the member. For enabling the payment of dividend through electronic mode, members holding shares in physical form are requested to furnish, updated particulars of their bank account, to the share transfer agent of the Company.

Dividend distributed to shareholders in previous ten years

Financial Year	Sales (in Crs)	Profit after tax (in Crs)	% of profit to sales	Dividend % on paid share capital	Dividend payout (in Crs)	% of profits paid as dividend
2015-2016	1,396	8	0.57	25	6.33	79
2016-2017	1,530	36	2.35	25	6.93	19
2017-2018	1,624	30	1.85	25	6.93	23
2018-2019	1,257	25	1.99	30	8.32	33
2019-2020	1,077	24	2.23	30	8.32	35
2020-2021	909	15	1.65	35	9.70	65
2021-2022	1,221	89	7.29	40	11.09	12
2022-2023	1,350	96	7.11	45	12.47	13
2023-2024	2,209	264	11.95	50	13.86	5
2024-2025	1,946	267	14	100	27.72	10

XIII. Transfer of unpaid / unclaimed dividend amount and shares to Investor Education and Protection Fund:

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, shares in respect of the dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority except for the cases of shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

The Company during the year was not required to transfer any shares to IEPF representing unclaimed dividends for 7 consecutive years or more.

The members, who have a claim on dividends and shares already transferred to IEPF, may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

The Company strongly recommends shareholders to encash / claim their respective dividend within the period given below from the Company's Registrar and Share Transfer Agents:

AGM / Board in which declared	Financial year	Date of declaration	Rate of dividend	Total dividend declared ₹	Unclaimed dividend as on 31.03.2026 ₹	Due for transfer to IEPF
33rd	2018-19	26.09.2019	30%	8,31,58,484	7,41,313.70	02.11.2026
Interim	2019-20	18.02.2020	20%	5,54,38,989	8,61,626.20	26.03.2027
34th Final	2019-20	24.09.2020	10%	2,77,19,946	2,46,781.00	30.10.2027
35th	2020-21	25.09.2021	35%	9,70,18,231.10	11,32,820.00	31.10.2028
36th	2021-22	27.09.2022	40%	11,08,77,978.40	789342.80	31.10.2029
37th	2022-23	28.09.2023	45%	12,47,37,725.70	8,61,224.85	03.11.2030
38th	2023-24	26.09.2024	50%	13,85,97,473	14,89,375.00	01.11.2031
39th	2024-25	25.09.2025	100%	27,71,94,946	32,09,962.00	31.10.2032
Interim	2025-26	07.02.2026	200%	55,43,89,892	97,12,560.00	16.03.2033

Whilst the Company's Registrar has already written to the Members informing them about the due dates for transfer to IEPF for unclaimed dividends/interest payments, attention of the stakeholders is again drawn to this matter through the Annual Report. Investors who have not yet cashed their unclaimed/unpaid amounts are requested to correspond with the Company's Registrar and Transfer Agents, at the earliest.

XIV. Share transfer system

All transfer, transmission or transposition of securities, are conducted in accordance with the provisions of Regulation 40, Regulation 61 and Schedule VII of the SEBI Listing Regulations, read together with relevant SEBI Circulars. In terms of the SEBI Listing Regulations, securities of the Company can only be transferred in dematerialized form. Further, SEBI vide its Circular No. SEBI/HO/MIRSD_RTAMB/P/CIR/2022/8 dated January 24, 2022, mandated all the listed companies to issue securities in dematerialised form only, while processes the service request for issue of duplicate securities certificates, renewal/ exchange of securities certificate, claim from Unclaimed Suspense Account, endorsement, sub-division/ splitting of securities certificate, consolidation of folios, transmission and transposition.

In view to the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, members are advised to dematerialize the shares held by them in physical form. Members can contact the Company's Registrar and Transfer Agent (RTA), for assistance in this regards. Also, share transactions in electronic form can be effected in a much simpler and faster manner.

XV. Nomination

Individual shareholders holding shares in physical form either singly or jointly can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per the by-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.

XVI. Dematerialization of shares and liquidity:

Depository	No of Share Holders		No of shares		% of Total Issued Capital	
	March, 2026	March, 2025	March, 2026	March, 2025	March, 2026	March, 2025
CDSL	2,58,642	3,03,232	4,68,40,179	5,08,53,224	16.90	18.35
NSDL	80,247	85,320	22,83,84,213	22,42,57,158	82.39	80.90
Physical	1,699	1,761	19,70,554	20,84,564	0.71	0.75
Total	**3,40,588**	**3,90,313**	**27,71,94,946**	**27,71,94,946**	**100.00**	**100.00**

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 99.29% of the Company's equity share capital are dematerialized as on March 31, 2026. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE 292BO1021.

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.

The Company has not issued GDRs, ADRs, Warrants or Convertible Instruments etc.

XVII. Website

Appropriate information on the Company's website, regarding key policies, codes and charters, adopted by the Company:

Name of Policy, Code or Charter	Brief Description	Web Link
Board Committees	The composition of various committees of the Board	https://hbl.in/reports/CompositionofCommittees.pdf
Code of Conduct	Represents the values and core principles that guide the conduct of every HBL business. The Code lays down the ethical standards that HBL colleagues need to observe in their professional lives.	https://hbl.in/reports/code_of_conduct_directors.pdf
Whistleblower Policy (Vigil Mechanism)	The Whistleblower policy has been formulated for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct.	https://hbl.in/reports/HBL-Policies.pdf
Policy on Related Party Transactions	The Company has in place a Policy on Related Party Transactions setting out: (a) the materiality thresholds for related parties; and (b) the manner of dealing with transactions between the Company and related parties, including omnibus approvals by Audit Committee based on the provisions of the Act and Regulation 23 of the SEBI Listing Regulations.	https://hbl.in/reports/HBL-Policies.pdf
Policy for determining Material Subsidiaries	This policy is determine material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide governance framework for them.	https://hbl.in/reports/HBL-Policies.pdf
Familiarization Programme	For IDs through various programmes/ presentations	https://hbl.in/reports/Familiarization-Programmefor-IndependentDirectors.pdf
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to bring about a positive impact on society through programmes focusing on Health, Education, Employability and Environment interventions for relevant target groups, ensuring diversity and giving preference to needy and deserving communities inhabiting urban India.	https://hbl.in/reports/HBL-Policies.pdf
Policy on determination of Materiality for Disclosure of Event / Information	This policy pursuant to the Regulation 30 of the SEBI Listing Regulations applies to disclosures of material events affecting the Company and its subsidiaries. This policy is in addition to the Company's corporate policy.	https://hbl.in/reports/HBL-Policies.pdf
Dividend Distribution Policy	This policy pursuant to the Regulation 43A of the SEBI Listing Regulations outlines the financial parameters and factors that are to be considered whilst declaring dividend	https://hbl.in/reports/HBL-Policies.pdf
Policy on Prevention of Sexual Harassment at Workplace	This policy applies to all categories of employees of the Company, including permanent management and workmen, temporaries, trainees and employees on contract at their workplace or at client sites. The Company will not tolerate sexual harassment, if engaged in by clients or by suppliers or any other business associates.	https://hbl.in/reports/HBL-Policies.pdf

Name of Policy, Code or Charter	Brief Description	Web Link
Code for Prohibition of Insider Trading	Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended (hereinafter referred to as "PIT Regulations") requires inter alia every listed company and board of directors or heads of every intermediary shall ensure that the Chairman and Managing Director or the Whole Time Director to formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with these regulations and enforce a code of internal procedures and conduct based on the Model Code in accordance with the Regulations. Further, Regulation 7 of the PIT Regulations requires every promoter, member of the promoter group, key managerial personnel, directors and connected person of listed companies to disclose their shareholdings and changes to such shareholding to the respective companies.	https://hbl.in/reports/HBL-Policies.pdf
Policy for procedure of inquiry in case of leak of UPSI	Securities and Exchange Board of India ("SEBI"), vide its notification dated January 15, 2015, had issued SEBI (Prohibition of Insider Trading) Regulations, 2015 and further amended the same vide its notification dated July 17 2020, the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 ("collectively known as PIT Regulations"). As per Regulation 9A of the PIT Regulations, the Board of Directors ("Board") is required to formulate a written policy and procedure for inquiry in case of leak of Unpublished Price Sensitive Information ("UPSI") and initiate appropriate action on becoming aware of leak of UPSI and inform the Board promptly of such leaks, inquiries and results of such inquiries.	https://hbl.in/reports/HBL-Policies.pdf
Archival Policy for any Material Event / Information disclosed to the Stock Exchanges	This Policy is framed pursuant to Regulation 30 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (Listing Regulations) as amended from time to time and in force for the time being. The purpose of this Policy is to archive any of the material events or information which was disclosed by the Company to the Stock Exchanges during the previous five years in terms of Regulation 30 of the Listing Regulations and placed on Company's website.	https://hbl.in/reports/HBL-Policies.pdf

XVII. Affirmations and Disclosures

a. Related Party Transactions

In line with the requirements under Regulation 23(1) of the Listing Regulations, the Company has formulated a Policy on Related Party Transactions ("Policy") which is also available on Company's website. The objective of the Policy is to ensure proper approval, disclosure, and reporting of transactions as applicable, between the Company or its subsidiary and any of its related parties.

The Audit Committee of the Company grants omnibus approval for the Related Party Transactions (RPTs) which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length. All transactions entered into by the Company with the Related Parties as defined under the Act and Regulation 2(1)(zb) of the Listing Regulations during the financial year were on arm's length basis and were in compliance with the requirements of provisions of Section 188 of the Companies Act, 2013.

During the year under review, various transaction(s) were entered cannot be can be considered as material Related Party Transactions under Listing Regulations. Related party transactions are disclosed under significant accounting policies and notes forming part of the Financial Statements in accordance with Ind AS 24 'Related Party Disclosures'. A statement in summary form of transactions with Related Parties is periodically placed before the Audit Committee and the Board for review/ approval / noting on half yearly basis.

None of the transactions with Related Parties were in conflict with the interest of Company. All the transactions are carried out on an arm's length or fair value basis.

b. **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three Financial Years**

The Company has complied with all requirements specified under the Listing Regulations as well as other regulations, circulars and guidelines issued by the SEBI. There were no strictures or penalties imposed by either SEBI or Stock Exchanges or MCA or any other regulatory/ statutory authority for non-compliance of any matter related to the capital markets during the last three financial years.

c. **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Act, and Regulation 22 of the Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report concern about unethical behavior, actual or suspected fraud or violation of Company's code of conduct and ethics. The Whistle Blower Policy was revised by the Board at its meeting held on February 07, 2024. The mechanism provides for adequate safeguards against victimization of Directors and Employees or any other person who avail of the mechanism and also provide for direct access to the Executive Director and in the event of failure of or no redressal from the Executive Director, Chairperson of the Audit Committee in appropriate or exceptional cases.

d. **A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board/Ministry of Corporate Affairs or any such statutory authority.**

The certificate issued by CS Vinay Kumar Gade, Practicing Company Secretary is annexed herewith as a part of the Report.

e. **Where the Board had not accepted any recommendation of any committee on the Board, which is mandatorily required, in the relevant Financial Year.**

During the year under review, all recommendations made by the Committee(s) of the Board which were mandatorily required have been accepted by the Board.

f. **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

Necessary disclosure as on March 31, 2026 has been given in the Directors' Report.

g. **Compliances with Governance Framework**

The Company is in compliance with all mandatory requirements under the Listing Regulations.

h. **Disclosure by listed entity and its subsidiaries of Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount**

Details are given the Standalone and Consolidated Financial Statements.

i. **Disclosure of Compliance with Corporate Governance Requirements specified in Regulation 17 to 27 and Regulation 46(2) of the Listing Regulations**

The Company has complied with all the mandatory corporate governance requirements under the Listing Regulations. The Company confirms compliance with corporate governance requirements specified in Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of the Listing Regulations.

j. Disclosure with respect to demat suspense account/ unclaimed suspense account

As per Regulation 34(3) read with Schedule V of the Listing Regulations, the details of the shares in the Suspense Account are as follows:

Aggregate Number of Shareholders and the Outstanding Shares in the suspense account lying at the beginning of the year	Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Number of shareholders to whom shares were transferred from suspense account during the year	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares
1761 number of shareholders and 20,84,564 Equity Shares	NIL	NIL	1761number of shareholders and 20,84,564 Equity Shares	20,84,564

k. Disclosure of certain type of agreements binding on the Company

There are no agreements impacting management or control of the Company or imposing any restriction or creating any liability upon the Company.

XVIII. CMD and CFO certification

The certificate from Chairman and Managing Director and Chief Financial Officer of the Company regarding compliance as per Clause D of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 is annexed.

XIX. Compliance certificate

The Certificate on compliance with Corporate Governance by the Secretarial Auditor of the Company as required under Clause E of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 is annexed.

XX. Cautionary statement

This Annual Report contains certain statements in the Management Discussion and Analysis describing the Company's view about the industry, objectives and expectations etc. which may be classified as 'forward looking statements' within the meaning of applicable laws and regulations. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. Actual results may differ substantially or materially from those expressed or implied in the statement. The Company's operations may be affected by a number of factors such as supply and demand situation, market competition, input prices and their availability, economic developments, changes in Government regulations, tax laws and other external factors. Investors should bear the above in mind and not to place undue reliance on forward-looking statements.

For and on behalf of the Board

Place: Hyderabad
Date: August 08, 2026

Dr Aluru Jagadish Prasad
Chairman & Managing Director

DECLARATION

As provided under Clause D of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed to the compliance with Code of Conduct for the year ended March 31, 2026.

For and on behalf of the Board

Place: Hyderabad
Date: August 08, 2026

Dr Aluru Jagadish Prasad
Chairman & Managing Director

CEO AND CFO CERTIFICATION

We, Dr. Aluru Jagadish Prasad, Chairman and Managing Director and Sairam Edara, Chief Financial Officer, responsible for the financial functions certify that:

A. we have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with Ind AS existing accounting standards, applicable laws and regulations.

B. There are to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. we accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

D. we have indicated to the auditors and the Audit committee

   (1) significant changes in internal control over financial reporting during the year;

   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Dr Aluru Jagadish Prasad
Chairman and Managing Director

Sairam Edara
Chief Financial Officer

Place: Hyderabad
Date: August 08, 2026

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of
M/s HBL Engineering Limited
Hyderabad

I have examined all applicable records of M/s HBL Engineering Limited, Hyderabad for the purpose of certifying compliance of the conditions of Corporate Governance pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Regulation 34(3) of the Listing Regulations for the financial year ended March 31, 2026. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the regulations of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and representation made by the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, for the financial year ended March 31, 2026.

I my opinion, based on information and according to the explanations given to me, and representation made by the management , I hereby certify that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

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

Vinay Babu Gade
Company Secretary in Practice
MS No. A20592; CP No.20707
UDIN: A020592H001041909
PR No: 3047/2023

Place: Hyderabad
Date: August 08, 2026

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L40109TG1986PLC006745
2	Name of the Listed Entity	HBL Engineering Limited (Formerly HBL Power Systems Limited)
3	Year of incorporation	1986
4	Registered office address	No. 8-2-601, Road No.10, Banjara Hills, Hyderabad - 500034, Telangana, India.
5	Corporate address	8-2-616, Road No.11, Banjara Hills, Hyderabad - 500034
6	E-mail	contact@hbl.in; investor@hbl.in
7	Telephone	Tel - 04023355575
8	Website	https://hbl.in/
9	Financial year for which reporting is being done	FY 2025-26
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE), BSE Limited (BSE)
11	Paid-up Capital	₹27,71,94,946
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	E. Sairam, Chief Financial Officer, Email – sairam.e@hbl.in , Telephone - 04066167777
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements taken together)	The disclosures made in this report are on a standalone basis for HBL Engineering Limited (formerly HBL Power Systems Limited).
14	Name of assessment or assurance provider	Bureau Veritas (India) Private Limited (BVIPL)
15	Type of assessment or assurance obtained	Reasonable assurance

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Manufacturing - Battery	Manufacturing of Batteries for Industrial & Defense applications	41.64 %
2	Manufacturing - Electronic	Manufacturing of Electronic equipment for Railway and Industrial Applications	58.36%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of Total Turnover Contributed
1	Lead Acid Batteries	27,201	41.64 %
	Nickel cadmium Batteries		
	Defense Batteries		
2	Railway Electronics	28,294	58.36%
	TMS/TCAS (KAVACH)		

III. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	7	22	29
International	NIL		

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	Locations – 36 (19 States)
International (No. of Countries)	59

b. What is the contribution of exports as a percentage of the total turnover of the entity?

15.85%

c. A brief on types of customers

HBL Engineering Limited (formerly HBL Power Systems Limited) offers comprehensive battery and engineering solutions to diverse clients, including prominent system integrators, EPC firms, as well as entities within the railway, aviation, and defense sectors worldwide. The Company's segments include Industrial batteries, Defense and Aviation batteries, and Electronics. The Company operates its business under three primary verticals: battery, electronics and Defense. Its electronics vertical is sub-divided into Railway electronics and electric mobility. Its flagship products in this vertical are the Train Collision Avoidance System (TCAS), which addresses the issue of safety, and Train Management System (TMS).

HBL provides battery and engineering solutions and services to the world's leading system integrators, EPC's, railway, aviation and defense companies. We also enjoy long term relationships with Government customers in India including the Indian Airforce, Indian Navy and MOD labs. HBL has enjoyed a long-term strategic relationship with Indian Railways where we have gained certification to deploy safety critical systems.

HBL takes pride in serving customers in over 50+ countries with products and services tailored to meet their demanding needs. HBL utilizes the depth of our engineering capabilities to provide the most resilient, compliant products expected by customers to run their business efficiently.

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently-abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
EMPLOYEES						
1.	Permanent (D)	2455	2263	92.18%	192	7.82%
2.	Other than Permanent (E)	No Non-Permanent Employees are employed by the Company				
3.	**Total employees (D + E)**	**2455**	**2263**	**92.18%**	**192**	**7.82%**
WORKERS						
4.	Permanent (F)	No Permanent Workers are employed by the Company				
5.	Other than Permanent (G)	5277	4134	78.34%	1143	21.66%
6.	**Total workers (F + G)**	**5277**	**4134**	**78.34%**	**1143**	**21.66%**

b. Differently-abled employees and workers:

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	9	7	77.78%	2	22.22%
2.	Other than Permanent (E)	No Non-Permanent Employees are employed by the Company				
3.	**Total differently abled employees (D+E)**	**9**	**7**	**77.78%**	**2**	**22.22%**
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	No Permanent Workers are employed by the Company				
5.	Other than permanent (G)	32	24	75%	8	25%
6.	**Total differently abled workers (F+G)**	**32**	**24**	**75%**	**8**	**25%**

21. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	8	4	50%
Key Management Personnel	2	-	-

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2025-26 (Turnover rate)			FY 2024-25 (Turnover rate)			FY 2023-24 (Turnover rate)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	16.10%	11.40%	15.8%	12.93%	15.22%	13.08%	13.41%	24.64%	14.07%
Permanent Workers	Not Applicable								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding/subsidiary / associate companies/ joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	HBL America Inc, USA	A wholly owned Company	100%	No
2	HBL Germany, GmbH	A wholly owned Company	100%	No
3	Torquedrive Technologies Private Limited	A wholly owned Company	100%	No
4	TTL Electric Fuel Private Limited	A subsidiary company	60%	No
5	Naval Systems and Technologies Private Limited	Associate Company and Kavita Prasad Aluru and Mr. MSS Srinath are Directors. HBL holds 41% shares in the Company.	41%	No
6	Tonbo Imaging India Private Limited	Associate Company	14.25%	No

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

    (ii) Turnover – ₹3,251.80 Cr.

    (iii) Net worth – ₹2,172.36 Cr.

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2025-26			FY 2024-25		
		Number of complaints filed during the year	Number of complaints resolved during the year	Remarks	Number of complaints filed during the year	Number of complaints resolved during the year	Remarks
Communities	Yes https://hbl.in/reports/HBL-Policies.pdf	NIL	NIL		NIL	NIL	
Investors (other than shareholders)	Yes https://hbl.in/reports/HBL-Policies.pdf	NIL	NIL		NIL	NIL	
Shareholders	Yes https://hbl.in/reports/HBL-Policies.pdf	5	5		NIL	NIL	
Employees and workers	Yes (Internal policy)	NIL	NIL		NIL	NIL	
Customers	Yes https://hbl.in/reports/HBL-Policies.pdf	0	5	5 out of 7 previous year complaints have been resolved this year; 2 Pending	7*	0	
Value Chain Partners	Yes (Internal Policy)	NIL	NIL		NIL	NIL	
Other (please specify)	-	NIL	NIL		NIL	NIL	

*Customer complaints lodged with State Consumer forums

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issues identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy Management	Risk and Opportunity	**Risk:** Purchased electricity constitutes a major share of the energy sources used in the industry and accounts for a significant proportion of the total cost of materials and value added. It also contributes to indirect greenhouse gas (GHG) emissions. **Opportunity:** Effective energy management enables HBL to optimize resource utilization, reduce costs, and minimize environmental impact. By investing in renewable energy technologies and energy-efficient measures, HBL can enhance sustainability performance and promote innovation.	HBL aims to strategically mitigate climate change-related risks and leverage associated opportunities by implementing sustainable practices and reducing greenhouse gas emissions through the following measures: 1. Energy conservation through installation of energy-efficient technologies, machinery, equipment, and DG sets a cross manufacturing facilities. 2. Renewable energy generation and utilization through solar and biomass-based energy sources. 3. Emission and fume control through installation of pollution control equipment, including wet scrubbers. 4. Resource efficiency and energy savings through the commissioning of Energy Efficient DG sets. 5. Solar Panel Installations - 500 kVA rooftop Solar power plan (Vizag); Installation of 1.2 MW and 1.0 MW Solar power plants (Nandigaon). 5. Strengthening environmental and energy management through periodic ISO 14001:2015 audits and the planned adoption of ISO 50001:2018.	Positive/ Negative

S. No.	Material issues identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Water Management	Opportunity	**Opportunity:** HBL reduces its reliance on freshwater through water conservation strategies, including recycling and reuse of treated wastewater in utilities and minimizing discharge through the Zero Liquid Discharge (ZLD) mechanism.	1. The implementation of ZLD systems helps eliminate wastewater discharge, conserve water resources, and reduce environmental impact, thereby strengthening the Company's sustainability initiatives. 2. Commissioning of an 80 KLD energy-efficient Multiple Effect Evaporator (MEE) at the Effluent Treatment Plant Shamirpet to support Zero Liquid Discharge (ZLD) and water recycling.	Positive
3	Waste management	Risk and Opportunity	**Risk:** 1. Lower recovery rates of battery materials may increase the environmental impact of fuel cells and batteries. 2. Batteries and fuel cells contain potentially hazardous materials that must be disposed of appropriately, as improper disposal may pose risks to human health and the environment. **Opportunity:** Recycling and reusing waste to create products with added value increases revenue and lowers waste disposal expenses and increases the circular economy	1. Integration of innovation in manufacturing to enable effective design for disassembly, reuse, or recycling. 2. HBL is certified by CPCB for Extended Producer Responsibility (EPR). 3. HBL engaged authorized third-party recycler for effective disposal of hazardous waste.	Positive/ Negative

S. No.	Material issues identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Occupational Health & Safety	Risk	1. Potential risks associated with physical hazards, including machinery-related accidents and electrical shocks, as well as chemical hazards arising from the handling of solvents, lubricants, and battery chemicals. 2. Non-adherence to safety standards may result in legal consequences.	1. Strict adherence to safety standards such as ISO 14001:2015 and ISO 45001:2018. 2. Comprehensive employee training on hazards, safe practices, emergency procedures, and PPE use. 3. Clear safety policies communicated to all staff and contractors. 4. Tested emergency response plans for fires, spills, and medical incidents. 5. Regular audits to ensure safety compliance and address improvements promptly.	Negative
5	Diversity, Equality & Inclusion	Opportunity	Embracing diversity, inclusion, and equal opportunities enhances the Company's performance by leveraging diverse knowledge, perspectives, and ideas. This fosters innovation, strengthens talent attraction, improves retention, and supports adherence to legal and ethical compliance requirements in the workplace.	1. Promote equal opportunity, diversity, and non-discrimination across hiring, training, career development, and workplace practices. 2. Foster an inclusive work environment through employee engagement, awareness programs, and fair HR policies that support diversity and belonging.	Positive
6	Community engagement	Opportunity	Investing in community development programs provides an opportunity to create shared value for both the Company and the communities in which it operates. By aligning CSR programs with community needs, the Company can proactively manage risks by addressing community concerns in a timely manner. This approach also fosters long-term, mutually beneficial relationships and enhances the Company's social standing.	1. Undertake CSR initiatives focused on education, healthcare, nutrition, and community welfare to create sustainable social impact. 2. Partner with NGOs and local stakeholders to implement community development programs and address local needs effectively. 3. Promote environmental stewardship through afforestation, green cover development, and other community-focused sustainability initiatives.	Positive

S. No.	Material issues identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Data privacy and cyber security	Risk	**Risk:** HBL recognizes that, as it primarily deals with government clients, any data privacy or cybersecurity breach or leakage could result in significant reputational, legal, and financial risks.	1. All privileged system access are reviewed periodically and Data Leakage Prevention (DLP) system are implemented at all critical equipment and touch points 2. Restricted data access control & VPN access for work from home activities have been strictly implemented	Negative
8	Product safety and quality	Risk	**Risk:** As an approved supplier to both Indian Defense and Railways, the Company's products are required to comply with stringent quality protocols prescribed by its customers.	1. The Company is investing in critical and high-cost testing equipment to ensure compliance with international testing standards and meet the stringent quality requirements of its clients. 2. The Company maintains state-of-the art quality infrastructure and also utilizes third party partner agencies to test its products	Negative
9	Compliance	Risk	**Risk:** Being compliant with the laws of the land is vital for us, to ensure that we adhere to laws and regulations, avoiding from legal penalties and reputational damage	The Company has established appropriate systems to ensure compliance with applicable human rights, environmental, and safety laws and regulations.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	Policies are available on our intranet and publicly : https://hbl.in/reports/HBL-Policies.pdf (ESG Policy)								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g.SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	Y[*]	Y[#]	Y[$]	Y	Y	Y	Y	Y[&]	Y

5.	Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company is currently in the process of establishing goals and commitments based on the material issues identified through its assessment process.
6.	Performance of the entity against specific commitments, goals and targets along-with reasons in case the same are not met.	

The Company has obtained certifications under national and international codes/ certifications/ labels/standards.

*. HBL Code of conduct

#. Quality systems –

- Shamirpet campus is NABL accredited laboratory in India (as per ISO 17025) with the facility and capability of testing all the applicable tests of IEC 60623: 2017, IEC 62259: 2003, IEC 60896:2004 and IEC 61427:2013, IATF 16949:2016.
- ISO 9001-2015, ISO14001-2015, ISO 45001-2018, and ISO 22163-2017 – IRIS- Rev 3 (Railway business) and AS 9100D (Aviation, Space and Defense Organizations).
- HBL's Kavach (Train Collision Avoidance System-TCAS) is certified for SIL4 by ItalCertifer, a European safety assessment agency, empaneled by RDSO in India.
- HBLs Train Management System (TMS) is certified for SIL2 by BVIPL Spain.

$. ISO 45001:2018 (Environment Management System Certification), CPCB certificate No. 452686543742529144.

&. ISO 27001 certification is in progress.

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

   At HBL, sustainability is integral to our business strategy and long-term value creation. As we navigate evolving Environmental, Social, and Governance (ESG) challenges, we remain committed to responsible growth, operational excellence, and creating a positive impact for all stakeholders.

   The Company continues to strengthen its ESG framework through the oversight of its ESG Committee, which guides sustainability priorities and monitors progress. During the year, we focused on improving energy efficiency through the adoption of energy-efficient technologies and equipment, expanding renewable energy generation through solar and biomass sources, enhancing emission control systems, and promoting resource conservation through initiatives such as Zero Liquid Discharge (ZLD) and effluent recycling. As part of these efforts, the Company invested INR 2.33 crore in the installation of a solar power system and a 600 KVA DG set at its Vizag facility, and INR 6.7 crore in the installation of 1.2 MW and 1.0 MW solar power plants at its Nandigaon facility during FY 2025–26.

   We are equally committed to supporting the communities in which we operate through CSR initiatives focused on education, healthcare, nutrition, environmental sustainability, and community development. In addition, we strive to foster a diverse, equitable, and inclusive workplace that provides equal opportunities and supports employee well-being and growth.

   While challenges such as climate change, resource efficiency, and changing stakeholder expectations continue to evolve, we remain focused on reducing our environmental footprint, strengthening stakeholder engagement, and embedding sustainable practices across our operations and value chain. We are encouraged by the progress made so far and remain committed to building a resilient, sustainable, and responsible future for generations to come.

8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	E. Sairam, Chief Financial Officer, Email – sairam.e@hbl.in , Telephone - 04066167777
9.	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	The CFO and the ESG Committee, oversees the decision making on sustainability related issues.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	The ESG Committee conducts an annual review of the Company's policies to assess their effectiveness and implementation. As part of this evaluation process, the Committee reviews the successful execution of the policies and adopts any necessary changes to policies and procedures to ensure their continued relevance and effectiveness.									Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company has remained compliant with all applicable statutory requirements, and no instances of non-compliance with the National Guidelines on Responsible Business Conduct (NGRBCs) have been identified.									Annually								

11.

Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
Yes. The Policies on Quality, Safety, Health, and Environment are regularly reviewed through internal and external audits conducted as part of the ISO certification process, as well as through ongoing periodic assessments. Other Company policies are periodically evaluated for their effectiveness through the Internal Audit mechanism, ensuring their continued relevance and efficacy.									

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	Not applicable as all principles are covered by respective policies.								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by awareness programmes
Board of Directors	1	Regulatory Compliance	100%
Key Managerial Personnel	1	Statutory Compliance	100%
Employees other than BoD and KMPs	82	TCAS - 2 Modules, TMS-2 modules, EDT, Health Awareness, First Aid, Well Being Tax Saving Awareness, POSH and Cyber Crime Awareness	36%
Workers	116	TCAS - 2 Modules, TMS-2 modules, Health Awareness, Wellbeing, POSH and Cyber Crime Awareness	22%

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format.

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory/ Enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	NIL				
Settlement					
Compounding fee					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ Enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NIL			
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

   HBL remains steadfast in its commitment to integrity and ethical conduct across all aspects of its operations. The Company's Anti-Corruption and Anti-Bribery Policy establishes robust measures to prevent and address all forms of corruption and bribery and applies to employees, subsidiaries, joint ventures, and associates, irrespective of their role or location. HBL expects every individual within the organization to uphold the highest standards of honesty and ethical behavior in the discharge of their professional responsibilities. All facilities operate in strict compliance with applicable anti-corruption and anti-bribery laws and regulations.

   Before entering into any business relationship, HBL ensures that agents, suppliers, contractors, and business partners are made aware of its zero-tolerance approach towards bribery and corruption. This unwavering commitment to ethical business practices forms a fundamental pillar of the Company's operations and governance framework.

   Anti-Corruption and Anti-Bribery Policy: HBL Policies.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2025-26	FY 2024-25
Directors	NIL	
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2025-26		FY 2024-25	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL			
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL			

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

   None

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY 2025-26	FY 2024-25
Number of days accounts payables	42	44

9. Open-ness of business Provide details of concentration of purchases and sales with trading houses, dealers and related parties along-with loans and advances & investments, with related parties in the following format:

Parameter	Metrics	FY 2025-26	FY 2024-25
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	NA	NA
	b. Number of trading houses where purchases are made from	NA	NA
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	NA	NA

Parameter	Metrics	FY 2025-26	FY 2024-25
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	1.45%	6.1%
	b. Number of dealers / distributors to whom sales are made	70	94
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	56%	59%
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	0.18%	0.005%
	b. Sales (Sales to related parties / Total Sales)	3.06%	5.40%
	c. Loans & advances (Loans & advances given to related parties/Total loans & advances)	9.72%	3.54%
	d. Investments (Investments in related parties / Total Investments made)	41.68%	50.76%

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
HBL conducts monthly and quarterly awareness programs, engaging over 2,000 vendors (around 25% of its Suppliers). These sessions focus on key topics such as legal compliance, health and safety, human rights, and ethical business practices, helping strengthen responsible conduct across the Suppliers.		

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

   Yes, the Company has established processes to identify, manage, and avoid conflicts of interest involving Board members. The Board of Directors has adopted a Code of Conduct applicable to Directors and senior management, which requires adherence to principles of care, loyalty, good faith, and the avoidance of conflicts of interest. Under the Code, Directors and senior management are required to abstain from participating in discussions, voting, or decision-making on matters in which they have, or may potentially have, a conflict of interest, thereby ensuring transparency, accountability, and sound corporate governance practices.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

S. No.		Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
1	R&D	-	-	-
2	Capex	7.78%	1.26%	The Company reviews its current processes regularly and makes process improvements in areas like energy efficiency. Key Capex investments during FY 2025-26 are listed below: During FY 2025–26, the Company invested INR 2.33 crore in the installation of a solar power system and a 600 KVA DG set at its Vizag facility, and INR 6.7 crore in the installation of 1.2 MW and 1.0 MW solar power plants at its Nandigaon facility as part of its capital expenditure.

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

   Yes, the entity has established procedures for sustainable sourcing.

   b. If yes, what percentage of inputs were sourced sustainably?

   Yes, the Company has established a supplier sustainability process to guide vendor selection. This process incorporates a range of principles and requirements, including safety, health, environmental policies, legal compliance, and adherence to ISO certification standards. Through the implementation of this process, approximately 20% of the Company's inputs were sourced sustainably, reflecting its commitment to responsible and sustainable procurement practices.

3. Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

(a) Plastics (including packaging)

1. Plastic Waste Management:

- **Internal Scrap:** Plastic waste generated during manufacturing processes is classified and collected.
- **Customer Returns:** Plastic materials, such as those from used or expired batteries returned by customers under a buyback policy, are also collected.
- **Reprocessing:** This plastic waste is reprocessed according to standard operating procedures (SOPs) and used as raw material for manufacturing new plastic containers.
- **Non-reusable Plastics:** Any plastic waste that cannot be reused is washed and disposed of through authorized dealers.

(b) E-waste

1. **Safe Disposal:** All electronic waste generated is systematically handed over to certified vendors. These vendors are responsible for ensuring the e-waste is disposed of safely and in compliance with environmental regulations.

(c) Hazardous Waste

1. **Categorization and Disposal:** Hazardous waste is meticulously categorized following regulatory guidelines and dispatched to authorized recyclers approved by the Pollution Control Board (PCB).
2. **Recycling Facility:** HBL operates an internal recycling facility, sanctioned by the PCB, which focuses on recycling Nickel Cadmium, Lead Acid, and Silver Zinc batteries.

(d) Other Waste

1. Non-hazardous Waste:

- This category includes materials such as paper, food waste, packaging materials, and wooden waste.
- These materials are disposed of through recycling channels, and some are repurposed for alternative uses, such as cattle feeding.

Additional Processes for Specific Materials:

1. Batteries:

- There is a procedure in place to reclaim life-expired batteries from customer sites, ensuring safe disposal in accordance with relevant laws and policies.
- **Recycling:** All batteries are bought back and recycled at the HBL plant.
- **Electrolyte Recycling:** KOH (electrolyte) is recycled at the HBL chemical plant.

2. Metal and Other Materials:

- **MS Scrap:** Disposed through authorized dealers.
- **Nickel & Cadmium Recycling:** Nickel and Cadmium hydroxide are recycled back into nickel and cadmium.
- **Graphite Sludge:** Sent to authorized recyclers.

These processes demonstrate a comprehensive approach to managing various types of waste, emphasizing recycling and compliance with regulatory standards to minimize environmental impact.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) is applicable to the Company from FY 2023–24, and its waste collection plan has been developed in alignment with the applicable Extended Producer Responsibility regulations since. This ensures compliance with the relevant regulatory requirements and supports the Company's commitment to responsible waste management practices.

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
Lead Acid Batteries	21.12%	Cradle to Gate	Yes	No
Nickel Cadmium Pocket Plate Battery	20.53%	Cradle to Gate (Rated capacity)	Yes	No

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
Nickel Cadmium Pocket Plate Batteries	Cadmium hydroxide exposure leads to severe health issues.	Continual disposal of Cadmium Hydroxide in a safe manner through authorized agency

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2025-26	FY 2024-25
Lead (SMB)	6.06%	1.32%
Cadmium Hydroxide	0	0
Nickel Hydroxide	0	0.25%
Silver	0*	0
Recycled Lead	5.46%	2.24%
Recycled Plastic	5.27%	0.84%

*Silver – Life-expired batteries received from government organizations are not considered for the FY

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2025-26			FY 2024-25		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	37.40	61.61	2.26	-	52
E-waste	-	-	-	-	-	1.55
Hazardous waste	-	73.68	113.6	-	73.65	419
Other waste	72.6	-	60.9	98	65.73	94.87

End of lifecycle products are being directly disposed of to authorized recyclers

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
Plastic	NA*
Hazardous	
KoH (Electrolyte)	
Others	

*End of lifecycle products are being directly disposed of the authorized recyclers

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent employees											
Male	2263	2263	100%	2263	100%	NA	NA	NA		NA	
Female	192	192	100%	192	100%	192	100%				
Total	2455	2455	100%	2455	100%	192	100%				
Other than Permanent employees											
Male	Not Applicable										
Female											
Total											

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number E	% (E/A)	Number F	% (F/A)
	Permanent workers										
Male	Not Applicable as we do not have Permanent workers										
Female											
Total											
	Other than Permanent workers										
Male	All are covered under Employee State Insurance Act (ESI), Further benefits depend on the policies of the contractor										
Female											
Total											

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

	FY 2025-26	FY 2024-25
Cost incurred on wellbeing measures as a % of total revenue of the company	0.46%	0.70%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2025-26			FY 2024-25		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	-	Y	100%	-	Y
Gratuity	100%	-	NA	100%	-	NA
ESI	-	100%	Y	-	100%	Y
Others – please specify	-	-	NA	-	-	NA

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company is committed to providing an inclusive and accessible workplace for all employees. In line with the Rights of Persons with Disabilities Act, 2016, its facilities are equipped with accessibility features such as ramps, lifts, and handrails to support the mobility and safety of differently abled employees. These measures help ensure a barrier-free work environment and promote equal access, inclusion, and participation across all locations.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes. HBL is committed to providing equal employment opportunities and fostering an inclusive workplace in accordance with the Rights of Persons with Disabilities Act, 2016. The Company promotes a culture of fairness, respect, and non-discrimination, ensuring that employment-related decisions are based on merit, qualifications, performance, and business requirements.

HBL's Equal Opportunity Policy prohibits discrimination on the basis of age, colour, disability, marital status, nationality, race, religion, sex, sexual orientation, or any other protected characteristic. Through its inclusive workplace practices, the Company seeks to create an environment where all employees can contribute, grow, and realize their full potential.

The Equal Opportunity Policy is at HBL Policies.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	89%	100%	Not Applicable- No Permanent Workers are employed by the Company	
Female				
Total				

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Employees Other than Permanent Employees Permanent Workers Other than Permanent Workers	The Company has established a Grievance Redressal Policy that provides employees and workers with a structured mechanism to raise workplace-related concerns and seek fair resolution. The policy covers grievances arising from the actions, behavior, or decisions of supervisors, co-workers, or management and ensures that all concerns are addressed in a timely, transparent, and impartial manner by the designated Grievance Committee. Employees are encouraged to initially resolve concerns through discussions with their immediate supervisors. Where issues remain unresolved, employees may formally submit their grievances through the prescribed process under the policy, enabling an independent and fair review and resolution in accordance with the Company's policies and procedures. The Procedure for Informal Grievance Redressal Policy is available at - https://hbl.in/reports/HBL-Policies.pdf

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2025-26			FY 2024-25		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	No such associations/unions are recognized.					
Male						
Female						
Total Permanent Workers						
Male						
Female						

8. Details of training given to employees and workers:

Category	FY 2025-26					FY 2024-25				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	2263	1850	82%	1849	82%	1,989	1593	80%	1598	80%
Female	192	146	76%	146	76%	163	102	63%	139	85%
Total	2455	1996	81%	1995	81%	2152	1695	79%	1737	81%
Workers										
Male	4134	3255	79%	3255	79%	4164	3489	84%	3489	84%
Female	1143	880	77%	880	77%	996	812	82%	812	82%
Total	5277	4135	78%	4135	78%	5160	4301	83%	4301	83%

9. Details of performance and career development reviews of employees and worker:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	2263	1502	66%	1989	1480	74%
Female	192	131	68%	163	101	62%
Total	2455	1633	67%	2152	1581	73%
Workers						
Male	NA*					
Female						
Total						

*Not under the purview of the company

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

The Company has implemented the ISO 45001:2018 Occupational Health and Safety Management System (OHSMS) across its operations, covering all employees and workers across divisions. This reflects the Company's commitment to providing a safe and healthy workplace and reinforces the importance of occupational health and safety within its sustainability framework and employee well-being initiatives.

To strengthen workplace safety, the Company has established and implemented a range of safety management practices and controls, including:

1. Hazard Identification, Risk Assessment, and Risk Control (HIRARC)
2. Emergency Plans and Mock Drills
3. Fire Fighting Measures
4. Safety Induction Training
5. Safety Committee Meetings
6. Safety Audits
7. Work Permit Systems
8. Adherence to Material Safety Data Sheets (MSDS) for Chemical Handling
9. Health Check-ups for Employees Working in Hazardous Areas
10. Incident Reporting and Investigation
11. First Aid Training

These measures have enhanced the Company's ability to address regulatory compliance requirements, reduce incident-related costs, and minimize operational disruptions and downtime. The systematic approach to occupational health and safety has contributed to improved risk management and operational efficiency.

Furthermore, certification to the ISO 45001:2018 standard demonstrates compliance with internationally recognized health and safety practices, strengthening stakeholder confidence and reinforcing the Company's commitment to maintaining high standards of employee health, safety, and social responsibility.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

HBL identifies work-related hazards and assesses risks through a structured Hazard Identification, Risk Assessment and Risk Control (HIRARC) process that is applied to both routine and non-routine activities. HBL has developed, documented, implemented, and maintained a HIRARC methodology that is aligned with its operational scope, nature, and size, ensuring a systematic approach to hazard identification and risk management.

All facilities operate with defined Standard Operating Procedures (SOPs) and operational controls to manage workplace risks. Non-routine activities are carried out through a permit-to-work system, where hazards are identified, risks are evaluated, and appropriate control measures are implemented before work begins. Emergency response plans are regularly tested through mock drills, and employees receive continuous safety training to strengthen hazard awareness and emergency preparedness.

The HIRARC methodology follows a numerical evaluation approach in line with ISO 45001 requirements. Hazards are assessed based on factors such as likelihood of occurrence, severity of consequence, and the number of persons likely to be affected. Risks are then assigned a Risk Rating (RR) and categorized as High, Medium, or Low to facilitate prioritization of mitigation measures. Risks related to Legal and Other Requirements (LOR) are also evaluated as part of the assessment process.

HIRARC assessments are conducted biannually as per the approved plan and additionally whenever new routine or non-routine activities arise. The designated HIRARC team is responsible for conducting these assessments, documenting the results in the prescribed format, and ensuring timely implementation of corrective and preventive actions to effectively manage workplace risks and enhance occupational health and safety performance.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, The Company has established formal processes that enable workers to report work-related hazards and remove themselves from situations that may pose a risk to their health and safety. Hazard identification is carried out by a dedicated HIRARC team comprising the Functional Area In-charge, Shift Engineer/Supervisor, and workers (minimum three members) who possess appropriate knowledge of the work activity and competence in hazard identification methodologies. Hazard-specific checklists for work areas, processes, and equipment are also used to support the identification of workplace risks.

Employees are required to report all hazards, near misses, and incidents to their Immediate Supervisor. In the absence of the Supervisor, reports may be escalated to the Manager, Safety Officer, or Security team. All incidents are documented through an Incident Report and Investigation Form, which is reviewed and signed by the employee and manager concerned. Where an employee witnesses an incident, Security is informed immediately through the designated emergency or non-emergency communication channels.

The Company has also established procedures to communicate identified hazards to workers and encourage them to remove themselves from unsafe conditions through the implementation of appropriate risk mitigation action plans. Corrective actions are initiated promptly based on hazards, incidents, and near-miss reports, and their effectiveness is periodically reviewed to ensure risks are adequately controlled. Furthermore, all incidents, near misses, and corrective actions are reviewed during Safety Committee meetings to support continuous improvement in occupational health and safety performance.

d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes. The Company is committed to promoting the overall health and well-being of its employees by providing access to a range of non-occupational medical and healthcare services. Employees are covered under comprehensive medical insurance and personal accident insurance schemes, with benefits extending to their immediate family members. Coverage is also provided for dependent parents, offering financial support during medical emergencies and serious illnesses.

In addition, the Company facilitates periodic health check-ups, wellness initiatives, and access to nutritious and subsidized food facilities to support the physical and mental well-being of its workforce. These measures reflect the Company's commitment to fostering a healthy, supportive, and inclusive work environment for all employees.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category*	FY 2025-26	FY 2024-25
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.29	NIL
	Workers	0.31	1.22
Total recordable work-related injuries	Employees	1	3
	Workers	21	19
No. of fatalities	Employees	0	NIL
	Workers	0	NIL
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	NIL
	Workers	0	NIL

*Including the contract workforce

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

HBL recognizes its employees as its most valuable asset and is committed to providing a safe, healthy, and secure work environment across its operations. The Company has implemented comprehensive occupational health and safety measures to protect employees and workers, promote well-being, and ensure compliance with applicable statutory and regulatory requirements.

Key measures undertaken to ensure a safe and healthy workplace include:

- **Occupational Health and Safety Management System (ISO 45001:2018):** HBL has implemented an Occupational Health and Safety Management System supported by clearly defined policies, procedures, and controls to manage workplace health and safety risks effectively.
- **Hazard Identification and Risk Management:** The Company follows a structured Hazard Identification, Risk Assessment, and Risk Control (HIRARC) process to identify workplace hazards, evaluate risks, and implement appropriate control measures. Regular safety audits, inspections, and risk assessments are conducted to strengthen workplace safety.
- **Safe Operating Practices:** Comprehensive safety protocols are implemented, including adherence to Material Safety Data Sheets (MSDS) for chemical handling, Lock Out Tag Out (LOTO) procedures, permit-to-work systems, emergency preparedness plans, and fire safety measures.
- **Training and Awareness:** Employees receive safety induction training at the time of joining, along with periodic refresher programs, toolbox talks, mock drills, and emergency response training. Specialized training is also provided on topics such as hazardous material handling, confined space entry, and other job-specific safety requirements.
- **Emergency Preparedness and Response:** Emergency response plans are established and regularly tested through mock drills to ensure preparedness and effective management of emergency situations. First aid facilities and trained personnel are available across operations.
- **Occupational Health and Well-being:** The Company conducts periodic health check-ups, particularly for employees working in hazardous areas, and promotes preventive healthcare initiatives to support employee well-being.
- **Safety Governance and Employee Participation:** A dedicated Safety Committee works closely with management to address health, safety, and environmental matters, review safety performance, promote awareness, and drive continuous improvement in workplace safety culture.

Through these measures, HBL strives to prevent workplace injuries and illnesses, ensure regulatory compliance, enhance operational safety, and foster a culture of health, safety, and continuous improvement across the organization.

13. Number of Complaints on the following made by employees and workers:

	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	NIL					
Health & Safety						

14. Assessment of the Year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% of our plants are assessed by Statutory bodies, external customer audits, certification agencies and regulatory authorities. Major plants are compliant to ISO standards.
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Corrective actions were undertaken through Operational Control Procedures and Guidelines to address significant risks and concerns identified during health and safety assessments. Based on non-conformities raised by the assessment body, the following actions were implemented:

- **Hazard Identification and Risk Assessment (HIRA):** A detailed HIRA was conducted for newly introduced air-cleaning activities and glovebox installation in the MCD Workshop to identify potential hazards and implement appropriate risk control measures before commencement of operations.
- **Driver Health Assessment:** Vision tests were conducted for bus drivers above 45 years of age to ensure fitness for duty, enhance road safety, and reduce transportation-related risks.
- **Air Quality and Exposure Control:** Fume flow meters were installed, and the effectiveness of the fume extraction system was assessed to ensure adequate ventilation, improve air quality, and minimize employee exposure to workplace contaminants.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

No, However, it provides medical and personal accident insurance coverage to employees and workers. In addition, eligible workers are covered under the Employees' State Insurance (ESI) Scheme in accordance with applicable statutory requirements, ensuring access to medical and social security benefits.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company is committed to ensuring compliance with all applicable statutory requirements across its value chain. The obligation to comply with labour laws, tax regulations, social security contributions, and other statutory dues is clearly outlined in the HBL Supplier Code of Conduct, which serves as a guiding framework for all value chain partners. Compliance with these requirements is mandatory for suppliers and contractors, reflecting the Company's commitment to ethical business practices, transparency, and accountability. Compliance status is reviewed on a periodic basis, including monthly monitoring wherever applicable, to ensure timely deduction and deposit of statutory dues by value chain partners.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Employees	NIL			
Workers	NIL			

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

   Yes**,** HBL provides transition assistance to employees during retirement or separation from employment. Employees are provided with applicable statutory and contractual benefits in accordance with Company policies and legal requirements, ensuring a fair and respectful transition while supporting their future well-being and employability.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Currently, HBL does not have a formal mechanism to assess the environmental impacts of its value chain partners. However, the HBL Supplier Code of Conduct requires all suppliers and value chain partners to comply with applicable environmental, social, and regulatory requirements. Through this framework, the Company promotes responsible business practices and encourages alignment with its sustainability and ESG objectives across the value chain.
Working Conditions	

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

   The Company collaborates with a diverse network of partners and suppliers to ensure the consistent delivery of high-quality products and services to its customers. Through rigorous audits and the review of corrective actions, the Company maintains compliance with all applicable standards and requirements. Based on the assessment of the above-mentioned parameters, no corrective action plan was required.

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

   The Company identifies key stakeholder groups based on their influence on its operations, strategic decision-making, and long-term success, as well as the extent to which they are impacted by the Company's activities, products, and services.

   Key stakeholder groups include:

   - **Employees**: Contribute to operational excellence, innovation, productivity, and business growth.
   - **Investors/Shareholders**: Provide capital and support the Company's long-term growth and strategic objectives.
   - **Customers**: Influence product development, service quality, and overall business performance through their evolving needs and expectations.
   - **Suppliers, Contractors, and Service Providers**: Support operational continuity, quality, efficiency, and responsible supply chain management.
   - **Business Partners**: Collaborate with the Company to enhance capabilities, expand market reach, and create shared value.

- **Government and Regulatory Authorities**: Provide the regulatory framework and oversight necessary for lawful and responsible business operations.
- **Local Communities**: Are impacted by the Company's operations and contribute to its social licence to operate through ongoing engagement and community development initiatives.

By identifying and engaging with these stakeholder groups, HBL Engineering aims to foster effective collaboration and build mutually beneficial relationships that support long-term success and sustainability.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half Yearly/ Quarterly / Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Meetings, workshops, e-mails & reports, Intranet, online portals, employee surveys One-on-one interactions	Quarterly / As and when required	Employee engagement activities. Training, awareness H&S Programmes Performance management and grievance redressal
Investors	No	Annual report, sustainability report, press releases Corporate website Quarterly & Annual results	Annual / s need based	Company Performance Shareholder value creation, dividends and returns
Customers	No	Discussions, personal visits, publications, digital communications, plant visits. Conferences and events	Ongoing / As required	Safe/Responsible Handling of Products. Safe Disposal of used products. Update on improved and efficient products Regulatory compliance and responsible product stewardship Aftersales service
Suppliers & service providers	No	Supplier & vendor meets Workshops & trainings Supplier assessments	Periodically	Supply continuity, quality and delivery performance Compliance with Supplier Code of Conduct and applicable laws Safety requirements. Compliances with laws and regulations
Business Partners	No	Meetings, discussions with dealers, distributors, channel partners	Periodically	Business growth and market expansion opportunities.
Government and Regulatory Bodies	No	Official communication channels Regulatory audits/ inspections Environmental compliance	Regular/ As required	Regulatory compliance and statutory reporting. Obtaining licenses, approvals and permits
Communities	Yes (where applicable, including underprivileged and vulnerable sections of society)	Community Meetings, CSR Programs	As and when required	Understand community needs and expectations. Support education, healthcare, and livelihood development.

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

   HBL is committed to keeping its Board informed on Environmental, Social, and Governance (ESG) developments while actively seeking and incorporating stakeholder perspectives. Through continuous stakeholder engagement and comprehensive assessments, the company strives to effectively align its business practices with ESG principles. This strategic approach strengthens HBL's ability to create value for its stakeholders while upholding its commitments to environmental sustainability, social responsibility, and strong governance. The Board is periodically updated on stakeholder discussions and related ESG matters.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

   Yes, HBL leverages stakeholder consultations to identify and manage key environmental and social topics. The company proactively and regularly engages with its stakeholders, enabling effective collaboration in the development and implementation of its Environmental, Social, and Governance (ESG) strategies.

   By integrating stakeholder feedback, HBL periodically reviews and updates its policies, reflecting its commitment to addressing evolving sustainability priorities and expectations. This approach ensures alignment with applicable regulations while strengthening transparency and fostering stakeholder collaboration in achieving the company's ESG objectives.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

   During the year, HBL invested ₹5.67 crore in CSR initiatives, positively impacting over 12,000 beneficiaries through programs focused on education, healthcare, nutrition, rural development, and community empowerment.

   Early Childhood Development

   - Supported 181 Anganwadi Centres in FY26 (157 in FY25), benefiting over 3,250 children through early childhood education, nutrition, learning materials, and support for economically disadvantaged families.

   Nutrition

   - Partnered with the Akshaya Patra Foundation to provide nutritious mid-day meals to 5,000 government school students across Telangana and Andhra Pradesh, including 2,720 students in Mahabubnagar and 2,280 students in Visakhapatnam.

   Support for Children in Need

   - Supported NICE in promoting education for underprivileged and out-of-school children, aligned with SDG 4: Quality Education.
   - Supported Jyothi Ashram in providing care, shelter, and educational opportunities for orphaned and vulnerable children.

   Care for the Elderly

   - Supported MEANS, a home for the elderly and mentally challenged, through funding for nutritious meals, healthcare services, and recreational activities.

   Healthcare

   - Sponsored 10 cleft lip and palate surgeries under the Smile Train program.
   - Supported free cataract and eye surgeries through KVR Memorial Trust.
   - Conducted HPV vaccination drives for adolescent girls in Hyderabad and Vizianagaram.
   - Launched a district-wide Thalassemia Carrier Screening Initiative with Blood Warriors and the Medchal–Malkajgiri District Collectorate, promoting early detection, awareness, and genetic counselling.

   Education & Infrastructure Development

   - Established 2 school libraries in Telangana.
   - Set up 5 PCMB laboratories in Government Zilla Parishad High Schools in Vizianagaram.

- Renovated government schools and installed RO drinking water systems.
- Conducted career guidance and counselling for 4,670 students in Medchal–Malkajgiri district.
- Implemented a Digital Literacy Program for 2,500 government school students in collaboration with Digital Equity India.

Rural Development

- Undertook infrastructure development, women's livelihood and empowerment initiatives, digital inclusion, and other community-focused interventions in villages surrounding manufacturing facilities.

Through these initiatives, HBL remains committed to improving education, healthcare, nutrition, and rural development while empowering vulnerable and underserved communities. By creating sustainable opportunities, strengthening community infrastructure, and fostering inclusive growth, HBL continues to create meaningful social impact and contribute towards building a more equitable and sustainable society.

PRINCIPLE 5 Businesses should respect and promote human rights.

Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2025-26			FY 2024-25		
	Total (A)	No of employees/ workers covered (B)	% (B/A)	Total (A)	No of employees/ workers covered (B)	% (B/A)
Employees						
Male	2263	1025	45.29%	1989	795	39.77%
Female	192	80	41.67%	163	61	37.42%
Total employees	2455	1105	45%	2152	856	39.78%
Workers						
Male	4134	2105	51%	4164	1865	44.79%
Female	1143	566	49.52%	996	487	48.90%
Total Workers	5277	2671	50.62%	5160	2351	45.56%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Permanent										
Male	2263	-	-	2263	100%	1989	-	-	1989	100%
Female	192	-	-	192	100%	163	-	-	163	100%
Other than Permanent	NA									
Male										
Female										
Workers										
Permanent	NA									
Male										
Female										

Category	FY 2025-26					FY 2024-25				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Other than Permanent										
Male	4134	4134	100%	-	-	4164	4164	100%	-	-
Female	1143	1143	100%	-	-	996	996	100%	-	-

3. a. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	2	10874724#		
Key Managerial Personnel	2	7590000	-	-
Employees other than BoD and KMP	2259	480000	192	404946
Workers	4164	218400	1143	193200

*Total Board- 8, Male-4, Female-4; Executive-2; Non-Executive - 6 including 4 Female (No remuneration paid)

Remuneration is annualized to compute the median value; The non-executive board members receive only sitting fees for attending meetings of the board/ committee, excluding board members who have given consent to not take sitting fees for the meetings. Hence, computation of median remuneration is not relevant

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2025-26	FY 2024-25
Gross wages paid to females as % of total wages	5.84%	4.40%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

HBL has established mechanisms to address human rights impacts or concerns arising from its business operations. Employees and associates can report complaints or grievances through the Human Resources department in accordance with the organization's grievance redressal process.

Upon receiving a complaint, a designated internal committee or responsible personnel is assigned to investigate the matter thoroughly and ensure timely resolution. The committee works in coordination with senior management to assess concerns, recommend corrective actions, and oversee their implementation.

HBL is committed to maintaining a workplace that respects and protects human rights and ensures that individuals raising concerns in good faith are protected from retaliation, discrimination, or any form of reprisal. This framework serves as the focal mechanism for addressing human rights-related issues within the organization.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

HBL has established robust internal mechanisms to address and redress grievances related to human rights issues, ensuring a fair, transparent, and respectful work environment. The key mechanisms include:

- **Grievance Redressal Policy:** Provides a structured framework for employees to raise concerns and seek resolution of workplace grievances in a timely and impartial manner, fostering trust and promoting a positive work culture.
- **Prevention of Sexual Harassment (POSH) Policy:** An Internal Complaints Committee (ICC) is constituted to receive, investigate, and resolve complaints related to sexual harassment, ensuring a safe and inclusive workplace.

- **Whistleblower Policy:** Enables employees and other stakeholders to report unethical, illegal, or inappropriate conduct confidentially and without fear of retaliation.
- **Grievance Redressal Process:**
- Employees and associates can lodge complaints or grievances through the Human Resources department or designated reporting channels.
- Reported human rights concerns are reviewed and investigated by an internal committee or designated authority.
- The committee assesses the complaint, recommends appropriate corrective actions, and works with management to ensure effective resolution.
- HBL maintains strict confidentiality and prohibits retaliation against any individual who raises concerns in good faith.

Through these mechanisms, HBL demonstrates its commitment to respecting human rights, addressing grievances promptly, and fostering an ethical, safe, and inclusive workplace.

6. Number of Complaints on the following made by employees and workers:

	FY 2025-26			FY 2024-25		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	No complaints filed during the year			No complaints filed during the year		
Discrimination at workplace						
Child Labour						
Forced Labour/Involuntary Labour						
Wages						
Other human rights related issues						

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY 2025-26	FY 2024-25
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	No Complaints filed during the year	No Complaints filed during the year
Complaints on POSH as a % of female employees / workers		
Complaints on POSH upheld		

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases**.**

HBL has established comprehensive mechanisms to protect complainants from adverse consequences in cases of discrimination and harassment, ensuring a safe, fair, and confidential grievance redressal process. The key mechanisms include:

- **Confidentiality Protection:** All complaints and investigations are handled with strict confidentiality. Information related to the complainant, respondent, witnesses, and proceedings is disclosed only on a need-to-know basis to protect privacy and prevent undue influence.
- **Internal Complaints Committee (ICC):** A designated and impartial Internal Complaints Committee is responsible for receiving, investigating, and resolving complaints of discrimination and harassment. The committee conducts fair and unbiased inquiries in accordance with applicable policies and legal requirements.
- **Protection Against Retaliation:** HBL strictly prohibits any form of retaliation, victimization, intimidation, or adverse treatment against individuals who report concerns or participate in grievance investigations. Any retaliatory behavior is treated as a serious violation and is subject to disciplinary action.
- **Fair and Respectful Proceedings:** The organization ensures that all grievance proceedings are conducted in a professional, respectful, and non-discriminatory manner. Harassment, offensive conduct, or intimidation during the investigation process is not tolerated.

- **Corrective and Disciplinary Measures:** Where complaints are substantiated, appropriate corrective and disciplinary actions are implemented to address misconduct and prevent recurrence.

HBL fosters a workplace environment where employees and associates can raise concerns regarding discrimination and harassment without fear of reprisal, ensuring the protection of their rights, dignity, and well-being.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Human rights requirements form an integral part of HBL's business agreements and supplier engagement processes through its **Supplier Code of Conduct**. HBL requires suppliers and business partners to comply with internationally recognized human rights principles and applicable laws, and to uphold these standards across their operations and value chains.

Key human rights requirements include:

- **Prohibition of Forced or Compulsory Labor:** Suppliers must not engage in any form of forced, bonded, trafficked, or involuntary labor.
- **Prevention of Child Labor:** Suppliers are required to comply with applicable laws and International Labour Organization (ILO) Conventions 138 and 182, prohibiting child labor and protecting young workers.
- **Fair Wages and Working Hours:** Suppliers must provide fair compensation and comply with applicable wage and working-hour regulations.
- **Equal Opportunity and Non-Discrimination:** Suppliers must promote equal employment opportunities and prohibit discrimination based on race, ethnicity, age, religion, gender, disability, or any other protected characteristic.
- **Safe and Healthy Working Conditions:** Suppliers are expected to provide a workplace that safeguards the health, safety, and well-being of workers.

Compliance with these requirements is a prerequisite for suppliers to be part of HBL's value chain and supports the Company's commitment to ethical business practices, respect for human rights, and responsible sourcing.

For more information, the Company's Supplier Code of Conduct can be accessed via the following link: HBL Supplier Code of Conduct.

10. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% of HBL's plants are assessed by statutory authorities, external customers, certification bodies, and regulatory agencies. Major manufacturing facilities are certified to relevant ISO standards and undergo periodic audits to ensure compliance.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

All the Company's plants and offices have been assessed against the specified criteria and no adverse impacts were identified. Accordingly, no corrective actions were required.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

During the reporting year, HBL did not receive or record any human rights grievances or complaints. Consequently, no business processes were required to be modified or introduced in response to human rights-related issues. HBL's existing policies, procedures, and grievance redressal mechanisms remain effective in promoting and safeguarding human rights across its operations. The Company continues to monitor and strengthen its practices to ensure a respectful, inclusive, and compliant workplace.

2. Details of the scope and coverage of any Human rights due diligence conducted.

   HBL integrates human rights considerations into its existing governance, compliance, and audit processes. Human rights-related aspects are currently assessed as part of broader internal reviews and operational audits conducted across the organization. While a standalone human rights due diligence assessment has not yet been undertaken, the Company's policies and management systems are designed to uphold and protect human rights throughout its operations. HBL is committed to strengthening its due diligence framework and plans to further enhance its human rights assessment processes in the coming years.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

   Yes. HBL is committed to providing an accessible and inclusive environment for all visitors. The Company's offices and facilities are equipped with accessibility features such as ramps, lifts, and handrails to support differently abled individuals. These provisions are aligned with the requirements of the Rights of Persons with Disabilities Act, 2016, ensuring safe and convenient access to its premises.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Currently, HBL does not have a formal mechanism to assess the environmental impacts of its value chain partners; therefore, the percentage of value chain partners assessed on this criterion is not available. However, all suppliers and value chain partners are required to comply with applicable environmental laws and regulations as stipulated in HBL's Supplier Code of Conduct. This requirement supports alignment with the Company's ESG commitments and promotes responsible environmental practices across the value chain.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others – please specify	

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

   Based on the assessments conducted, no significant risks or concerns were identified. Therefore, no corrective actions were required or are currently underway.

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (TJ) and energy intensity, in the following format:

Parameter	FY 2025-26	FY 2024-25
From renewable sources		
Total electricity consumption (A)	18.25	7.33
Total fuel consumption (B)	25.77	41.57
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	44.02	48.90
From non-renewable sources		
Total electricity consumption (D)	172.82	196.94
Total fuel consumption (E)	59.64	50.97
Energy consumption through other sources (F)	0	0.87
Total energy consumed from nonrenewable sources (D+E+F)	232.46	248.91
Total energy consumed (A+B+C+D+E+F)	276.49	297.68
Energy intensity per rupee of turnover (Total energy consumption (TJ)/Turnover in Lakhs)	0.00085	0.0015

Parameter	FY 2025-26	FY 2024-25
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP)	0.017	0.03
Energy intensity in terms of physical output	Common physical output is not feasible as the company has diversified product portfolio	
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

* Continuous Improvement efforts by enhanced usage of Renewable energy during the year

**Purchase Power Parity (PPP) source : https://www.imf.org/external/datamapper/PPPEX@WEO/OEMDC

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Assured by BVIPL

Additionally, as part of our dedication to continuous improvement, management has directed all manufacturing units to undergo comprehensive energy audits conducted by reputable third-party agencies. These audits will play a pivotal role in identifying areas of excellence and opportunities for optimizing energy performance of equipment and facilities across the organization.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

   Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kiloliters)		
(i) Surface water	22200	25000
(ii) Groundwater	229798	214843
(iii) Third party water	26,797	21292
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	278,795	261135
Total volume of water consumption (in kiloliters)	278,795	261135
Water intensity per rupee of turnover (Total water consumption in KL / Turnover in Lakhs))	0.85	1.34
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total water consumption / Revenue from operations adjusted for PPP)	17.43	27.72
Water intensity in terms of physical output	Common physical output is not feasible as the company has diversified product portfolio	
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Assured by BVIPL.

4. Provide the following details related to water discharged:

Our Manufacturing facilities are Zero liquid discharge plants hence not applicable.

Parameter	FY 2025-26	FY 2024-25
Water discharge by destination and level of treatment (in kiloliters)		
(i) To Surface water		
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kiloliters)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Assured by BVIPL

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, HBL has implemented a mechanism for Zero Liquid Discharge (ZLD) across all its manufacturing plants. This initiative is part of the company's commitment to sustainable water management practices. Each plant is equipped with both effluent treatment plant (ETP) and sewage treatment plant (STP) facilities, ensuring that all wastewater generated during manufacturing processes is thoroughly treated and recycled. These measures are designed to prevent any liquid discharge into the environment, thereby promoting water conservation and minimizing the environmental impact of HBL's operations.

The ZLD system effectively manages and treats wastewater, enabling the organization to reuse water within its processes and contribute to sustainable resource management. This approach not only ensures compliance with regulatory requirements but also underscores HBL's dedication to environmental stewardship and responsible manufacturing practices.

6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2025-26	FY 2024-25
NOx*	3MT	3.70	NA*
Sox*	3MT	5.26	NA
Particulate matter (PM)*	3MT	2.36	NA
Persistent organic pollutants (POP)	-	0	NA
Volatile organic compounds (VOC)	-	0	NA
Hazardous air pollutants (HAP)	-	0	NA
Others – Particulate Matter (PM 2.5 and PM 10)**	ug/nm3	5822	NA

*Data is as per air emission monitoring requirement given in consent for operation & in compliance with Pollution Control Board (PCB) norms

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

*Shamirpet (Major Plant) Data is assured by BVIPL, for other plants its under implementation

** The data will be monitored from next year.

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2025-26	FY 2024-25
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	7,457.19	7462.88
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	34,084.02	39770.14
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO2 Equivalent	0.12	0.24
Energy intensity per rupee for Purchasing Power Parity (PPP)* (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	-	2.59	5.01
Total Scope 1 and Scope 2 emission intensity in terms of physical output	Common physical output is not feasible as the company has diversified product portfolio		
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Assured by BVIPL

8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

HBL is committed to reducing greenhouse gas (GHG) emissions through a combination of renewable energy adoption, energy efficiency improvements, emission control measures, and resource conservation initiatives.

Key initiatives include:

1. **Renewable Energy Integration:** Utilization of solar power systems and biomass-based energy sources to reduce dependence on fossil fuels and lower the Company's carbon footprint.
2. **Energy Efficiency Improvements:** Installation of energy-efficient technologies, machinery, equipment, and DG sets to optimize energy consumption and reduce emissions across operations.
3. **Emission Control Measures:** Upgradation of pollution control systems, including wet scrubbers and modern DG sets, to improve environmental performance and reduce emissions.
4. **Resource Conservation and Circularity:** Commissioning of a Multiple Effect Evaporation (MEE) plant to support Zero Liquid Discharge (ZLD), enabling effluent recycling, reducing energy consumption, and lowering biomass fuel usage.
5. **Green Cover Enhancement:** Maintenance and expansion of green cover around manufacturing facilities, contributing to environmental conservation and carbon sequestration.

These initiatives reflect HBL's commitment to enhancing energy efficiency, increasing the use of renewable energy, reducing GHG emissions, and promoting sustainable operations.

9. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2025-26	FY 2024-25
Total Waste generated (in metric tonnes)		
Plastic waste (A)	119	142
E-waste (B)	4	1.55
Bio-medical waste I	0.05	0
Construction and demolition waste (D)	0	0
Battery waste I	2100.88	2282.73
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	3073.63	2632.65
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	181.17	157
Total (A+B + C + D + E + F + G + H)	5478.73	5216.19
Waste intensity per rupee of turnover (Total waste generated (MT) / Turnover in Lakhs)	0.02	0.03
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total waste generated / Revenue from operations adjusted for PPP)	0.34	0.55
Waste intensity in terms of physical output	Common physical output is not feasible as the company has diversified product portfolio	
Waste intensity (optional) – the relevant metric may be selected by the entity		
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	1596.06	1448.95
(ii) Re-used	1230.04	1341.14
(iii) Other recovery operations	4	3.67
Total	2826.1	2793.76
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0	0
(ii) Landfilling	344.58	0
(iii) Other disposal operations	2266.83	2422.43
Total	2611.43	2422.43

*Includes Safely disposed to Authorized recyclers for landfilling closing stock of hazardous waste was 40.3 MT, generated in March at the Nandigaon plant, and will be disposed of within 90 days.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Assured by BVIPL

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

HBL has adopted comprehensive waste management and pollution control practices to minimize environmental impact, promote resource efficiency, and ensure compliance with applicable environmental regulations. The Company follows a systematic approach towards waste reduction, recycling, reuse, and safe disposal of waste generated from its operations.

1. **Waste Segregation and Disposal:** Waste is categorized into hazardous and non-hazardous streams and managed through appropriate treatment, recycling, and disposal methods in accordance with statutory requirements.
2. **Waste Reduction Initiatives:** Focused Improvement Projects (FIPs) and process optimization initiatives are implemented to reduce waste generation at source and improve resource efficiency.
3. **Effluent Treatment and Water Reuse:** Wastewater is treated through Effluent Treatment Plants (ETP), Reverse Osmosis (RO), and DM systems. Treated water is recovered and reused through the Company's Zero Liquid Discharge (ZLD) system, while treated effluents from ETPs and STPs are recycled within operations.
4. **Scrap and Hazardous Waste Management:** Manufacturing facilities maintain centralized scrapyards and dedicated scrap management systems to ensure proper segregation, storage, and disposal of waste. Hazardous waste, including sludge generated from treatment processes, is disposed of through authorized recyclers and Common Waste Management Facilities.
5. **Air Pollution Control:** Wet scrubbers, dust collectors, and cyclone separators are installed across manufacturing facilities to control emissions and minimize particulate pollution.
6. **Governance, Awareness and Training:** Comprehensive Standard Operating Procedures (SOPs), dedicated waste management oversight, and regular employee training and awareness programs support responsible waste handling and environmental compliance.
7. **Third-Party Waste Accountability:** The Company maintains transparency and accountability by tracking waste transferred to authorized recyclers and disposal agencies to ensure environmentally sound disposal practices.

Reduction of Hazardous and Toxic Chemicals

HBL is committed to reducing the use of hazardous and toxic chemicals through safer manufacturing practices, process improvements, and efficient resource utilization. The Company continuously evaluates opportunities to minimize chemical consumption, reduce waste generation, and improve environmental performance. Hazardous wastes are handled, transported, and disposed of through authorized facilities in compliance with applicable regulations. These initiatives are supported by robust environmental management systems and ISO-certified manufacturing facilities, reflecting HBL's commitment to environmental stewardship and sustainable operations.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable, The Company does not have operations in Ecologically sensitive areas.			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N).

If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective taken, if any	action
Not Applicable. The Company is compliant with all applicable environmental laws/regulations/guidelines.					

Leadership Indicators

1. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):

   For each facility / plant located in areas of water stress, provide the following information:

   (i) Name of the area

   (ii) Nature of operations

   (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2025-26	FY 2024-25
Water withdrawal by source (in kiloliters)		
(i) Surface water	HBL manufacturing units are not located in water stress areas.	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kiloliters)		
Total volume of water consumption (in kiloliters)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kiloliters)		
(i) Into Surface water	HBL manufacturing units are not located in water stress areas.	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kiloliters)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.
No

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2025-26 (Current Financial Year)	FY 2024-25 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	Not Available	Not Available
Total Scope 3 emissions per rupee of turnover	-		
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

3. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable, The Company does not have operations in ecologically sensitive areas.

4. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Fume Control through Wet Scrubbers (Vizag)	Reconditioning and enhancement of wet scrubber systems to improve capture and treatment of process fumes.	Improved control of fumes and reduction in air pollutant emissions.
2	Renewable Energy Generation through Solar Power	Installation of a 600 kVA rooftop solar power plant at Vizag and a 2.2 MW solar power plant in Nandigaon to increase the use of renewable energy and reduce dependence on conventional power sources.	Increased utilization of clean energy, reduced grid electricity consumption, lower power costs, and reduced greenhouse gas emissions.
3	Energy-Efficient DG Set Modernization and Emission Reduction	Procurement, installation, and commissioning of energy-efficient DG sets at Vizag and Shamirpet, including replacement of older DG sets with modern equipment to improve fuel efficiency, optimize load sharing, enhance reliability, and reduce emissions.	Improved energy reliability and operational efficiency, enhanced fuel efficiency (from 2.1 units/litre to 3.4 units/litre at Shamirpet), reduced fuel consumption and emissions, and strengthened overall environmental performance.
4	Multiple Effect Evaporator (MEE) for Zero Liquid Discharge (Shamirpet)	Commissioning of an 80 KLD energy-efficient Multiple Effect Evaporator (MEE) at the Effluent Treatment Plant to support Zero Liquid Discharge (ZLD) and water recycling.	Recycled 8,853 KL of effluent (Sep 2025 to Mar 2026), achieving power savings of 35,412 kVAh (approximately ₹3.05 lakh) and biomass fuel savings of 177,060 kg (approximately ₹17.71 lakh). Enhanced water recovery, reduced resource consumption, and strengthened environmental performance.
5	Effective Utilization of Treated Sewage Water	Replacement and upgrading of pipeline networks to prevent leakages and improve the utilization of treated sewage water.	Improved water conservation through the effective use of treated water for gardening and greenbelt development.

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

   The Company has established a Business Continuity Plan (BCP) to ensure the safety of employees, protection of assets, and continuity of operations during emergencies and unforeseen disruptions. Each operating unit maintains site-specific emergency preparedness and response plans that identify potential risks and define actions to be taken in the event of accidents, fire incidents, natural disasters, pandemics, or other business disruptions.

   Regular mock drills, emergency response training, and awareness programs are conducted to enhance preparedness and ensure effective crisis management. Any incident is thoroughly investigated to identify root causes, and appropriate corrective and preventive actions are implemented to mitigate risks and prevent recurrence. These measures strengthen organizational resilience and support the uninterrupted functioning of business operations.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

   HBL has not identified any significant adverse environmental impacts arising from its value chain. The Company expects its suppliers and value chain partners to comply with applicable environmental laws and regulations and to operate in an environmentally responsible manner. Through its Supplier Code of Conduct, HBL encourages value chain partners to establish measurable environmental objectives and targets, monitor performance, and periodically review their environmental practices. These measures help promote sustainability, minimize environmental impacts, and support continuous improvement across the value chain.

7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

   Currently, HBL does not have a formal mechanism specifically dedicated to assessing the environmental impacts of its value chain partners. However, all suppliers and value chain partners are required to comply with applicable environmental and socio-environmental laws and regulations, as stipulated in HBL's Supplier Code of Conduct. The Company encourages its value chain partners to adopt responsible environmental practices and align with its commitment to sustainability and environmental stewardship across the value chain.

8. How many Green Credits have been generated or procured by the listed entity?

   The Entity did not generate or procure any Green Credits during the financial year under review.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

      Three

   b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Federation of Telangana Chamber of Commerce Industry [FTCCI]	State
2	Engineering Export Promotion Council [EEPC INDIA]	National
3	Indian Battery Manufacturers Association [IBMA]	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
There were no incidents of anti-competitive conduct involving the Company during FY 2025–26. Consequently, no adverse orders were received from any regulatory authority, and no corrective actions were required or undertaken.		

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
Not Available					

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes /No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable as there were no projects undertaken that required an SIA in the current financial year.					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

   The Company has established a grievance redressal mechanism to receive, address, and resolve concerns raised by community members in a fair and timely manner. Community stakeholders may submit grievances to the unit's CSR team, which is responsible for documenting the concern and obtaining the necessary details or written complaint. The grievance is then reviewed and addressed by the Plant Head in consultation with the Corporate Office, as appropriate. This mechanism ensures effective engagement with local communities and facilitates the timely resolution of concerns in a transparent and responsible manner.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2025-26	FY 2024-25
Directly sourced from MSMEs	29.92%	34.24%
Directly from within India	82.20%	73.79%

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY 2025-26*	FY 2024-25
Rural	61.00%	48.74%
Semi-urban	0.00%	10.12%
Urban	2.00%	0.97%
Metropolitan	37.00%	40.17%

*Workings based on **RBI** Classification

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable, HBL has not conducted a Social Impact Assessment of its projects currently	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In ₹)
1	Telangana & Andhra Pradesh	Vizianagaram, Vizag Districts	₹109 Lakhs (as of March 31, 2026)

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) - No

   (b) From which marginalized /vulnerable groups do you procure? - Not Applicable

   (c) What percentage of total procurement (by value) does it constitute? - Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

   Not Applicable

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Early Childhood Development through Anganwadi centers	3250+ Anganwadi children across all locations benefited through early childhood education, nutrition, and developmental support	100%
2	Mid-Day Meal Program through Akshaya Patra Foundation	5000 students in Government Schools across Vizag and Mahabubnagar received nutritious meals supporting health and learning outcomes	100%
3	Education Initiatives (Digital Literacy & Career Guidance	7170 students in Government Schools across Medchal–Malkajgiri equipped with digital and career-readiness skills	100%
4	Educational Infrastructure Support (Labs, Libraries, Civil Works, RO Water Plants & Student Aids)	3000+ students across Vizianagaram, Medchal–Malkajgiri and Narasaraopet benefited from improved learning infrastructure and facilities	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

   The Company has established robust mechanisms to receive, address, and respond to consumer complaints and feedback, with a strong focus on customer satisfaction and continuous improvement. HBL actively engages with customers through direct interactions, customer portals, service channels, and regular feedback mechanisms to understand their expectations and concerns.

   Customer feedback and complaints are collected, reviewed, and addressed through structured processes. Appropriate corrective and preventive actions are implemented to resolve issues effectively and enhance product and service quality. Customer satisfaction trends are monitored periodically and reviewed by management to identify improvement opportunities and drive continual enhancement of customer experience. This systematic approach enables HBL to remain responsive to customer needs and strengthen long-term customer relationships.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

Aspects	FY 2025-26			FY 2024-25		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	NIL					
Advertising						
Cyber-security						
Delivery of essential services						
Restrictive Trade Practices						
Unfair Trade Practices						
Other		7	0			

4. Details of instances of product recalls on account of safety issues:

Aspects	Number	Reasons for recall
Voluntary recalls	NIL	Not Applicable
Forced recalls		

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

   Yes**,** HBL has established appropriate measures for data security and cyber risk prevention. These measures are periodically reviewed to assess their adequacy and effectiveness. The Company is also in the process of developing an Information Security Policy that will provide management direction and define the framework for managing information security across the organization. This policy will support the protection of information assets and strengthen the Company's overall cyber security and data protection practices.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

   Not Applicable

7. Provide the following information relating to data breaches:

    a. Number of instances of data breaches along-with impact - None

    b. Percentage of data breaches involving personally identifiable information of customers- NIL

    c. Impact, if any, of the data breaches - NIL

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

    HBL's website has information about all the products it offers. Please refer to weblink http://cs.hbl.in/nologinsmsourservices.asp for more details.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

    HBL harnesses our extensive engineering expertise to deliver highly resilient and compliant products that meet the expectations on efficiency of our customers.

    To ensure the safe usage of HBL products, we provide comprehensive precautions along with the products, in compliance with necessary regulations. The battery labels provide necessary information about safe and responsible usage of batteries. Additional user manuals with detailed instructions of unpacking, safety measures/cautions, and equipment installation are provided to customers.

    Furthermore, additional details on the safe handling of our products are available through the weblink - http://cs.hbl.in/docs/batteries/lead/dosdonts.pdf/ https://cs.hbl.in/docs/batteries/nicd/dosdonts.pdf .

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

    The Company provides services to the Defence & Aviation Industry and maintains regular communication with its customers through multiple channels, including emails, web-based platforms, customer care support, and channel sales dealers. These channels are used to provide timely updates and relevant information to customers. In the event of any potential disruption or discontinuation of essential services related to the Company's products, customers are promptly informed through the appropriate communication channels to ensure transparency, minimize inconvenience, and facilitate necessary support and coordination.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

    The Company provides mandatory product information on product labels in accordance with applicable local laws and regulatory requirements. Such information includes the product name, batch number, expiry date (where applicable), manufacturer details, and other prescribed information, which is displayed in a clear and readable format.

    The Company does not conduct formal consumer satisfaction surveys. However, it actively gathers customer feedback through ongoing interactions and compiles the inputs into periodic reports to identify areas for improvement and address customer concerns. Additionally, the Company undertakes targeted customer research and feedback assessments based on specific business needs and requirements, enabling continuous enhancement of its products and services.

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT

To
The Board of Directors of
HBL Engineering Limited
Introduction and objectives of work

The Board of Directors of **HBL Engineering Limited** (HBL) have engaged Bureau Veritas to provide Assurance on identified sustainability information in the Business Responsibility & Sustainability Report (BRSR) of the Company for the year ended March 31, 2026.

Our scope of work consists of Reasonable Assurance on BRSR Core indicators in the BRSR Report, as described in the SEBI) vide Master Circular No. HO/49/14/14(7)2025-CFD-POD2/I/3762/2026 dated January 30, 2026.

Intended User

The Assurance Statement is made solely for "**HBL Engineering Limited (HBL)** and its stakeholders" as per the governing contractual terms and conditions of the assurance engagement contract between "HBL" and "Bureau Veritas". To the extent that the law permits, we owe no responsibility and do not accept any liability to any party other than "HBL" for the work we have performed for this assurance report, or our conclusions stated in the paragraph below.

Scope of Work

We have performed the **Reasonable Assurance engagement for BRSR (Core)** parameters in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) and in line with the requirements of Bureau Veritas's standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The reporting boundaries considered for this reporting period are as follows:

- HBL Engineering Limited – Shamirpet, Telangana.
- HBL Engineering Limited – Thumkunta, Telangana.
- HBL Engineering Limited – Nandigaon, Telangana.
- HBL Engineering Limited – Vizianagaram, Andhra Pradesh.
- HBL Engineering Limited – Visakhapatnam (SEZ), Andhra Pradesh.

As part of its independent Reasonable Assurance, we assessed the appropriateness and robustness of underlying reporting systems and processes used to collect, analyse and review the information reported. In this process, we undertook the following activities:

The assessment of BRSR (Core) data was conducted through physical site visits at the Corporate Office – Hyderabad and manufacturing facilities based in Telangana (Nandigaon, Thumkunta & Shamirpet) and Andhra Pradesh (Vizianagaram & Visakhapatnam (SEZ)).

Bureau Veritas interviewed personnel from relevant departments and reviewed supporting documentation and evidence shared electronically during the assessment process.

- The assurance process involved carrying out an Assessment by experienced Assessors from Bureau Veritas.
- Data on various BRSR (core) were assessed for the location mentioned above. Later, it was confirmed that the same assessed data went into preparation of the final data within the BRSR Report 2025-26.

Management Responsibility

The Selection of reporting criteria, reporting period, reporting boundary, monitoring and measurement of data, preparation, and presentation of information in the BRSR report are the sole responsibility of the Company and its management. HBL is responsible for providing complete and true information on BRSR Core KPIs. We are not involved in drafting or preparation for the BRSR Report. Our sole responsibility is to provide independent Reasonable assurance on the BRSR core parameters for the financial year ended 31st March 2026.

Our Findings

On the basis of our methodology and the activities described above,

- Nothing has come to our attention to indicate that the BRSR disclosures are inaccurate or that the information included therein is not fairly stated.
- It is our opinion that Company has established appropriate systems for the collection, aggregation, and analysis of data on Sustainability/Non-Financial performance disclosures in the BRSR.
- The BRSR Report provides a fair representation of the Company's activities as included therein.
- The information is presented in a clear, understandable, and accessible manner, and allows readers to form a balanced opinion over the Company and status during the reporting period.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period.
- Positional statements (expressions of opinion, belief, aim or future intention) by HBL Engineering Limited and statements of future commitment.
- Competitive claims in the report claiming, "first company in India", "first time in India", "first of its kind", etc.

Our assurance does not extend to the activities and operations of HBL Engineering Limited outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of Independence, Integrity, and Competence

Bureau Veritas is an independent professional services company that specialises in quality, environmental, health, safety, and social accountability with over 198 years history. Its assurance team has extensive experience in conducting assessments over environmental, social, ethical and health and safety information, systems and processes.

Bureau Veritas operates a certified Quality Management System which complies with the requirements of ISO 9001:2015 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Bureau Veritas has implemented and applied a Code of Ethics, which meets the requirements of the International Federation of Inspections Agencies (IFIA), across the business to ensure that its employees maintain integrity, objectivity, professional competence and due care, confidentiality, professional behavior, and high ethical standards in their day-to-day business activities. The assurance team for this work does not have any involvement in any other Bureau Veritas projects with HBL Engineering Limited.

Competence

The assurance team has extensive experience in conducting assurance over environmental, social, ethical, and health & safety information, systems and excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Restriction on use of Our Report

Our Reasonable assurance report has been prepared and addressed to the Board of Directors of the HBL Engineering Limited at the request of the company solely to assist the company in reporting on the Company's Sustainability performance and activities. Accordingly, we accept no liability to anyone other than the Company. Our deliverables should not be used for any other purpose or by any person other than the addresses of our deliverables. The Firm neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our Deliverables are shown or into whose hands it may come without our prior consent in writing.

Ahamed Mohiuddin SYED
Lead Assuror
Bureau Veritas (India) Private Limited
Hyderabad, India
Dt: 25.08.2026

Rupam BARUAH
Technical Reviewer
Bureau Veritas (India) Private Limited
Mumbai, India
Dt: 26.08.2026

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HBL Engineering Limited (formerly known as HBL Power Systems Limited),
Hyderabad.

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone Ind AS financial statements of HBL Engineering Limited (formerly known as HBL Power Systems Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2026, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the standalone financial statements including material accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Revenue recognition – over time	**Principal audit procedures**
(Refer Note 32 to the standalone financial statements) The Kavach Projects undertaken for Railways represent a significant portion of the Company's revenue for the year. Revenue from these projects is recognised under Ind AS 115, "Revenue from Contracts with Customers". In respect of such projects where the criteria for recognition of revenue over time are met, revenue is recognised using the percentage of completion method, determined under the input method with reference to costs incurred on the project in proportion to the estimated total contract costs.	Obtained an understanding of the systems, processes and controls implemented by the Company for capturing relevant information, measuring performance and progress of the projects, recording and computing revenue and the associated contract assets, unearned and deferred revenue balances. Evaluated the design and implementation and tested operating effectiveness of Company's key manual and automated internal financial controls over: • Computation of revenue recognition; • Recording of project-wise costs;

Estimation of costs to complete is a critical management estimate, as it requires consideration of the stage of completion of the contract, costs and efforts incurred till date, and costs and efforts required to complete the remaining performance obligations.

We have identified this as a key audit matter since:

- there is an inherent risk around the accuracy and occurrence of revenue recognised, considering the customised and complex nature of these contracts, simultaneous execution of multiple contracts, and the significant inputs and estimates involved;
- application of revenue recognition using percentage of completion under Ind AS 115 is complex and involves estimating the future cost-to-completion of these contracts, which is used to measure the stage of completion of the relevant performance obligation;
- these contracts may involve onerous obligations requiring critical assessment of foreseeable losses to be made by the Company; and at year-end, the amounts of contract assets, unearned and deferred revenue balances related to these contracts are recognised on the balance sheet.

- Allocation of resources and budgeting systems which prevent the unauthorised recording/changes to costs incurred; and
- Estimation of contract costs required to complete the respective projects.

On specific and statistically selected samples of contracts, we tested that the revenue recognised is in accordance with Ind AS 115. This includes testing the Company's computation of the estimation of contract costs and onerous obligations, if any, where we:

- Verified project costs incurred with underlying supporting documents, assessed whether such costs were recorded against the appropriate contract, examined whether common costs were allocated on a reasonable and consistent basis, and correlated the project costs recorded with billings raised during the year;
- assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel;
- performed a retrospective analysis of costs incurred with estimated costs to identify significant variations and challenged whether those variations are required to be considered in estimating the remaining costs to complete the contract;
- assessed the appropriateness of contract assets and unearned/deferred revenue balances as at the balance sheet date by evaluating the progress of underlying contracts, milestones achieved, billings raised and remaining performance obligations; and
- inspected underlying documents and performed substantive procedures over cost budget changes to determine reasonableness of contract costs.

Tested details of a sample of journal entries related to revenue recognised from percentage of completion method throughout the reporting period, using risk-based criteria, with the relevant underlying documentation.

Information other than the standalone financial statements and auditor's report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in Annual Report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) evaluating the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

(1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with Ind AS prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the Directors as on March 31, 2026, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2026 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B", wherein we have expressed an unmodified opinion.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 43.2 to the standalone financial statements.

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

(iv) (a) The Management of the Company has represented to us that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management of the Company has represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding

Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Company, nothing has come to our notice that has caused us to believe that the representations under sub-clauses (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) (a) The final dividend declared for the previous year and paid by the Company during the year ended March 31, 2026 is in accordance with Section 123 of the Act, as applicable.

The interim dividend paid by the Company during the year ended March 31, 2026 is in accordance with Section 123 of the Act, as applicable.

(b) As stated in Note 43.3 to the standalone financial statements, the Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

(vi) Based on our examination, which included test checks, we observed that the Company has used accounting software for maintaining its books of account which has a feature of recording an audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we did not come across any instances where the audit trail feature was tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

For **L N R Associates**
Chartered Accountants
FRN 05381S

Raghuram Vedula
Partner
M.No. 242883
UDIN: 26242883YXVTMY3966

Place: Hyderabad
Date: May 23, 2026

Annexure - A

(Referred to in Paragraph 1 of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets;

(B) The Company has maintained proper records showing full particulars of Intangible assets;

(b) The management has carried out physical verification of assets in accordance with a designed programme. In our opinion the periodicity of the physical verification is reasonable. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company and read together with Note no. 5.2 of the standalone financial statements, the details of title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) not held in the name of the Company, for the reasons stated in the said note, are as follows:

(₹ in Crores)

Fixed Asset	No. of Cases	Gross Block as at March 31, 2026	Net Block as at March 31, 2026
Freehold Land	9	33.64	33.64
Non-Factory Buildings	5	17.50	15.67
Total	**14**	**51.14**	**49.31**

(d) The Company has not revalued any of its Property, Plant and Equipment (including right of use of assets) or intangible assets.

(e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(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, wherever considered necessary. In our opinion, the coverage and procedure of verification by the management is appropriate. The discrepancies noticed, upon verification, between physical stocks and book records were less than 10% in the aggregate of each class of inventory and such differences have been properly dealt with in the books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹5 Crores in aggregate by the Banks / Financial Institutions on the basis of security of current assets. The quarterly returns or statements filed by the Company with such Banks/Financial Institutions are in agreement with books of account of the Company.

(iii) (a) According to the information and explanations given to us, during the year, the Company has not provided any security, nor has it granted any advances in the nature of loans. However, the Company has made an investment in one subsidiary amounting to ₹0.18 crores, the aggregate investment balance as at the year-end being ₹3.20 crores. Further, the Company has granted an unsecured loan of ₹3.50 crores to a related company in which a Key Managerial Personnel of the Company is a nominee director, the balance outstanding at the year-end being ₹3.50 crores. The Company has also enhanced an existing corporate guarantee provided in respect of credit facilities availed by its subsidiary by ₹1.00 crore during the year, and the aggregate corporate guarantee outstanding as at the year-end amounted to ₹13.71 crores

(b) In our opinion, the investments made, guarantee provided and the terms and conditions of the loan granted during the year are, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated, and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.

(d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) No loan granted by the Company, which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits to which provisions of Sections 73 to 76 and other relevant provisions of the Act and rules made thereunder are applicable. Hence, reporting under clause 3(v) of the Order is not applicable.

(vi) 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 148 of the Act and 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.

(vii) (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 Goods and Services Tax (GST), Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess, and other material statutory dues, as applicable with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) 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 Dues	Amount involved ₹ in Crores	Period to which the amount relates	Forum where the Dispute is pending
Finance Act, 1994	Service Tax	1.95	2012-13 to 2016-17 2020-21	CESTAT, Delhi and Hyderabad
Goods and Service Tax Act, 2017	Goods and Services Tax	0.02	2023-24	Addl. Commissioner, Rajasthan
Central Excise Act, 1944	Excise Duty	24.73	2008-09 to 2012- 13 2013-14 to 2017-18	CESTAT, Hyderabad
Central Sales Tax Act, 1956 and Sales Tax Act of various States	Sales Tax and Entry Tax	0.71	2011-12 to 2012-13 2014-15 to 2017-18	Appellate Tribunal, Hyderabad
	Sales Tax	2.56	2013-14	High Court, Chattisgarh
	Sales Tax	0.80	2010-11 to 2011-12 2015-16 to 2016-17	Commissioner Appeals, Faridabad, Lucknow, and Ranchi
	Entry Tax	2.19	2012-13 to 2017-18	High Court, Hyderabad

(viii) There were no transactions that were not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender;

(b) From the information given to us, the Company is not declared willful defaulter by any bank or financial institution or other lender;

(c) Based on review of the records of the term loan drawn and utilization thereof on an overall basis, the term loans have been applied for the purposes for which the loans were raised;

(d) From a review of the cash flows furnished by the Company, we are of the opinion that the Company has not utilized any funds raised on short term basis for long term purposes;

(e) The Company has not taken any fund from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) During the year the Company has not raised any loans on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) The Company has not raised any money by way of Initial Public Offer or further Public Offer (including Debt Instruments). Hence, reporting under clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, reporting under clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based upon the audit procedures performed for the purpose of reporting true and fair view of the standalone financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year.

(b) The Auditors have not filed any report with the Central Government under sub-section (12) of section 143 of the Companies Act, in form ADT – 4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014.

(c) From a review of the Secretarial Records, we observe that the Company has not received any whistle-blower complaints during the year.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, reporting under clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable Accounting Standards.

(xiv) (a) The Company has appointed an external agency to carry out internal audit, and the internal audit reports were made available to us. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the reports of the Internal Auditors for the period under audit.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into Non-Cash transactions with Directors or persons connected with them.

(xvi) (a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable.

(b) Upon a review of the records of the Company, we are of the opinion that the Company has not conducted any Non-Banking Financial or Housing Finance activity.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations given to us, the Group does not have any CIC.

(xvii) The Company has not incurred any cash loss either in the financial year or in the immediately preceding financial year.

(xviii) During the year there has been no resignation of statutory auditors.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Hence, reporting under clause 3(xx) of the Order is not applicable.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company.

For **L N R Associates**
Chartered Accountants
FRN 05381S

Raghuram Vedula
Partner
M.No. 242883
UDIN: 26242883YXVTMY3966

Place: Hyderabad
Date: May 23, 2026

Annexure - B

(Referred to in Paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

Report on the Internal Financial Controls with Reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of HBL Engineering Limited (formerly known as HBL Power Systems Limited) ("the Company") as of March 31, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's and board of directors' responsibilities for internal financial controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of internal financial controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2026, based on the criteria for internal financial controls with reference to standalone financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **L N R Associates**
Chartered Accountants
FRN 05381S

Raghuram Vedula
Partner
M.No. 242883
UDIN: 26242883YXVTMY3966

Place: Hyderabad
Date: May 23, 2026

Standalone balance sheet

as at March 31, 2026 (₹ in Crores)

Particulars	Note	As at March 31, 2026		As at March 31, 2025	
ASSETS					
1 Non current assets					
(a) Property, Plant and Equipment	5	409.46		364.30	
(b) Capital works in progress	6	127.48		68.18	
(c) Right of use assets	9	17.91		15.72	
(d) Intangible assets	7	-	554.85	3.57	451.78
(e) Financial assets					
(i) Investments	10	225.31		184.85	
(ii) Loans	12	1.47		2.20	
(iii) Other financial assets	13	76.84		52.82	
(f) Other non current assets	14	10.03	313.65	33.84	273.71
2 Current assets					
(a) Inventories	15	550.74		520.59	
(b) Financial assets					
(i) Investments	10	140.52		80.77	
(ii) Loans	12	4.23		-	
(iii) Trade receivables	16	656.56		386.03	
(iv) Cash and cash equivalents	17	515.12		112.96	
(v) Other bank balances	17	22.05		23.99	
(vi) Others	18	33.95		49.09	
(c) Current tax assets (Net)	19	13.23		-	
(d) Other current assets	20	72.69		38.51	
			2,009.09		1,211.94
Total			**2,877.59**		**1,937.42**
EQUITY AND LIABILITIES					
1 Equity					
(a) Equity share capital	21	27.72		27.72	
(b) Other equity	22	2,144.64	2,172.36	1,430.60	1,458.32
Liabilities					
2 Non current liabilities					
(a) Financial liabilities					
(i) Borrowings	23	0.14		0.42	
(ii) Lease liability	23	13.95		12.95	
(b) Provisions	24.1	103.88		38.65	
(c) Deferred tax liabilities (Net)	25	3.16		9.83	
(d) Other non current liabilities			121.13		61.85
3 Current liabilities					
(a) Financial liabilities					
(i) Borrowings	26	35.72		45.44	
(ii) Lease liability	27	5.34		3.74	
(iii) Trade payables:					
Total outstanding dues of MESE	28	35.37		14.81	
Total outstanding dues to creditors other than MESE	28	144.80		164.29	
(b) Other financial liabilities	29	64.12		45.68	
(c) Other current liabilities	30	170.31		93.58	
(d) Provisions	24.2	128.44		46.16	
(e) Current tax liabilities (Net)	31	-	584.10	3.55	417.25
Total			**2,877.59**		**1,937.42**

The accompanying notes 1 to 43 form an integral part of this standalone financial statements

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883YXVTMY3966
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Standalone statement of profit & loss

for the year ended March 31, 2026 (₹ in Crores)

	Particulars	Note	Year ended March 31, 2026		Year ended March 31, 2025	
	Revenue					
I	Revenue from operations	32		3,251.80		1,946.13
II	Other income	33		58.39		26.06
III	**Total income (I + II)**			**3,310.19**		**1,972.19**
IV	**Expenses**					
	Cost of material consumed	34		1,365.03		988.39
	Purchases of stock in trade			-		0.07
	Changes in inventories of finished goods, stock -in - trade and work - in - progress	35		(2.74)		(17.10)
	Employee benefits expense	36		247.81		169.96
	Finance costs	37		13.59		11.76
	Depreciation and amortization expense	38		48.10		42.44
	Manufacturing and service expenses	39		250.43		256.29
	Administrative expenses	39		109.37		78.87
	Selling expenses	39		179.79		78.62
	Total expenses (IV)			**2,211.38**		**1,609.29**
V	**Profit before exceptional items and tax (III - IV)**			1,098.81		362.90
VI	Exceptional items - income/(expense)	40		(30.82)		(1.23)
VII	**Profit before tax (V - VI)**			**1,067.99**		**361.66**
VIII	**Tax expense**	41				
	(1) Current tax		277.87		92.00	
	(2) Deferred tax (asset)/liability		(6.67)		2.16	
	(3) Income tax relating to previous years		-	271.20	-	94.16
IX	**Profit for the period (VII - VIII)**			796.79		267.50
X	**Other comprehensive income (Net)**					
	Items that will not be reclassified to profit or loss -					
	Remeasurement of defined benefit plans		0.53		(0.89)	
	Income tax		(0.13)	0.40	0.22	(0.66)
XI	**Total comprehensive income (IX - X)**			**797.19**		**266.84**
XII	**Earnings per equity share**	42				
	(1) Basic (of ₹1/-each)			28.76		9.63
	(2) Diluted (of ₹1/-each)			28.76		9.63

The accompanying notes 1 to 43 form an integral part of this standalone financial statements

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883YXVTMY3966
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Standalone cash flow statement

for the year ended March 31, 2026 (₹ in Crores)

		March 31, 2026		March 31, 2025	
A	**Cash flow from operating activities**				
	Net profit before tax and exceptional items		1,067.99		361.66
	Other comprehensive income (net)		0.53		(0.89)
	Total comprehensive income before tax		**1,068.52**		**360.78**
	Adjustments for:				
	Depreciation	40.03		35.54	
	Amortisation	3.57		4.32	
	Changes in right of use assets and lease liabilities	5.79		3.26	
	Non cash exceptional items*	30.82		1.24	
	Advances & deposits written off	1.28		0.28	
	Interest income and income from investments**	(30.08)		(12.82)	
	Finance cost	11.86		10.95	
	Provision for doubtful debts (Lifetime expected credit loss)	11.00		5.05	
	Other provisions	147.52		14.83	
			221.78		62.65
	Operating profit before working capital changes		**1,290.30**		**423.43**
	(Increase)/decrease in trade receivables	(281.53)		(35.47)	
	(Increase)/decrease in inventories	(56.65)		(91.67)	
	(Increase) / decrease in financial and current assets***	(40.70)		(6.41)	
	Increase/(decrease) in trade payables	1.07		50.37	
	Increase/(decrease) in current liabilities	95.17		(8.94)	
			(282.65)		(92.12)
	Cash generated from operations		**1,007.65**		**331.31**
	Income tax paid net of refunds		(294.78)		(96.31)
	Net cash flow from operating activities (A)		**712.87**		**235.00**
B	**Cash flow from investing activities**				
	Purchase of fixed assets including CWIP	(116.02)		(118.61)	
	Capital advances	(10.03)		(32.07)	
	Sale proceeds of fixed assets	1.14		1.03	
	Purchase of Investments	(87.94)		(173.00)	
	Interest income received during the year	12.54		12.82	
	Net Cash flow used in investing activities (B)		**(200.31)**		**(309.83)**

Standalone cash flow statement (contd.)

for the year ended March 31, 2026 (₹ in Crores)

		March 31, 2026		March 31, 2025	
C	**Cash flow from financing activities**				
	Proceeds from Long-term borrowings	0.13		0.27	
	Repayment of Long term borrowings	(15.81)		(15.92)	
	Payment of lease liability	(5.38)		(2.99)	
	Increase in working capital borrowings	5.68		10.67	
	Dividend payment	(83.16)		(13.86)	
	Finance cost paid	(11.86)		(10.95)	
	Net cash flow used in financing activities (C)		**(110.40)**		**(32.78)**
D	**Net increase in cash and cash equivalents (A+B-C)**		402.16		(107.61)
	Cash and cash equivalents at beginning of the period		112.96		220.57
	Cash and cash equivalents at end of the period		**515.12**		**112.96**
	Cash and cash equivalents				
	Cash on hand		0.12		0.15
	Balances with banks		515.00		112.81
	Total		**515.12**		**112.96**

Notes to the cash flow statement for the year ended 31.03.2026

1 This statement is prepared as per Ind AS - 7 (indirect method).

2 *Details of the exceptional items are given in Note 40

3 **Includes fair value adjustments (refer note 11)

4 ***Including bank balances other than cash and cash equivalents

5 Previous year's figures were re-grouped wherever necessary.

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883YXVTMY3966
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Standalone statement of changes in equity

for the year ended March 31, 2026 (₹ in Crores)

a) Share capital

	Current reporting period March 31, 2026	Previous reporting period March 31, 2025
Balance at the beginning of the year	**27.72**	**27.72**
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	27.72	27.72
Changes in equity share capital during the current year	-	-
Balance at the end of the year	**27.72**	**27.72**

b) Other equity (₹ in Crores)

Particulars	Capital reserve	Securities premium	Other reserves		General reserve	Retained earnings	TOTAL
			Capital redemption reserve	Investment subsidy			
Balance as at April 1, 2024	0.01	230.11	0.03	0.56	322.72	624.20	1,177.62
Total comprehensive income for the year						266.84	266.84
Dividend						(13.86)	(13.86)
Balance as at March 31, 2025	**0.01**	**230.11**	**0.03**	**0.56**	**322.72**	**877.18**	**1,430.60**
Balance as at April 1, 2025	0.01	230.11	0.03	0.56	322.72	877.18	1,430.60
Total comprehensive income for the year						797.19	797.19
Dividend						(83.16)	(83.16)
Balance as at March 31, 2026	**0.01**	**230.11**	**0.03**	**0.56**	**322.72**	**1,591.21**	**2,144.64**

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883YXVTMY3966
Place : Hyderabad
Date : May 23, 2026

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DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

1. Company overview

HBL Engineering Limited ("HBL" or "The Company") is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The Company has its primary listings on the BSE Limited and National Stock Exchange of India Limited in India. The financial statements were reviewed by the Audit Committee in its meeting held on 23rd May 2026 and approved by the Company's Board of Directors at the meeting held on 23rd May 2026.

The principal activities of the Company comprise of manufacturing of different types of products including Batteries, Railway Electronics and other products. The Company is also engaged in service activities related to the above products.

2. Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards (referred to as "Ind AS") as prescribed under section 133 of Companies act 2013 read with companies (Indian accounting standards) rules as amended from time to time.

3.1 Basis of preparation

The financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i) Certain financial assets and liabilities (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

iii) Provision for warranties

iv) Extended Producer Responsibility (EPR)

iv) Lease liability on right of use assets

3.2 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates. All financial information presented in Indian rupees has been rounded off to the nearest crores of rupees except data relating to shares.

3.3 Operating cycle:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.4 Use of judgments, estimates and assumptions

The preparation of standalone financial statements are in confirmity with the recognition and measurement principles of Ind As requires management of the company make estimates and judgements that effect the reported balances of Assets and Liabilities, disclosures of contingent liabilities as at the date of standalone financial statements and reported amounts of income and expenses for the periods presented. Estimates and underlying assumptions are reviewed on a perodic basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and future periods are effected.

The company uses the following critical accounting judgements, estimates and assumptions in the preparation of its standalone financial statements.

3.4 a Revenue recognition

i) Revenue from contracts with customers that meet the recognition criteria under paragraph 9 of Ind AS 115 are recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer, for the amount of the transaction price that is allocated to that performance obligation.

ii) The company exercises judgement for identification of performance obligations, determination of transation price, allocation of transation price to each distinct performance obligation and determining whether the performance obligation is satisfied at a point in time or over a period of time. These judgements have been explained in detail under the note on revenue. (refer note no. 32)

3.4 b Useful life, depreciation method and residual values of Property Plant and Equipment

The company reviews the useful life, depreciation methods and residual values of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods (refer note no.5).

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

3.4 c Employee benefits

The accounting of employee benefits in the nature of defined benefit requires the company to use assumptions. These assumptions have been explained under employee benefit note (refer note no. 36)

3.4 d Leases

The company evaluates if an arrangement qualifies be a lease as per requirements of Ind As 116. Identification of lease requires significant judgement. The company uses significant judgement in assessing the lease term (including anticipated renewals) and applicable discount rate. (refer note no. 9)

3.4 e Impairment of investments/intangible assets

The company reviews its carrying value of investments and Intangible Assets carried at cost (net of impairment, if any) annually or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount the impairment loss is accounted in the statement of profit and loss account.

3.4 f Provision for Income tax and deferred taxes

The company uses judgements based on the relevent rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining provision for income tax. A deferred tax asset is recognised to the extent that it is probable that its future taxable profits will be available against which the deductable temporary differences and tax losses can be utilised accordingly the company exercises its judgement to re assess carrying amount of deferred tax asset at the end of each reporting period.

3.4 g Provision and contingencies

The company estimates the provisions that have present obligation as a result of past events and it is probable that out flow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and or adjusted to reflect the current best estimates.

The company uses significant judgements to assess contingent liabilities. Contingent liabilities are disclosed when there is possible obligation arising from past events, the existance of which will be confirmed by the occurence or non occurence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an out flow of resoures will be required to settle the obligation or realiable estimate of the amount cannot be made. Contingent assets are disclosed in the financial statements but not recognised.

4 Recent accounting pronouncements :

The Ministry of Corporate Affairs ("MCA") vide notifications dated May 7, 2025, and August 13, 2025, notified amendments to certain Indian Accounting Standards ("Ind AS"), which are applicable for annual reporting periods beginning on or after April 1, 20.

The amendments mainly relate to Ind AS 1 - Presentation of Financial Statements in respect of classification of liabilities as current or non-current and liabilities with covenants, Ind AS 7 - Statement of Cash Flows and Ind AS 107 - Financial Instruments: Disclosures in respect of supplier finance arrangements, Ind AS 12 - Income Taxes in respect of International Tax Reform - Pillar Two Model Rules, and Ind AS 21 - The Effects of Changes in Foreign Exchange Rates in respect of lack of exchangeability.

The Company has evaluated the above amendments and based on its assessment; these amendments do not have any material impact on the financial statements of the Company. The Company has also considered the disclosure requirements relating to supplier finance arrangements under Ind AS 7 and Ind AS 107.

Certain requirements relating to classification of liabilities as current or non-current under Ind AS 1 are applicable for annual reporting periods beginning on or after April 1, 2026. The Company does not expect these requirements to have any material impact on its financial statements.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 5 Property, Plant and Equipment as on March 31, 2026

Accounting policy:

Property, Plant and Equipment (PPE) are measured at cost less accumulated depreciation and impairment loss if any. The cost of PPE includes those incurred directly for the construction or acquisition of the asset and directly attributable to bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the management and includes present value of expected costs for dismantling/restoration where ever applicable.

The cost of major spares is recognized in the carrying amount of the item of PPE in accordance with the recognition criteria set out in the standard. The carrying amount of the replaced part is derecognized at the time of actual replacement. The costs of the day-to-day servicing of the item are recognized in statement of profit or loss as incurred. Each component / part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately only when it has a different useful life. The gain or loss arising from de-recognition of an item of PPE is included in statement of profit or loss when the item is derecognized.

Depreciation on PPE including those on leasehold premises is provided for under straight line method over the useful life of assets specified in Part C of Schedule II to the Companies Act, 2013 and in the manner specified therein, except in respect of dies, moulds and testing equipment as elaborated in note 5.1 below. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase. Depreciation methods, useful lives and residual values are reviewed at each reporting date and accounted for as change in accounting estimate.

PPE with finite life are evaluated for recoverability when ever there is an indication that their carrying amounts may not be recoverable. If such indication exists, the recoverable amount (higher of fair value less cost to sell and value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss account.

Property, Plant and Equipment as on March 31, 2026 (₹ in Crores)

Description	Freehold land	Factory buildings	Other buildings	Plant and equipment	Furniture & fixtures	Vehicles	Office equipment	Total
Gross carrying amount								
As on April 01, 2024	**35.07**	**170.54**	**9.45**	**439.31**	**9.73**	**16.51**	**29.77**	**710.38**
Additions	2.29	3.35	4.49	47.55	1.90	1.64	7.21	68.42
Adjustments/deletions	0.22	0.13	-	5.93	0.05	1.37	0.59	8.27
As on March 31, 2025	**37.14**	**173.76**	**13.93**	**480.93**	**11.59**	**16.78**	**36.39**	**770.52**
Additions	3.23	5.46	3.58	65.48	3.05	3.69	6.08	90.56
Adjustments/deletions	-	0.10	0.01	25.81	0.82	1.88	2.57	31.18
As on March 31, 2026	**40.37**	**179.11**	**17.50**	**520.60**	**13.82**	**18.59**	**39.91**	**829.90**
Accumulated depreciation								
As on April 01, 2024	**-**	**73.80**	**1.31**	**272.20**	**4.14**	**6.63**	**19.23**	**377.31**
Depreciation for the period	-	6.11	0.24	22.01	0.96	1.54	4.67	35.54
Additions/adjustments	-	0.07	-	5.01	0.06	0.93	0.57	6.64
As on March 31, 2025	**-**	**79.84**	**1.55**	**289.21**	**5.04**	**7.24**	**23.32**	**406.22**
Depreciation for the period	-	6.36	0.28	25.38	1.08	1.70	5.24	40.03
Additions/adjustments	-	0.10	0.00	21.20	0.78	1.26	2.46	25.81
As on March 31, 2026	**-**	**86.10**	**1.83**	**293.39**	**5.34**	**7.68**	**26.10**	**420.44**
Net carrying amount								
As on March 31, 2025	37.14	93.92	12.38	191.72	6.54	9.53	13.07	364.30
As on March 31, 2026	**40.37**	**93.01**	**15.67**	**227.21**	**8.48**	**10.92**	**13.81**	**409.46**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

5.1 In respect of dies,moulds and testing equipment included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively on straight line method and the company had continued to charge such higher depreciation (as compared to Schedule II) on the same basis.

5.2 Disclosure in respect of title deeds of immovable properties:

1 Freehold land:

a) The Gross block of freehold land comprises of actual acquisition cost of ₹35.91 crores and land development charges capitalized amounting to ₹4.46 crores.

b) Out of the value of ₹35.91 crores, the details with regard to the value of land, Companies in whose name the title deeds are held and the reasons therefor are as follows:

(₹ in Crores)

Title deeds held in the name of		Gross carrying value	Relation with the holder	Property held since	Remarks / reasons
1	HBL Engineering Limited (A)	2.27	-	-	Value of land, the title deeds in respect of which are in the name of the Company viz., HBL Engineering Limited
1	Hyderabad Batteries Private Limited	0.10	All these companies are part and parcel of HBL Engineering Limited due to name change/ merger.	From the date of change of name and merger.	Name Changed to Hyderabad Batteries Limited on 11-11-1987
2	Hyderabad Batteries Limited	0.24			Name Changed to HBL Limited on 09-08-1995
3	Nicad Systems Private Limited	0.01			Name changed to Pilazetta Batteries Limited on 13.02.1990
4	Pilazetta Batteries Limited	0.02			Merged with HBL Limited on 27.11.1995
5	Nagadhara Engineering Private Limited	0.02			Merged with HBL Limited on 27.11.1995
6	HBL Limited	0.46			Later merged with Sab Nife Power Systems Limited vide order dated 08.03.2000
7	Sab Nife Power Systems Limited	0.61			Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited 26.04.2000
8	HBL NIFE Power Systems Limited	2.88			Name changed to HBL Power Systems Limited with effect from 12-10-2006
9	HBL Power Systems Limited	29.30			Name changed to HBL Engineering Limited with effect from 13-11-2024
	Total (B)	**33.64**	-	-	Value of land, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Engineering Limited by virtue of approved schemes of merger and name changes.
	Grand total (A + B)	**35.91**			

2 Non - factory buildings:

a) The gross block of non-factory buildings of ₹17.50 crores, comprise of actual cost of building constructed on factory lands of value of ₹8.28 crores, and cost of acquisition of buildings, (situated on other than factory lands) purchased from the third parties, is ₹9.22 crores.

Notes forming part of the standalone financial statements

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b) The details with regard to the value of of buildings, Companies in whose name the title deeds are held and the reasons therefor are as follows :

(₹ in Crores)

Name of the Company		Cost of buildings	Relation with the holder	Property held since	Remarks / reasons
A	**Buildings constructed on factory lands:**				
1	HBL Power Systems Limited	3.96	All these companies are part and parcel of HBL Engineering Limited due to name change/ merger.	From the date of change of name and merger.	Name changed to HBL Engineering Limited with effect from 13-11-2024
2	HBL NIFE Power Systems Limited	4.32			Name changed to HBL Power Systems Limited with effect from 12-10-2006
	Sub - total (A)	**8.28**			
B	**Buildings acquired from others:**				
1	HBL Power Systems Limited	8.02			Name changed to HBL Engineering Limited with effect from 13-11-2024
2	HBL NIFE Power Systems Limited	0.16			Name changed to HBL Power Systems Limited with effect from 12-10-2006
3	Sab Nife Power Systems Limited	1.04			Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited 26.04.2000
	Sub - total (B)	**9.22**			Value of buildings, the title deeds in respect of which are in the names of other Companies which are part and parcel of HBL Engineering Limited by virtue of approved schemes of merger and name changes.
	Grand total (A + B)	**17.50**			

Note: 6 Capital work in progress

Accounting policy:

Expenditure attributable /relating to PPE under construction / erection is accounted for as below:

A) To the extent directly identifiable to any specific plant / unit, trial run expenditure net of revenue is included in the cost of PPE.

B) To the extent not directly identifiable to any specific plant / unit, is kept under 'expenditure during construction' for allocation to PPE and is grouped under 'capital work-in-progress'.

(₹ in Crores)

	March 31, 2026	March 31, 2025
Machinery under erection	116.29	56.10
Civil works in progress	11.19	12.08
Total	**127.48**	**68.18**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Amount in capital work in progress for a period of (₹ in Crores)

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
As on 31.03.2025					
Project in progress	58.91	2.06	6.84	0.37	68.18
Projects temporarily suspended	-	-	-	-	-
Total	**58.91**	**2.06**	**6.84**	**0.37**	**68.18**
As on 31.03.2026					
Project in progress	86.21	36.19	2.10	2.98	127.48
Projects temporarily suspended	-	-	-	-	-
Total	**86.21**	**36.19**	**2.10**	**2.98**	**127.48**

Projects in progress for more than 3 years pertains to specialised buildings under construction and is expected to be capitalised during FY 2026-2027.

Note: 7 Intangible assets as on March 31, 2026

Accounting policy:

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.

New product development expenditure, software licences, technical knowhow fee, infrastructure and logistic facilities, etc. are recognised as intangible assets upon transfer of ownership, completion of development and commencement of commercial production.

Intangible assets are amortized on straight line method over their technically estimated useful lives.

Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates.

(₹ in Crores)

Description	New product development expenditure	Power facility	Technical knowhow fee	Software development	Total
Gross carrying amount					
As on April 01, 2024	**56.15**	**0.96**	**18.50**	**9.91**	**85.52**
Additions	-	-	-	-	-
Adjustments/deletions	-	-	-	-	-
As on March 31, 2025	**56.15**	**0.96**	**18.50**	**9.91**	**85.52**
Additions	-	-	-	-	-
Adjustments/deletions	-	-	-	-	-
As on March 31, 2026	**56.15**	**0.96**	**18.50**	**9.91**	**85.52**
Accumulated depreciation					
As on April 01, 2024	**53.61**	**0.96**	**13.14**	**9.91**	**77.63**
Amortisation for the period	2.54	-	1.78	-	4.32
Additions/adjustments	-	-	-	-	-
As on March 31, 2025	**56.15**	**0.96**	**14.93**	**9.91**	**81.95**
Amortisation for the period	-	-	3.57	-	3.57
Additions/adjustments	-	-	-	-	-
As on March 31, 2026	**56.15**	**0.96**	**18.50**	**9.91**	**85.52**
Net carrying amount					
As on March 31, 2025	**-**	**-**	**3.57**	**-**	**3.57**
As on March 31, 2026	**-**	**-**	**-**	**-**	**-**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 8 Disclosure as per Ind AS - 38 - Intangible assets (expenditure on research & development)

Aggregate amount of research and development expenditure that is not eligible for capitalization, recognised as an expense during the period in which they were incurred and grouped under other expenses is as under:

(₹ in Crores)

	March 31, 2026	March 31, 2025
Employee costs	8.32	8.28
Other expenses	16.89	0.84
Finance cost	0.01	0.03
Depreciation and amortization	0.68	0.57
Total	**25.90**	**9.72**

Note: 9 Leases

Accounting policy:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Assets taken under lease

a) The Company recognises Right-of-Use (ROU) asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the ROU asset is measured in accordance with the measurement criteria as per Ind AS 116. The ROU asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. ROU assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

b) The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability in accordance with the requirements under Ind AS 116.

c) The Company has elected not to apply the requirements of Ind AS 116 leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense.

ii) Assets given on lease

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease. The Company recognises lease payments received under operating leases as income. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Disclosure as per IND-AS 116

(a) The details of the Right-of-use asset held by the Company is as follows: (₹ in Crores)

Description	Leasehold factory land & buildings	Other Buildings	Total
Gross carrying amount			
As on April 01, 2024	**2.27**	**6.09**	**8.36**
Additions/adjustments	11.47	2.60	14.07
As on March 31, 2025	**13.74**	**8.69**	**22.42**
Additions/adjustments	0.27	6.01	6.28
As on March 31, 2026	**14.01**	**14.70**	**28.70**
Accumulated amortization			
As on April 01, 2024	**0.67**	**3.46**	**4.13**
Additions/adjustments	0.76	1.81	2.57
As on March 31, 2025	**1.43**	**5.27**	**6.70**
Amortisation for the period	1.64	2.87	4.51
Additions/adjustments	(0.42)	-	(0.42)
As on March 31, 2026	**2.65**	**8.14**	**10.79**
Net carrying amount			
As on March 31, 2025	**12.31**	**3.42**	**15.72**
As on March 31, 2026	**11.36**	**6.56**	**17.91**

(b) **Lease liabilities:** (₹ in Crores)

	March 31, 2026	March 31, 2025
Opening balance	16.68	4.91
Additions/adjustments	6.25	13.96
Interest for the year	1.73	0.8
Cash outflow for leases	5.38	2.99
Closing balance*	19.28	16.68
Current lease liability	5.34	3.79
Non-current lease liability	13.94	12.89

*Ageing Analysis of lease liability is disclosed vide note 11.1 on financial instruments.

(c) The company incurred ₹4.72 crores for the year ended March 31, 2026 (Previous year ₹1.93 crores) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹10.10 crores for the year ended March 31, 2026 (Previous year ₹4.92 crores), including cash outflow for short term and low value leases.

(d) Lease contracts for land & building entered by the company are primarily to conduct its business in the ordinary course.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 10 Investments

Accounting policy:

i) Investments in subsidiaries, associate and joint ventures are measured at cost. Impairment / diminution in value, other than temporary, is provided for.

ii) Investments classified as 'current investments' are carried at cost and diminution / impairment with reference to market value is recognized.

iii) Investments in mutual funds & Alternate Investment fund (AIF) are classified as "At fair value through Profit & Loss Account (FVTPL)" and gains/losses are routed through Profit & Loss at each reporting period.

(₹ in Crores)

					March 31, 2026	March 31, 2025
Investments in Subsidiaries and Associates:						
Unquoted - Non current:						
i)	**In equity instruments: (fully paid-up)**					
	Number of Shares/Units		**Face value**	**Name of the entity**		
	Current year	**Previous year**				
a)	**Subsidiary companies**					
	250	250	Euro 100	HBL Germany GMBH	0.15	0.15
	99,99,500	99,99,500	₹10	SCIL Infracon Private Limited - (refer note no.42.2)	12.48	12.48
	600	600	USD 1000	HBL America Inc.	3.23	3.23
	46,41,000	46,41,000	₹10	Torquedrive Technologies Private Limited	4.64	4.64
	5,100	5,100	₹10	HBL Tonbo Private Limited	0.01	0.01
	23,55,000	21,75,000	₹10	TTL Electric Fuel Private Limited	1.87	1.69
b)	**Associate company**					
	41,000	41,000	₹10	Naval Systems & Technologies Private Limited	0.04	0.04
	81,63,000	81,630	₹2	Tonbo Imaging India Limited	86.67	86.67
ii)	**Subsidiary company : In Preference instruments:**					
	10,00,000	10,00,000	₹10	TTL Electric Fuel Private Limited	1.00	1.00
	Other Investments:					
	Unquoted - Non current:					
iii)	**Others:**					
	100	100	USD 2.86	CEAQ Technologies Pte Ltd (Preference)	0.00	0.00
	5,40,000	2,00,000	₹1,000	India SME Investment Fund-II(AIF) - Units	60.79	20.00
	Quoted - Non current:					
iv)	-	-	-	Mutual Funds	70.61	71.03
Total					**241.49**	**200.94**
Less : Aggregate provision for diminution in value of investments					**16.18**	**16.09**
Carrying value of non-current investments					**225.31**	**184.85**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

(₹ in Crores)

Number - Current year	Number - Previous year	Face value	Name of the entity	March 31, 2026	March 31, 2025
Current investments- quoted :					
Other Investments : Quoted					
-	-	-	Mutual Funds	115.68	80.77
Other Investments :					
-	-	-	Commercial Paper (ICICI Securities)	24.84	-
Carrying value of current investments				**140.52**	**80.77**

(₹ in Crores)

		March 31, 2026		March 31, 2025	
		Non - current	Current	Non - current	Current
10.1	Aggregate amount of quoted investments	70.61	115.68	71.03	80.77
	Aggregate market value of quoted investments	70.61	115.68	71.03	80.77
	Aggregate amount of unquoted investments	170.88	24.84	129.91	-
	Aggregate amount of impairment / diminution in value of investments	16.18	-	16.09	-

10.2

Investee Company	Principal place of business	Country of incorporation	Proportion of ownership interest & voting Right	
			March 31, 2026	March 31, 2025
HBL Germany GMBH	Zwickau	Germany	100%	100%
SCIL Infracon Private Limited	Hyderabad	India	100%	100%
HBL America Inc.	Connecticut	U.S.A.	100%	100%
Torquedrive Technologies Private Limited	Hyderabad	India	100%	100%
TTL Electric Fuel Private Limited	Hyderabad	India	60%	60%
HBL Tonbo Private Limited	Hyderabad	India	51%	51%
Naval Systems & Technologies Private Limited	Hyderabad	India	41%	41%
Tonbo Imaging India Limited	Bangalore	India	14.25%	11.13%
CEAQ Technologies Pte Ltd	Cecil Street	Singapore	-	-

10.3 HBL Tonbo Private Limited (HTPL)

HBL Tonbo Private Limited (HTPL) was incorporated by HBL Engineering Limited and Tonbo Imaging India Private Limited incorporated on September 12, 2022 with a sharing ratio of 51:49. There were no commercial operations since inception of HTPL. An application under Section 248 (2) of the Companies Act, 2013 was made during FY 22-23 for striking off the name of the Company and is under process with Ministry of Corporate Affairs.In view of the same, a provision for diminution of 100% value of investment in equity shares of HTPL of ₹51,000 has been made during the previous reporting periods.

Torquedrive Technologies Private Limited (TTL) :

In view of the permanent diminution of the investments in TTL, during the FY 23-24, an amount of ₹3 crores had been provided for diminution in value of investments.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

TTL Electric Fuel Private Limited (TTL EFL) :

Electric Fuel Limited (EFL) is treated as subsidiary due to control arising on account of shareholding.

During the year HBL has invested an additional amount of ₹0.18 crores in the equity of TTL EFL. Provision for dimunition to the tune of ₹0.09 crores, is made in the books as the fair value of equity share is₹5/- against face value of ₹10/-.

Tonbo Imaging India Limited (Tonbo):

During the financial year, Tonbo Imaging India Limited (Tonbo) allotted bonus shares in the ratio of 19 equity shares of ₹10 each for one equity share held in the Company. As a result of which 15,50,970 equity shares of ₹10 each were allotted as bonus, aggregating to 16,32,600 equity shares of ₹10 each. Subsequently, the face value of ₹10 per equity share was sub-divided into face value of ₹2 per equity share, consequently as on March 31, 2026, HBL holds 81,63,000 equity shares of ₹2 each in Tonbo. HBL holds 14.25% in the equity capital of Tonbo against overall original cost of investment of ₹86.67 Crores.

Tonbo is continued to be classified as "Associate" based upon the Board representation and voting rights on affirmative matters affecting the operating and financials decisions of the investee company.

Naval Systems and Technologies Private Limited:

NSTL is also classified as "Associate" due to significant influence arising on voting power in the Board and share holding of 41%.

Investment in AIF:

Since the audited NAV for India SME investments (AIF) will be available within 180 days from the end of financial year, fair value changes during the period have been made considering the provisional NAV and are recognized in the Profit & Loss for the period ended 31st March 2026. The annual adjustments to the gains/ losses will be accounted for based on audited NAV.

Note: 11 Financial instruments (financial assets and financial liabilities):

Accounting policy:

i) All financial instruments are recognized initially at fair value. The classification of financial Instruments depends on the objective of the business model for which it is held and the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purpose of subsequent measurement, financial instruments of the Company are classified into (a) Non-derivative financial instruments and (b) Derivative financial instruments.

ii) Non-derivative financial instruments

a) Security Deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current financial assets are classified as financial assets under this clause.

b) Loans and borrowings, trade and other payables including deposits collected from various parties and eligible current and non-current financial liabilities are classified as financial liabilities under this clause.

c) Financial instruments are subsequently carried at amortized cost wherever applicable using Effective Interest Rate (EIR) method less impairment loss.

d) Transaction costs that are attributable to the financial instruments recognized at amortized cost are included in the fair value of such instruments.

iii) Derivative financial instruments

a) Derivative financial assets and liabilities are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date

b) Changes in the fair value of any derivative asset or liability are recognized immediately in the income statement and are included in other income or expense.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

c) Cash flow hedge: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurence of the related forecasted transaction.

(iv) Impairment

i) Financial assets

a) The Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortized cost wherever applicable for e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

ii) Non - financial assets

The company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

Disclosure in accordance with Ind-AS 107 and 113 - Financial Instruments

A) Capital management

The Company manages its capital structure and makes adjustment to it, in light of changes in economic condition. To mainintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholder, or issue new shares. No changes were made in the objectives, policies and procedures in the past three years.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes Issued equity capital, securities premium and all other equity reserves attributable to the equity holders.

B) Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2026 were as follows: (₹ in Crores)

Particulars	March 31, 2026				March 31, 2025			
	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Reported Value	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Reported Value
Assets at fair value:								
Investments in Mutual Funds & AIF	247.08	-	247.08	247.08	171.80		171.80	171.80

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	March 31, 2026				March 31, 2025			
	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Reported Value	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Reported Value
Assets at amortised cost:								
Investments in Subsidiaries, Associates & Commercial paper		118.76	118.76	118.76		93.83	93.83	93.83
Cash cash equivalents	-	515.12	515.12	515.12	-	112.96	112.96	112.96
Other bank balances	-	22.05	22.05	22.05	-	23.99	23.99	23.99
Trade receivables	-	656.56	656.56	656.56	-	386.03	386.03	386.03
Other financial assets	-	110.79	110.79	110.79	-	101.91	101.91	101.91
Total	**247.08**	**1,423.28**	**1,670.35**	**1,670.35**	**171.80**	**718.71**	**890.52**	**890.52**
Liabilities :								
Trade payables	-	180.17	180.17	180.17	-	179.10	179.10	179.10
Borrowings	-	35.86	35.86	35.86	-	45.86	45.86	45.86
Lease liability	-	19.28	19.28	19.28	-	16.69	16.69	16.69
Other financial liabilities	-	64.12	64.12	64.12	-	45.68	45.68	45.68
Total	**-**	**299.43**	**299.43**	**299.43**	**-**	**287.32**	**287.32**	**287.32**

Income, Expenses, Gains or Losses on Financial Instruments (₹ in Crores)

Particulars	2025-26	2024-25
Financial assets measured at amortised cost		
Interest income	18.29	11.45
Allowance for expected credit loss during the year	11.00	5.05
Financial assets measured at fair value through profit or loss		
Gains/(losses) on fair valuation or sale of Investments	11.79	0.64
Financial liabilities measured at amortised cost		
Interest expense	7.11	3.38
Interest on lease liabilities	1.73	0.80
Interest expense other than on lease liabilities	4.75	5.62

C) The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2026 and March 31, 2025.

Fair Value Hierarchy: (₹ in Crores)

Particulars	March 31, 2026			March 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in Mutual Funds	186.29			151.80	-	
Investments in AIF			60.79			20.00
Total	**186.29**	**-**	**60.79**	**151.80**	**-**	**20.00**

Notes forming part of the standalone financial statements
for the year ended March 31, 2026

Level 1 - Quoted prices (unadjusted) in the active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Reconciliation of items measured using unobservable inputs (Level 3): (₹ in Crores)

Investment in AIF	2025-26	2024-25
Opening balance	20.00	-
Additions during the year	34.00	20.00
Gains recognised in profit and loss	6.79	-
Closing Balance	**60.79**	**20.00**

D) Financial risk management

Financial risk factors

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The management reviews and designs policies and procedures to minimise potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The companies exposure to credit risk is influenced mainly by the customers repayments. The companies exposure to liquidity risks are on account of interest rate risk on borrowings. The following sections provide details regarding the companies exposure to the above mentioned financial risks and the management thereof.

Market risk

The Company operates internationally and a portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales and services in those countires. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are affected as the rupee appreciates/ depreciates against these currencies. The company leaves exchange rate risk with regard to foreign exposures unhedged when the local currency is depreciating against the foreign currency and hedges this risk when the local currency is appreciating against the foreign currency. Currently the foreign exchange risk of the company is covered through natural hedge and the Company uses the foreign currency denominated accounts to mitigate the exchange rate variation.

Analysis of foreign currency risk from financial instruments as of March 31, 2026 : Currency in Crores

Particulars	U.S. Dollars	Euro	GBP	JPY	Total
Trade receivables	0.67	0.42	0.01	-	1.10
Other financial assets	-	-	-	-	-
Trade payables	(0.27)	(0.02)	(0.00)	(1.83)	(2.12)
Other financial liabilities	(0.02)	(0.01)	-	-	(0.03)
Net assets/(liabilities)	**0.38**	**0.40**	**0.01**	**(1.83)**	**(1.05)**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Analysis of foreign currency risk from financial instruments as of March 31, 2025 : Currency in Crores

Particulars	U.S. Dollars	Euro	GBP	JPY	Total
Trade receivables	0.82	0.51	0.02		1.36
Other financial assets	-	-	-		-
Trade payables	(0.40)	(0.01)	-		(0.41)
Other financial liabilities	(0.03)	(0.03)	-		(0.06)
Net assets/(liabilities)	**0.39**	**0.47**	**0.02**	**-**	**0.89**

For the year ended March 31, 2026 and March 31, 2025, the depreciation / appreciation in the exchange rate between the Indian rupee and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹23.67 crores and ₹10.43 crores respectively.

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The impact is as follows (holding all other variables constant):

Particulars	Impact on Profit Before Tax	
	31-Mar-26	31-Mar-25
USD Sensitivity		
Increase in INR/USD by 3%	1.23	1.51
Decrease in INR/USD by 3%	(1.23)	(1.51)
EUR Sensitivity		
Increase in INR/EUR by 3%	1.31	1.55
Decrease in INR/EUR by 3%	(1.31)	(1.55)

Sensitivity analysis for GBP and JPY has not been presented separately, as the outstanding balances in these currencies are insignificant and the impact is not expected to be material.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹656.56 crores and ₹386.03 crores as of March 31, 2026 and March 31, 2025, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Revenue from top customer	35.00%	6.66%
Revenue from top five customers	50.00%	22.57%

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2026 was ₹13.85 crores. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2025 was ₹8.25 crores. (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Balance at the beginning	8.25	10.65
Lifetime expected credit loss	11.00	5.05
Credit impairment	(5.40)	(7.45)
Balance at the end	**13.85**	**8.25**

Credit risk on cash and cash equivalents is limited as the company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies with no history of default.

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company also has long term and short term borrowings from banks and financial institutions. Term loans are project specific and for refinancing of capital expenditures. Short term loans repayable on demand from banks are obtained for the working capital requirements of the company.

As of March 31, 2026, the Company had a working capital of ₹1,424.98 crores including cash and cash equivalents of ₹515.12 crores. As of March 31, 2025, the Company had a working capital of ₹794.69 crores including cash and cash equivalents of ₹112.96 crores.

As of March 31, 2026 and March 31, 2025, the outstanding gratuity and compensated absences were ₹6.10 crores and ₹4.50 crores, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of the companies financial instruments will fluctuate because of the change in market interest rates. The company's exposure to interest rate risk on account of loans from banks and financial institutions is insignificant. Further, these fluctuations are managed through negotiated and prefixed interest rates on term loans enabling the management to plan its future financial commitments and exposures. Short term and Working capital loans repayable on demand are a subject to prevailing market rate fluctuations and sanctioned facilities are availed on a need to borrow basis to ensure minimun exposure to interest rate fluctuations. The interest rate fluctuations on commercial paper's are managed through negotiated and prefixed terms with highly rated financial institutions.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's exposure to other price risk primarily arises from its investments in Alternative Investment Funds (AIFs) and mutual funds, which are measured at fair value through profit or loss.

The fair value of these investments is linked to the net asset value/fair value of the underlying schemes and is affected by changes in the value of the underlying investments held by such funds, including changes in equity prices, debt market conditions, sectoral exposures, liquidity conditions and other market-related factors. In the case of AIFs, the valuation may also be affected by the nature of the underlying investments, including investments in unlisted or less liquid securities, where fair value movements may not always be immediately observable in active markets.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

The Company manages this risk through an approved investment framework, which includes evaluation of the nature of the fund, investment objective, portfolio composition, credit profile, liquidity, regulatory status of the fund and reputation/track record of the fund manager. The Company periodically reviews the carrying value, NAV statements, fund performance reports, and any material developments reported by the fund managers. Management also monitors whether the investment exposure remains consistent with the Company's treasury and risk management objectives.

11.1 The table below provides details regarding the contractual maturities of significant financial liabilities. (₹ in Crores)

Particulars	< 1 year	1-2 years	> 2 years	Total
As on March 31, 2026				
Trade payables	180.17	-	-	180.17
Long term borrowings	0.37	0.13	0.00	0.51
Short term borrowings	35.35	-	-	35.35
Lease liability	5.34	3.46	10.48	19.28
Other financial liabilities (excluding borrowings from banks and financial institutions)	64.12	-	-	64.12
As on March 31, 2025				
Trade payables	179.10	-	-	179.10
Long term borrowings	15.77	0.33	0.09	16.19
Short term borrowings	29.66	-	-	29.66
Lease liability	3.74	1.43	11.52	16.69
Other financial liabilities (excluding borrowings from banks and financial institutions)	45.68	-	-	45.68

Note : 12 Loans (Refer Note No. 43.9) - Non-current

(₹ in Crores)

	March 31, 2026	March 31, 2025
Loans to related parties/others (Unsecured, considered good)		
Loan to subsidiary	1.47	2.20
	1.47	**2.20**
Current (Unsecured, considered good)		
Loan to subsidiary	0.73	-
Loan to other related party	3.50	-
	4.23	**-**

(₹ in Crores)

	March 31, 2026		March 31, 2025	
Details of Borrower	loan or advance in the nature of loan outstanding	Percentage to the total loan	loan or advance in the nature of loan outstanding	Percentage to the total loan
TTL Electric Fuel Private Limited - Subsidiary	2.20	100%	2.20	100%
Xalten Systems Private Limited - Others	3.50	100%	-	-

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 13 Other financial assets

Accounting policy:

Cash and cash equivalents

The company considers all high liquid investment which are readily convertible into amount of cash that are subject to insignificant risk of change in value to be cash equivalents. Cash and cash equivalents consists of balances with banks which are un restricted for withdrawl and usage.

(₹ in Crores)

Non-Current	March 31, 2026	March 31, 2025
Bank deposits (maturity beyond 12 months)		
Fixed deposits	9.13	5.56
Margin money deposits	21.15	8.10
Security deposits with Government and others	45.26	38.37
Advances to employees	0.96	0.53
Accumulated Dividend arrears on preference shares receivable	0.34	0.26
Total	**76.84**	**52.82**

Note: 14 Other non- current assets

(₹ in Crores)

	March 31, 2026	March 31, 2025
Capital advances	10.03	33.84
Total	**10.03**	**33.84**

Note: 15 Inventories

Accounting policy:

Inventories are valued as under:

i)	Raw materials, components, consumables and stores & spares	At lower of weighted average cost and net realisable value.
ii)	Work In progress and finished goods	At lower of net realisable value and weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition.
iii)	Contract work in progress (where the income is not eligible for recognition as per the policy stated elsewhere)	At direct and attributable costs incurred in relation to such contracts.
iv)	Stock-in-trade	At lower of cost and net realisable value.
v)	Consumable tools	At cost less amount charged off (which is at 1/3rd of value each year).
vi)	Services work in progress	Lower of cost and net realisable value.

(₹ in Crores)

	March 31, 2026	March 31, 2025
Raw materials	320.33	289.57
Stores, spares. process chemicals, fuels & packing material	11.14	9.55
Stock -in-trade (in respect of goods acquired for trading)	-	0.02
Material in transit	7.00	11.80
Consumable tools	2.35	2.49
Work in progress	118.11	154.32
Finished goods	91.81	52.83
Total	**550.74**	**520.59**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Disclosure as per Ind AS - 2 - Inventories

During the year ended March 31, 2026, ₹0.02 crores (March 31, 2025, ₹0.22 crores) was recognised as an expense in respect of inventories carried at net realisable value and an amount of ₹9.14 crores (previous year ₹4.74 crores) for writedown on account of obsolescence due to technology change.

Note: 16 Trade receivables

(₹ in Crores)

	March 31, 2026	March 31, 2025
Unsecured, considered good	656.56	386.03
Unsecured and having significant credit risk	13.85	8.25
	670.42	**394.28**
Allowance for credit risk (Refer note no.11 C)	(13.85)	(8.25)
Total	**656.56**	**386.03**

Trade receivable ageing schedule

(₹ in Crores)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
As on 31.03.2026						
Undisputed - considered good	638.93	13.02	4.60	-	-	656.55
Undisputed-significant increase in credit risk	0.64	0.56	1.96	5.50	5.20	13.86
Undisputed - credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed-significant increase in credit risk	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-
Total	**639.57**	**13.58**	**6.56**	**5.50**	**5.20**	**670.42**
As on 31.03.2025						
Undisputed - considered good	365.73	11.17	8.27	0.86		386.03
Undisputed-significant increase in credit risk	-	-	-	1.83	6.42	8.25
Undisputed - credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed-significant increase in credit risk	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-
Total	**365.73**	**11.17**	**8.27**	**2.69**	**6.42**	**394.28**

Note: 17

17.1 Cash and cash equivalents

(₹ in Crores)

	March 31, 2026	March 31, 2025
Balances with banks in current accounts	15.41	14.04
Balances with banks in cash credit accounts	45.99	46.82
Cash on hand	0.12	0.15
Fixed deposits (maturity of less than three months)	453.59	51.96
Total	**515.12**	**112.96**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

17.2 Other bank balances

(₹ in Crores)

	March 31, 2026	March 31, 2025
Other balances in current accounts	0.20	0.15
Fixed deposits (maturity of between 3-12 months)	6.22	3.35
Margin money deposits	13.73	19.81
Dividend accounts	1.90	0.68
Total	**22.05**	**23.99**

Note: 18 Financial assets - others (current)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Security deposits with government and others	0.36	0.16
Advances to employees	1.06	1.16
Claims & other receivables (Refer Note No.18.1)	6.63	8.41
Interest accrued but not due on deposits	7.26	7.41
Contract assets (Refer Note No.32 B)	18.64	31.95
Total	**33.95**	**49.09**

18.1 Claims and other receivables include

(₹ in Crores)

	March 31, 2026	March 31, 2025
a) Insurance claim on account of heavy rainfall (Refer Note : 18.2)	-	0.95
b) Payments under protest for pending indirect tax litigations	3.62	3.83
c) Other receivables	3.01	3.63
Total	**6.63**	**8.41**

18.2 During the year 2011-12, certain assets of the Company were damaged due to heavy rainfall. The company had incurred ₹0.95 crores towards repairing the damages caused and was accounted for as claim recoverable. The cost of new assets acquired is capitalised. However, the claim is made for total cost of repairs and acquisition of assets, as the loss is covered under re-instatement Policy which was in force. The total claim was repudiated by the Insurer against which the company filed a suit. The said claim has been written off during the year owing to prolonged litigation and uncertainity of recovery. The matter is still sub-judice.

Note: 19 Current tax assets (net)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Advance payment of income tax (including TDS)	508.26	-
Less : Provision for income tax	495.04	-
Total	**13.23**	**-**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 20 Other current assets

(₹ in Crores)

	March 31, 2026	March 31, 2025
A) Advances other than capital advances:		
Advances to employees for expenses	1.60	0.69
Advances to vendors for supply of goods / services	37.74	21.92
B) Others:		
Prepaid expenses	5.08	3.18
Export incentives receivable	1.18	1.33
GST/service tax input/VAT receivables	25.55	9.65
Other advances	1.55	1.74
Total	**72.69**	**38.51**

Note: 21 Equity share capital

(₹ in Crores)

	March 31, 2026	March 31, 2025
Authorised		
31,25,00,000 Equity shares of ₹1 each	31.25	31.25
(Previous year 31,25,00,000 Equity shares of ₹1 each)		
Issued, subscribed and fully paid-up		
27,71,94,946 Equity shares of ₹1 each	27.72	27.72
(Previous year 27,71,94,946 Equity shares of ₹1 each)		
Total	**27.72**	**27.72**

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

Equity shares	March 31, 2026		March 31, 2025	
	No.of Shares	Value ₹	No.of Shares	Value ₹
At the beginning of the period	27,71,94,946	27.72	27,71,94,946	27.72
Additions during the period on account of business combination	-	-	-	-
Deductions during the period on account of business combination	-	-	-	-
Outstanding at the end of the period	**27,71,94,946**	**27.72**	**27,71,94,946**	**27.72**

21.2 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.

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

(₹ in Crores)

Name of the shareholder	March 31, 2026		March 31, 2025	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹1 each fully paid				
Promoter and promoter group				
Aluru Family Pvt Trust - Trustee Kavita Prasad Aluru	14,22,05,858	51.30	14,22,05,858	51.30

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

21.4 Shares held by promoters at the end of the year

(₹ in Crores)

Sl. No.	Promoter name	March 31, 2026		March 31, 2025		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	Dr. A J Prasad	26,92,827	0.97	26,92,827	0.97	-
2	A Uma Devi	9,50,397	0.34	9,50,397	0.34	-
3	M S S Srinath	19,56,920	0.71	19,56,920	0.71	-
4	Kavita Prasad	97,88,386	3.53	97,88,386	3.53	-
5	M Advay Bhagirath	39,17,600	1.41	39,17,600	1.41	-
6	M Deeksha	20,87,187	0.75	20,87,187	0.75	-
7	Aluru Family Pvt Trust - Trustee Kavita Prasad Aluru	14,22,05,858	51.30	14,22,05,858	51.30	-
8	Mikkilineni Family Pvt Trust - Trustee Kavita Prasad Aluru	2,53,134	0.09	2,53,134	0.09	-
Total		**16,38,52,309**	**59.11**	**16,38,52,309**	**59.11**	**-**

Note: 22 Other equity - (refer statement of changes in equity)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Capital reserve	0.01	0.01
Capital redemption reserve	0.03	0.03
Investment subsidy from state government	0.56	0.56
Securities premium	230.11	230.11
General reserve	322.72	322.72
Retained earnings (balance of surplus in the statement of changes in equity)	1,591.21	877.18
	2,144.64	**1,430.60**

Note: 23 Non- current - financial liabilities

23.1 Borrowings (Refer Note No.37)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Term loans from banks (secured)		
HDFC Bank Ltd. - against vehicles	0.14	0.42
Total	**0.14**	**0.42**

23.2 Lease liability (Refer Note No. 9)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Lease liability	13.95	12.95
Total	**13.95**	**12.95**

23.3 Current - financial liabilities

Borrowings (current maturities) (Refer Note No.37)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Long term debt from banks (secured)		
Axis Bank Ltd	-	15.00
HDFC Bank Ltd. - against vehicles	0.37	0.78
Total	**0.37**	**15.78**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

23.4 Current maturities of long term debt

Represents instalments due within 12 months from the date of balance sheet.

23.5 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.

a) **Term loan from Axis :**

Term loan of ₹75.00 crores for refinancing the capital expenditure of the Company was fully repaid during the current year. The loan was secured by a first Paripassu charge on present and future assets (movable or immovable) of the company alongwith other term lenders.

b) **HDFC Bank - vehicle loan**

The term loans are secured by exclusive hypothecation of vehicles acquired through execution of demand promissory notes and are repayable by equated monthly installments (EMIs') as per the loan schedule sanctioned by the bank. The tenure of the loans is generally upto 36 months with interest rates specific to each loan.

23.6 As on the balance sheet date, there were no continuing defaults in repayment of borrowings and interest.

23.7 The company has utilized the borrowings from banks and financial institutions for the specific purpose for which it was taken.

23.8 In respect of borrowings from banks and financial institutions, the Quarterly returns or statements of current assets filed by the company are in agreement with the books of accounts.

Note: 24

24.1 Provisions (non - current) (₹ in Crores)

	March 31, 2026	March 31, 2025
Provision for employee benefits (Refer Note No. 36)		
Provision for earned leave encashment	3.79	3.47
Other Provisions:		
Provision for warranties (Refer Note No. 39.2)	95.04	31.50
Provision for EPR expenses (Refer note no.39.3)	5.06	3.68
Total	**103.88**	**38.65**

24.2 Provisions (current) (₹ in Crores)

	March 31, 2026	March 31, 2025
Provision for employee benefits (Refer Note No. 36)		
Provision for earned leave encashment	0.79	0.73
Provision for gratuity*	1.52	0.30
Provision for impact on new labour codes (Refer Note No. 39.4)	25.49	-
Other provisions		
Provision for warranties (Refer Note No. 39.2)	35.99	19.96
Provision for EPR expenses (Refer note no.39.3)	8.63	6.23
Provision for commission on profits to director	56.02	18.95
Total	**128.44**	**46.16**
*Present value of obligation	30.07	28.98
Fair value of plan asset	28.55	28.68
Short fall provided for	1.52	0.30

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 25 Deferred tax liability (net) (Refer Note No.41)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Deferred tax liability (as per last balance sheet)	9.83	7.89
Add: Deferred tax (asset)/liability for the year	(6.67)	1.94
Total	**3.16**	**9.83**

Note: 26 Borrowings (Refer Note No.37)

(₹ in Crores)

	March 31, 2026	March 31, 2025
A) Loans repayable on demand from banks (secured)		
State Bank of India	-	-
ICICI Bank Ltd	-	-
Axis Bank Ltd	-	-
Total (A)	**-**	**-**
B) Other loans from banks (unsecured)		
Purchase bill discounting from Axis Bank Ltd	26.77	11.40
Purchase bill discounting from ICICI Bank Ltd	8.58	18.26
Total (B)	**35.35**	**29.66**
C) Current maturities of long-term debt(refer note - 21.3)	0.37	15.78
Total (C)	**0.37**	**15.78**
Total (A + B + C)	**35.72**	**45.44**

26.1 Working capital loans

a) The unutilised demand loans from Banks are secured by a first charge on all the chargeable current assets and by a second charge on the PPE (both present and future) of the Company. All the loans are guaranteed by some of the promoters in their personal capacity.

b) The Company received sanction from ICICI Bank and Axis bank amounting ₹375 cr consisting fund based limit of ₹350 cr and non fund based limits of ₹25 cr for execution of specific order for locomotive Kavach received from Chittaranjan Locomotive works (CLW). The demand loans are secured by a exclisive first charge on the chargeable current assets/cash inflows of CLW order. Company has utilised and repaid/closed fund based limits to the tune of ₹265 cr and non fund based limits of ₹13.55 crores during FY 25-26.

26.2 Purchase bill discounting from Axis Bank Ltd. is guaranteed by some of the promoters in their personal capacity and undated cheque of the Company equivalent to limit/standing instructions for making payment on due date by debiting to cash credit account held with the bank. Purchase bill financing from ICICI Bank Ltd are unsecured and irrovocable mandate provided to bank for debiting to ICICI Bank cash credit account held with the bank on the relavant due dates.

Note: 27 Lease liability (Refer Note No. 9)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Lease liability	5.34	3.74
	5.34	**3.74**

Note: 28 Trade payables (Refer Note No. 11)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Total outstanding dues of :		
(a) Micro enterprises and small enterprises (MESE)	35.37	14.81
(b) Creditors other than micro enterprises and small enterprises	144.80	164.29
Total	**180.17**	**179.10**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Supplier finance arrangements

The Company has supplier finance arrangements in the nature of bills discounting facilities. Under these arrangements, supplier invoices are financed through finance providers as per the terms and conditions with credit period upto 90 days. The finance provider pays the supplier net of applicbale rate of interest in respect of the invoices acknowledged by the company. On due dates, bank will recover the amount from company bank account held with them.

The outstanding balances under such arrangements have been separately presented as Bills discounting under Borrowings (Refer Note 26 B). Trade payables represent amounts payable directly to suppliers in the ordinary course of business and are not covered under any supplier finance arrangement or similar financing arrangement.

28.1 Trade payable aging schedule

(₹ in Crores)

Particulars	Outstanding for following periods from the date of transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As on 31.03.2026					
(i) MSME	35.37	-	-	-	35.37
(ii) Others	126.82	7.07	2.13	1.78	137.80
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
(v) Liablility for materials	7.00	-	-	-	7.00
Total	**169.19**	**7.07**	**2.13**	**1.78**	**180.17**
As on 31.03.2025					
(i) MSME	14.81	-	-	-	14.81
(ii) Others	145.89	6.21	0.05	0.33	152.49
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
(v) Liablility for materials	11.80	-	-	-	11.80
Total	**172.50**	**6.21**	**0.05**	**0.33**	**179.10**

28.2 Details relating to micro, small & medium enterprises:

(₹ in Crores)

	March 31, 2026	March 31, 2025
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end:		
Principal amount	35.37	14.81
Within due date	35.37	14.81
Beyond due date	-	-
Interest	-	-
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	-	-
Interest	-	-
The amount of interest due and payable for the period of delay in		
making payment (beyond the appointed day during the year)	-	-
The amount of interest accrued and remaining unpaid	-	-

Note: The above information has been given only in respect of those suppliers who have informed the Company that they are registered under MSMED Act 2006. Some of these vendors were associated with the Company for long periods of time and do maintain a harmonious continuous business relationship. The Company is normally prompt in servicing these vendors' claims as per mutually agreed terms of payment. The company had not received any claim towards interest from any of the Vendors and in view of the said longstanding business relationship, does not expect or foresee any claims in future as well. The company does not have any claims for interest remaining due and payable.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 29 Other financial liabilities - current (Refer Note No. 11.1)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Unpaid/unclaimed dividends (refer note - 29.1)	1.90	0.68
Trade deposits	1.25	1.46
Creditors for capital expenditure	7.32	4.30
Invoice mart payable	3.62	11.43
Statutory dues	30.16	7.49
Directors' current account	1.95	1.30
Accrued compensations to employees	17.91	19.01
Total	**64.12**	**45.68**

29.1 Does not include any amount outstanding which is required to be credited to Investor Education and Protection Fund (IEPF).

Note: 30 Other current liabilities

(₹ in Crores)

	March 31, 2026	March 31, 2025
Advances against sales	38.39	55.64
Contract liabilities	115.85	18.14
Accrued expenses	16.06	19.80
Total	**170.31**	**93.58**

Note: 31 Current tax liabilities (net)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Provision for income tax	-	217.04
Advance payment of income tax (including TDS)	-	213.48
Total	**-**	**3.55**

Note: 32 Revenue recognition

Accounting policy:

i) Revenue from contracts with customers that meet the recognition criteria under paragraph 9 of Ind AS 115 are recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer, for the amount of the transaction price that is allocated to that performance obligation.

ii) Satisfaction of a performance obligation and recognition of revenue over time is followed when, transfer of control of a good or service are made over time and, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Performance obligations that are not satisfied over time are treated as performance obligations satisfied at a point in time which in case of goods are upon their despatch/delivery to domestic customers as per terms of sale and on the basis of proof of export/delivery for export customers as per terms of sale and in case of services are upon completion of service.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Disclosure as per Ind AS -115 - Contracts with customers

A) De-segregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major segment product and geographical regions:

(₹ in Crores)

Particulars	Battery		Electronics & Others		Total
	Within India	Outside India	Within India	Outside India	
March 31, 2026					
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time	954.71	399.53	1,514.13	120.46	2,988.83
(b) Over time	-	-	262.96	-	262.96
Total	**954.71**	**399.53**	**1,777.09**	**120.46**	**3,251.79**
March 31, 2025					
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time	1,029.57	352.90	263.06	98.90	1,744.42
(b) Over time	-	-	201.71	-	201.71
Total	**1,029.57**	**352.90**	**464.77**	**98.90**	**1,946.13**

Customer category wise disaggregation

(₹ in Crores)

Particulars	March 31, 2026		March 31, 2025	
	Battery	Electronics & Others	Battery	Electronics & Others
Revenue from customers				
Railways	196.31	1,538.61	286.06	243.48
Telecom/Industry	731.37	105.09	732.90	73.55
Defence	27.02	133.40	10.61	147.74
Exports	399.53	120.46	352.90	98.90
Total	**1,354.23**	**1,897.56**	**1,382.47**	**563.67**

B) Contract balances

The following table provides information about trade receivables, contracts assets, and contract liabilities from contracts with customers.

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Receivables	664.46	392.51
Contract assets	18.64	31.95
Contract liabilities:		
Advance from customers	38.39	55.64
Unearned and deferred revenue	115.85	18.14

There are no significant changes on account of business combinations, transition adjustments or changes in time frame for a, right to consideration / performance obligation.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Movement in advances from customers (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Opening Balance	55.64	47.97
Received during the year	442.40	389.59
Revenue recognised / Adjusted	(459.65)	(381.92)
Closing Balance	38.39	55.64

There are no significant items of revenue to be recognised against performance obligation satisfied in previous year due to change in transaction price.

Timing of satisfaction of performance obligations

For each performance obligation satisfied over time the company recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. The objective when measuring progress is to depict the company's performance in transferring control of goods or services promised to a customer (ie the satisfaction of an entity's performance obligation).

The right to payment for performance completed to date does not need to be for a fixed amount. However, at all times throughout the duration of the contract, the company is entitled to an amount that at least compensates for performance completed to date if the contract is terminated by the customer or another party for reasons other than the company's failure to perform as promised.

Output method is used for measurement where the units produced or units delivered faithfully depict the company's performance in satisfying a performance obligation and, at the end of the reporting period, the companie's performance has produced work in progress or finished goods that are not controlled by the customer.

Input method is used to recognise revenue where the company's efforts or inputs in satisfaction of a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) is relative to the total expected inputs to the satisfaction of that performance obligation and depict the company's performance in transferring control of goods or services to the customer.

C) Movement in provisions on account of impairment and credit loss (₹ in Crores)

Provision movement	March 31, 2026		March 31, 2025	
	Trade receivables	Contract assets	Trade receivables	Contract assets
Opening balance	8.25	-	10.65	-
Add: Additions / expected lifetime credit loss	11.00	-	5.05	-
Less: Write off / impairment	5.40	-	7.45	-
Closing balance	13.85	-	8.25	-

(₹ in Crores)

	March 31, 2026	March 31, 2025
Revenue from operations		
a) Sale of products	2,905.98	1,690.42
b) Sale of traded goods	-	0.02
c) Sale of services	325.82	242.17
d) Other operating revenue - sale of scrap	20.00	13.53
Total	**3,251.80**	**1,946.13**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 33 Other income

Accounting policy:

i) Claims against outside agencies are accounted for on certainty of realization.

ii) Interest income is recognized on an accrual basis using the effective interest rate (EIR) method. Dividends, are recognized at the time the right to receive is established.

iii) Export incentives under various schemes are recognized as income on certainty of realization.

iv) Foreign currency transactions

a) Transactions relating to non-monetary items and purchase and sale of goods/services denominated in foreign currency are recorded at the prevailing exchange rate or a rate that approximates to the actual rate on the date of transaction.

b) Assets & liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at exchange rates prevailing at the end of the reporting period.

c) Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they occur. Foreign currency gains and losses are reported on a net basis.

(₹ in Crores)

	March 31, 2026	March 31, 2025
a) Interest income		
Interest received on deposits with banks/others	18.29	11.45
Interest on IT refunds	-	0.34
b) Other non-operating income (net of directly attributable expenses)		
Exchange gains	23.67	10.43
Income received on Investments (Refer note no.10.3)	11.79	0.64
Miscellaneous income	4.65	3.20
(including gain / loss on termination / modification of leases)		
Total	**58.39**	**26.06**

Disclosure as per Ind AS -21 - The effects of changes in foreign exchange rates

(₹ in Crores)

	March 31, 2026	March 31, 2025
Exchange differences arising out of settlement / translation on account of:		
a) Exports	21.21	7.03
b) Imports	2.91	3.57
c) Others	(0.45)	(0.17)
Net gain (loss) recognised during the year	**23.67**	**10.43**

Note: 34 Cost of material consumed

(₹ in Crores)

	March 31, 2026	March 31, 2025
Opening stocks	289.57	225.26
Purchases, material, components & consumables	1,395.79	1,052.72
	1,685.36	1,277.98
Less : Closing stocks	320.33	289.57
	1,365.03	988.41
Less : Internal capitalisation	-	0.02
Cost of material consumed	**1,365.03**	**988.39**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 35 (Increase) / decrease in inventories of finished goods, stock-in-trade and work-in-progress (Refer Note No.15)

(₹ in Crores)

	March 31, 2026	March 31, 2025
a) Manufactured goods		
i) Opening stocks		
a) Semi finished goods	154.32	109.06
b) Finished goods	52.83	80.97
Total (A)	**207.15**	**190.04**
ii) Closing stocks		
a) Semi finished goods	118.11	154.32
b) Finished goods	91.81	52.83
Total (B)	**209.92**	**207.15**
(Increase) / Decrease (C = A - B)	**(2.76)**	**(17.12)**
b) Traded Goods		
Opening stock of traded goods	0.02	0.03
Closing stock of traded goods	**-**	**0.02**
(Increase) / Decrease (D)	**0.02**	**0.01**
(Increase) / Decrease in inventory (C+D)	**(2.74)**	**(17.10)**

Note: 36 Employee benefits

Accounting policy:

i) Short term benefits:

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

ii) Post-employment benefits:

A) Defined contribution plans:

The contribution paid/payable under provident fund scheme, ESI scheme and employee pension scheme is recognised as expenditure in the period in which the employee renders the related service.

B) Defined benefit plans:

The Company's obligation towards Gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit (PUC) method. Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in other comprehensive income and subsequently not reclassified to the statement of profit and loss.

All defined benefit plan obligations are determined based on valuation as at the end of the reporting period, made by independent actuary using the PUC Method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

iii) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, is determined and recognised in the manner similar to that stated in the defined benefit plan.

iv) Disclosure as per Ind AS-19 -Employee benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under: (₹ in Crores)

	March 31, 2026	March 31, 2025
Employer's contribution to PF/ESI/ pension plan	11.90	9.78

b) Defined benefit plan:

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, the Company has obtained actuarial valuation of the said liability. As per the valuation made under Projected Unit Credit (PUC) method by the Actuary, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/provided for by the Company. To meet the actual liability, the company has taken a group gratuity policy of the LIC of India and to keep the policy alive, the Company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position) (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Present value of obligation	30.08	28.98
Fair value of plan assets	28.56	28.68
Surplus / (deficit)	(1.52)	(0.30)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(1.52)	(0.30)

Expense recognized during the period (including premium paid) (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
In income statement (P&L a/c-expense provision)	1.95	2.59
In other comprehensive income (B/sheet item)	(0.53)	0.89

Actuarial valuation method

The valuation has been carried out using the PUC method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Defined benefit
Employer's contribution	100%
Employees' contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal retirement age	58
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the Code on Social Security, 2020.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Benefit on early retirement / termination / resignation /withdrawal	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	₹25,00,000
Gratuity formula	(15/26) x last drawn salary x number of completed years

Effect of any amendments, curtailments and settlements - not applicable in this case.

Explanation of amounts in financial statements

Changes in the present value of obligation

(₹ in Crores)

Particulars	For the period ending	
	March 31, 2026	March 31, 2025
Present value of obligation as at the beginning	28.98	25.70
Current service cost	1.73	2.12
Interest expense or cost	1.95	1.74
Actuarial (gains) / loss on obligations	0.35	1.13
Benefits paid	(2.23)	(1.72)
Present value of obligation as at the end	30.08	28.98
Bifurcation of net liability		
Current liability (short term)	6.04	5.94
Non-current liability (long term)	24.04	23.04
Net liability	30.08	28.98

Changes in the fair value of plan assets

(₹ in Crores)

	March 31, 2026	March 31, 2025
Fair value of plan assets as at the beginning	28.68	25.97
Acquisition adjustment	-	(0.04)
Expected return on plan assets	1.93	1.67
Contributions	-	2.55
Benefits paid	(2.23)	(1.72)
Actuarial gain/(loss) on plan assets	0.18	0.25
Fair value of plan assets as at the end	28.56	28.68

Other comprehensive income

(₹ in Crores)

	March 31, 2026	March 31, 2025
Actuarial (gains) / losses - experience variance	(0.35)	-
Actuarial (gains) / loss on obligations	(0.35)	(1.13)
Actuarial (gains) / loss on plan assets	0.18	0.25
Total other comprehensive income(OCI)	**(0.53)**	**(0.89)**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	March 31, 2026		March 31, 2025	
Defined Benefit Obligation (Base)	30.08		28.98	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	32.39	28.04	31.06	27.13
(% change compared to base)	-7.68%	6.77%	-7.20%	6.37%
Salary Growth Rate (- / + 1%)	28.11	32.23	26.92	31.29
(% change compared to base)	6.54%	-7.18%	7.11%	-7.97%
Attrition Rate (- / + 50%)	30.16	30.80	28.97	28.97
(% change compared to base)	-0.28%	-2.39%	0.02%	0.02%
Mortality Rate (- / + 10%)	30.31	30.31	28.97	28.98
(% change compared to base)	-0.79%	-0.77%	0.00%	0.00%

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 15 above, where assumptions for prior period, if applicable, are given.

Expected cash flows over the next years [valued on undiscounted basis]

Year	₹ in crores
1 year	5.83
2 to 5 years	8.63
6 to 10 years	14.43
More than 10 years	31.87

(ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using PUC method and is charged to Profit and Loss account. The obligation is not funded.

Assets and liability (balance sheet position) (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Present value of obligation	4.58	4.20
Surplus / (deficit)	(4.58)	(4.20)
Net asset/(liability)	(4.58)	(4.20)

Expense recognized during the period (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
In Income statement (P&L--expense provision)	2.45	2.45
Current service cost	0.71	0.65

Actuarial valuation method

The valuation has been carried out using the Project Unit Credit (PUC) method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Long term benefit
Employer's contribution	100%
Employees'contribution	NIL
Salary for calculation of leave encashment benefit	Last drawn salary
Normal retirement age	58
Vesting period	Not applicable
Benefit on normal retirement	Leave Salary (Gross Salary) subject to a maximum of 30 days' salary
Benefit on early retirement / termination / resignation / withdrawal	As above
Benefit on death in service	As above
Limit	Yes
Benefit formula	No. of days' leave encashable x last drawn salary

Changes in the present value of obligation (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Present value of obligation as at the beginning	4.20	3.35
Current service cost	0.70	0.65
Interest expense or cost	0.22	0.18
Actuarial (gain)/ loss on obligations	1.53	1.62
Benefits paid	(2.07)	(1.60)
Present value of obligation as at the end	4.58	4.20

Bifurcation of net liability (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Current liability (short term)	0.79	0.73
Non-current liability (long term)	3.79	3.47
Net liability	4.58	4.20

Employee benefits expense: (₹ in Crores)

	March 31, 2026	March 31, 2025
Salaries & bonus	160.42	122.81
Contribution to provident & other funds	11.76	9.66
Gratuity	1.95	2.59
Staff welfare expenses	14.90	13.72
Recruitment & training	0.58	0.33
Remuneration to directors:		
Salaries & allowances	1.90	1.65
Contribution to provident fund	0.14	0.12
Commission on profits	56.02	18.95
Directors sitting fees	0.15	0.12
Total	**247.81**	**169.96**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 37

Accounting policy:

Borrowing costs

i) Borrowing costs incurred for obtaining assets which take substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

ii) Other borrowing costs are treated as expense for the year.

iii) Significant transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest rate (EIR) method.

Disclosure as per Ind AS - 7

Statement of reconciliation for changes in liabilities araising from financing activities. (₹ in Crores)

	Long-term borrowings	Working capital borrowings
Opening balance	16.19	18.99
Borrowed during the year	0.13	-
Repaid during the year	(15.81)	-
Net movement	0.51	16.36
Closing balance	0.51	35.35

Finance cost (₹ in Crores)

	March 31, 2026	March 31, 2025
Interest on term loans	0.75	2.13
Interest on bank borrowings	6.27	1.11
Interest on vehicle loans	0.09	0.14
Interest on lease liability	1.73	0.80
Interest - others	0.14	1.96
Bank charges & commission	4.61	5.62
Total	**13.59**	**11.76**

Note: 38 Depreciation and amortization expense

(₹ in Crores)

	March 31, 2026	March 31, 2025
Depreciation on tangible assets	40.03	35.54
Amortisation on intangible assets	3.57	4.32
Amortisation on right of use assets	4.50	2.57
Total	**48.10**	**42.44**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 39

(₹ in Crores)

	March 31, 2026	March 31, 2025
A) Manufacturing expenses		
Stores & spares consumed	21.89	21.71
Equipment lease rentals	2.06	0.39
Consumption of Consumable tools	2.39	2.07
Contract wages (Refer note no.39.4)	160.18	113.77
Works contract expenses	9.61	49.72
Testing charges	4.48	2.72
Power and fuel	49.83	65.91
	250.43	**256.29**
B) Administrative expenses		
Rent	2.66	1.54
Rates, duties & taxes	5.28	4.37
Insurance	6.09	4.25
Professional & consultancy charges	30.55	14.80
Expenditure incurred on corporate social responsibility activities	5.62	4.18
Repairs and maintenance	27.57	21.29
Travelling and conveyance	15.81	15.66
Security charges	6.76	5.90
Printing, stationery & telephone	3.41	2.37
Sundry expenses	3.69	3.69
Payments to auditors	0.65	0.53
Advances & deposits written off	1.28	0.28
	109.37	**78.87**
C) Selling expenses		
Freight & insurance on sales	37.91	38.33
Commission on sales	3.29	6.97
Liquidated damages	0.11	-
Reversal of credit impaired	(0.26)	(0.43)
Lifetime expected credit loss (refer note: 32.C)	11.00	5.05
Provision for warranties (refer note no.39.2)	79.56	3.93
Provision for EPR expenses (refer note no. 39.3)	4.10	10.90
Installation charges paid	36.86	6.94
Marketing expenses	4.98	5.12
Other selling expenses	2.21	1.80
TOTAL	**179.79**	**78.62**

39.1 Details of payments to auditor towards :

(₹ in Crores)

	March 31, 2026	March 31, 2025
Audit fee	0.50	0.35
Certification fee	0.15	0.18
	0.65	**0.53**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

39.2 Provision for warranties:

The contracts for supply of Kavach systems to Railways that are either completed or at the completion stage have been evaluated for the warranty cost during Defect Liability Period and the Company has provided ₹92.75 crores (undiscounted) towards warranty. Further ₹12.45 crores (undiscounted) was provided for warranty cost on other products.

39.3 Provision for extended producer responsibility:

Pursuant to the notification dated 22nd August, 2022 issued by Ministry of Environment, Forest & Climate change under the Battery waste management rules, 2022, the Company has the obligation of Extended Producer Responsibility (EPR) to meet the collection and recycling and/or refurbishment of certain percentage of the quantity of batteries sold. It also has the obligation for minimum use of domestically recycled materials in new batteries. The Company can discharge the obligations by purchasing EPR credits from eligible entities. The Company has made provision for the quantities sold for the period up to 31st March 2026 based on its estimates of recovery percentages through internal recycling, market pricing of credits availabile on the EPR Portal and safe disposal letters obtained. The obligation was discounted, and the net present value of the obligation for the year worked out to ₹4.10 crores (P.Yr 10.90 crores). However, in view of the evolving nature of the statute, uncertainties remain with regards to Recovery Percentages, Minimum Floor Price for credits, Eligibility of Safe disposal letters from parties, EPR credit availability in the market and environmental compensation. Given the situation the possbile impact of these issues cannot be estimated at this point in time. The company will continue to monitor the situtation and take suitable remedial measures if required.

39.4 Provision for impact on new labour codes :

On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment subsequently published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Company has assessed and disclosed the impact of these changes in the standalone statement of profit and loss for the quarter ended December 31, 2025 and year ended March 31, 2026. The Company continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.

Note: 40 Exceptional items of (income)/expenditure

(₹ in Crores)

	March 31, 2026	March 31, 2025
Impairment / diminution In value of investments (Refer Note No. 10.3)	0.09	0.63
(Profit)/loss on sale of assets	(0.07)	(0.09)
(Profit)/Loss on sale and exchange of land	-	(0.15)
Assets written off	4.30	0.85
Obsolete work in progress*	26.49	-
	30.82	**1.23**

*Represents expenses relating to a project for design, development & supply of Heavy Weight Torpedo Battereis to Naval Science & Technological Laboratory, involving complex design, stages and alternatives. The company has completed certain stages and earned income on the same, further it assessed that the remaining cost incurred has no commercial value in view of the major design changes and hence needs to be written off. However, the company remains commited to execute the project in view of its overall commercial value.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Note: 41 Current tax and deferred tax

Accounting policy:

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted upto the end of the reporting period.

iii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iv) Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Income tax and Sales tax assessments:

Income tax:

Taxes were paid in accordance with income tax returns filed and were charged off to revenue. In respect of pending assessments, the liability, if any, that may arise upon completion of assessments is not ascertainable at this stage. During the year, in the income tax assessments, there were no transactions that were not recorded in the books of accounts but have been surrenderd or disclosed as income.

Sales tax:

The Company has paid/provided for VAT/CST as per the records and returns filed upto December 31, 2017 after considering the input VAT on purchases and also on the basis of concessional forms expected to be received from customers. The related assessments for various years are pending at various stages in different states. The liability, if any, in respect of such pending assessments is not ascertainable at this stage.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Disclosure as per Ind AS -12 - Income tax

a) A Reconciliation of the Income tax provision to the amount computed by applying the statutory income tax rate to the Income before income tax is summarized as follows:

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Profit before tax excluding profit on sale of land and after other comprehensive income	1,068.52	360.78
Enacted tax rates (%)		
On income	25.17%	25.17%
Computed expected tax expense	268.93	90.80
Tax effect due to non-taxable income	(2.99)	(0.08)
Tax reversals	-	0.00
Tax effect due to non-deductible expenses	2.65	1.48
Tax effect on others	2.75	1.74
Income tax expense	**271.33**	**93.94**
Effective tax rate %	25.39	26.04

b) Details of income tax assets and income tax liabilities are as follows:

(₹ in Crores)

	March 31, 2026	March 31, 2025
Advance tax / TDS	508.26	213.48
Provision for income tax	495.04	217.04
Asset / (liability)	**13.23**	**(3.55)**

c) The gross movement in the current income tax asset / (liability) is as follows:

(₹ in Crores)

	March 31, 2026	March 31, 2025
Net current income tax asset / (liability) at the beginning	(3.55)	(7.86)
Add : income tax paid / adjusted (net of refund received)	294.78	96.31
Less : provision for current tax	278.00	92.00
Net current income tax asset / (liability) at the end	**13.23**	**(3.55)**

d) The tax effects of significant temporary differences that resulted in deferred income tax asset and liability are as follows:

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Deferred tax liability		
Property, plant and equipment	14.21	12.96
Total	**14.21**	**12.96**
Deferred tax asset		
Leave encashment	1.15	1.06
Provision for doubtful debts	3.49	2.08
Provision for impact on new labour codes	6.42	-
Total	**11.05**	**3.13**
Deferred tax liability after set off of deferred tax asset	**3.16**	**9.83**

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

e) The gross movement in the deferred income tax account is as follows: (₹ in Crores)

	March 31, 2026	March 31, 2025
Net deferred tax liability at the beginning	9.83	7.89
Credit / (charge) relating to temporary differences	(6.67)	1.94
Net deferred income tax liability at the end	3.16	9.83

Note: 42 Earnings Per Share (EPS)

Accounting policy:

i) Basic EPS is computed by dividing the profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year / period.

ii) Diluted EPS is computed by dividing the profit after tax attributable to equity shareholders, as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Disclosure as per Ind AS - 33 Earnings Per Share (EPS) - Face value of share : ₹1/- each

Computation of EPS (Basic & Diluted)

	Computation of EPS (Basic & Diluted)	
	March 31, 2026	March 31, 2025
Profit before OCI	796.79	267.50
Profit after OCI	797.19	266.84
No. of shares (basic)	27,71,94,946	27,71,94,946
No. of shares (diluted)	27,71,94,946	27,71,94,946
EPS Before OCI		
Basic ₹	28.74	9.65
Diluted ₹	28.74	9.65
EPS after OCI		
Basic ₹	28.76	9.63
Diluted ₹	28.76	9.63

Note: 43 Other Disclosure as per schedule III of the act and Ind AS:

43.1 Movement of warranties provisions: (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
a) the carrying amount at the beginning of the period	51.46	47.53
b) additional provisions made in the period, including increases to existing provisions	103.43	31.70
c) amounts reversed on completion of warranty period	(23.86)	(27.77)
d) the change during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	-	-
e) the carrying amount at the end of the period;	131.03	51.46

It is expected that provision for warranties will be incurred in the next 12 to 96 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

(₹ in Crores)

43.2 Contingent liabilities not provided for and commitments:

All known and undisputed claims and liabilities where there is a 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. The contingent liabilities and commitments are as under: (₹ in Crores)

Nature of contingent liability	March 31, 2026	March 31, 2025
i) Contingent liabilities not provided for:		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	24.73	21.70
Sales tax#	6.25	6.74
Custom duty#	-	4.89
Service Tax#	1.95	1.95
Goods and service tax#	0.02	0.67
Property tax	2.42	2.42
Fuel surcharge adjustment	2.95	2.95
Erstwhile promoters of SCIL Infracon Private Limited*	5.42	5.42
Others	4.34	3.25
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	303.44	207.09
Corporate guarantee given to bank on behalf of subsidiary in respect of loan taken by them	13.71	12.71
ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	46.86	68.13

#Company has made deposit of ₹2.25 crores against these contingent liabilities.

*The erstwhile promoters of M/s. SCIL Infracon Private Limited filed a petition with the Sole Arbitrator making several new claims against the Company and others. The Arbitration award allowed, only one claim of theirs, relating to Unsecured Loans of ₹2.08 cr to be paid along with interest of 12% p.a., effective from 31.01.2011 till the date of the payment. On an appeal preferred by the Company against the arbitral award, the Hon'ble Civil Court granted stay on the operation of the award on condition of depositing 50% of the amount awarded with interest till date of the order. The Company deposited the 50% amount along with interest amounting to ₹2.71 crores on 17th April 2023 in compliance of the Hon'ble Civil Court's order as modified by the Hon'ble High Court. However, the appeal against the arbitral award is yet to be decided by the Hon'ble Civil Court and the matter is still sub-judice. The company's legal counsel, based on the facts of the case, opined that the claim is not admissible and is likely to be dismissed by the Hon'ble City Civil Court. Based on the above facts, the claim is not acknowledged as debt against the company and is appropriately reported as a contingent liability.

The Company has other commitments, for purchase / sale orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in the normal course of business. The company does not have any long term committments or material non-cancellable contractual committments / contracts, which might have material impact on the financial statements.

43.3 Commitment towards dividend

During the financial year the Board in its meeting held on February 07, 2026, declared an interim dividend of 200% (₹2/- per equity share of ₹1 each) on fully paid-up share capital aggregating to ₹55.44 crores and the same was paid on February 27, 2026.

The Board in its meeting held on May 23, 2026 has recommended a dividend of ₹1/- per Equity Share of ₹1/- each for the financial year ended March 31, 2026. The proposal is subject to the approval of shareholders at the annual general meeting to be held, and if approved would result in a cash outflow of ₹27.72 crores towards dividend.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

43.4 Contingent assets:

During the year 2014, there was a heavy damage to the assets and inventory at two plants of the Company, due to hud-hud cyclone. The Company's claim for the resultant losses was partly allowed by the Insurers and the balance claims were repudiated. The matter relating to the claim of ₹4.00 crores towards damage to assets and inventory and ₹9.22 crores towards loss of profits, apart from interest thereon, on being referred to arbitration was partly awarded infavour of the company. Subsequently on an appeal by the insurer further proceedings of arbitration were stayed by the commercial Court. The matter is sub judice.

43.5 Confirmation of balances

The Company had sent letters seeking confirmation of balances to various parties under trade payables, trade receivables, advance to suppliers and others and advance from customers. Based on the confirmations received and upon proper review, corrective actions have been initiated and the amounts have been trued up, accounting adjustments have been made wherever found necessary. Such confirmations are awaited from some parties, comprising of government departments and public sector undertakings.

43.6

In the opinion of the board, assets other than fixed assets and non-current investments have a value, on realisation in the ordinary course of business, which is at least equal to the amount at which they are stated in the financial statements.

43.7Relationship with Struck off Companies:

The Company has no transactions / relationships to report with the"Struck Off companies" hosted in the MCA website.

43.8 Disclosure on ratios

Sl. No.	Ratio	Numerator	Denominator	Current reporting period	Previous reporting period	Variation	Reasons
				Ratio	Ratio		
1	Current ratio	Current assets	Current liabilities	3.44	2.90	18.62%	Increase in Current Assets
2	Debt equity ratio	Total debt	Shareholder's equity	0.03	0.04	-25.00%	Reduction in borrowings
3	DSCR	Earnings available for debt service$	Debt Service#	24.81	10.51	136.06%	Improved profitability and lower debt
4	Return on equity	Net profit afer tax	Average shareholder's equity	0.44	0.20	120.00%	Improved profitability
5	Inventory turnover	Net sales	Average inventory	6.07	4.10	48.05%	Increase in inventory and Sales
6	Trade receivable turnover	Net sales	Average trade receivables	6.24	5.25	18.86%	Increase in Sales & Receivables
7	Trade payable turnover	Purchases	Average trade payables	7.77	6.84	13.60%	Increase in purchase of inventory
8	Net capital turnover	Net sales	Average Working capital	2.93	2.60	12.69%	Increase in Sales and working capital
9	Net profit ratio	Net profit after tax	Net Sales	24.52	13.71	78.85%	Improved profitability
10	Return on capital employed	Earning before interest and taxes	Capital employed*	48.51	24.34	99.30%	Improved profitability
11	Return on investment	Time weighted rate of return	-	-	-	-	

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Sl. No.	Ratio	Numerator	Denominator	Current reporting period	Previous reporting period	Variation	Reasons
				Ratio	Ratio		
	Subsidiaries and Associates	-	-	Nil	Nil	ROI for investments in unquoted/ unlisted subsidiaries is not computed since there are no cash flows from such investments and the market value of the investment could not be ascertained in the absence of comparative data	
	Quoted Investment	Income generated from Investments	Weighted investments carried at fair value	2.87	-0.05	-	Increase in fair value gain
	Unquoted investement	Income generated from Investments	Weighted investments carried at fair value	20.84	0.00	-	Increase in fair value gain

$Earnings available for debt service	Net profit after taxes + depreciation + amortisation + Interest + Other adjustments like loss/(profit) on sale of fixed assets, assets written off etc.
#Debt service	Interest and lease payments + Prinicipal repayments of term loans
*Capital employed	Tangible Net worth + Total Debt + Deferred Tax Liability

43.9 Disclosure as per Ind AS– 24 - Related party disclosures

1	Subsidiaries	SCIL Infracon Private Limited HBL Germany, GMBH HBL America, INC Torquedrive Technologies Private Limited (TTL) HBL TONBO Private Limited TTL Electric Fuel Private Limited (EFL)	
2	Associate	Naval Systems & Technologies Private Limited Tonbo Imaging India Limited	
3	Investee Company	CEAQ Technologies Pte Ltd	
4	Directors' interested company	Andhra Electronics Private Limited (K Venkat Sriram is interested as a Director)	
5	Key Management Personnel	Dr A J Prasad	Chairman & Managing Director
		Kavita Prasad Aluru	Non- Executive Director
		M S S Srinath	Executive Director
		M Deeksha	Non-Excutive Director
		Sairam Edara	Chief Financial Officer
		GBS Naidu	Company Secretary
		Non-Executive Directors	
		K Venkat Sriram	Independent Director
		Richa Datta	Independent Director
		S Narsing Rao	Independent Director
		Aparna Surabhi	Independent Director
6	Company in which KMP is director	Xalten Systems Private Limited (Sairam Edara is nominee director)	

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Disclosure of transactions with related parties and the status of outstanding balances. (₹ In Crores)

Sl. No.	Name	Nature of transaction	Transactions during the year	As on March 31, 2026	
				Gross receivables (un-secured)	Gross payables
1	Subsidiaries	Acquisition of equity shares	0.18		
			(1.20)		
		Sale of goods/Services	99.51	29.22	
			(105.06)	(45.32)	
		Purchase of goods/Services	2.51		1.35
			(0.07)		(0.52)
		Accumulated Preference share Dividend	(0.08)	(0.34)	-
			(0.08)	(0.26)	
		Funds given (loan)	-	2.20	-
			(-)	(2.20)	-
		Interest received	0.22	-	-
			(0.22)	-	-
2	Associate	Dividend received	-	-	
			(0.62)	-	
		Sale of goods	-	-	
			(-)	(0.04)	
		Purchase of goods	-		-
			(41.68)		
3	Investee Company	Acquisition of preference shares	-		
			(-)		
4	Directors' interested company	Purchase of goods	4.40	2.71	
			(-)	(-)	
5	Key management personnel	Remuneration paid	3.69	-	
			(3.31)	(-)	
		Commission on profits	56.02	-	61.76
			(18.95)	(-)	(20.25)
		Rent paid	0.10	-	
			(0.10)	(-)	
		Sitting fee paid to non-executive directors	0.15	-	-
			(0.12)	(-)	(-)
6	Company in which KMP is director	Funds given (loan)	3.50	3.50	-
			(-)	(-)	-
		Interest received	0.16	0.03	-
			(-)	(-)	-

Figures in brackets represent previous year balances

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

Directors / key management personnel interested companies as on March 31, 2026

Sl No		Name	Designation	Directorship in other Companies	Percentage of Shareholding in other Companies
I	**Directors**				
	1	Dr. A J Prasad	Promoter – Chairman & Managing Director	Beaver Technologies Private Limited	Beaver Technologies Private Limited (62.25%)
	2	Mr. MSS Srinath	Promoter and Executive Director	Naval Systems & Technologies Private Limited	Naval Systems & Technologies Private Limited (10%)
				Beaver Technologies Private Limited	Beaver Technologies Private Limited (9.50%)
				Torquedrive Technologies Private Limited	-
				TTL Electric Fuel Private Limited	-
				Moebius Power Electronics Private Limited	Moebius Power Electronics Private Limited (50%)
	3	Mrs. Kavita Prasad	Promoter - Director	Naval Systems & Technologies Private Limited	-
				Beaver Technologies Private Limited	Beaver Technologies Private Limited (28.25%)
				Torquedrive Technologies Private Limited	-
				TTL Electric Fuel Private Limited	-
				Moebius Power Electronics Private Limited	Moebius Power Electronics Private Limited (50%)
				HBL Tonbo Private Limited – Under Strike off process.	-
				Kautilya Cyber Security Technology Private Limited	Kautilya Cyber Security Technology Private Limited (50%)
	4	Ms. Deeksha Mikkilineni	Non-Excutive Director	Kautilya Cyber Security Technology Private Limited	Kautilya Cyber Security Technology Private Limited (50%)
II	**Key managerial personnel**				
	1	Mr. Sairam Edara	Chief Financial Officer	Tonbo Imaging India Limited - Nominee Director of HBL	Not Applicable
				Xalten Systems Private Limited - Nominee Director of HBL*	Not Applicable
	2	Mr. GBS Naidu	Company secretary	Not Applicable	Not Applicable

* Resigned with effect from 27.4.2026

43.10 Disclosure as per Ind AS-108 - Operating segments

This financial report contains both the consolidated financial statements of parent, that is within the scope of this Ind AS, as well as the parent's separate financial statements. Therefore, in accordance with Para 4 of Ind AS 108, segment information is given in the consolidated financial statements.

Notes forming part of the standalone financial statements

for the year ended March 31, 2026

43.11 Disclosures relating to Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend, on Corporate Social Responsibility (CSR) activities, atleast two percent of its average net profits for the immediately preceding three years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013. The areas for CSR activities are eradication of hunger and malnutrition, promotion of education, art and culture, health care, destitute care and rehabilitation, environment sustainability, disaster relief, rural development projects and promotion of sports. A CSR committee has been formed by the Company as per the Act. The funds were utilized through the year on these activities which are specified in schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year ₹5.88 crores (Previous year ₹4.15 crores).

b) Amount approved by the Board to be spent during the year ₹6.00 crores (Previous year ₹4.25 crores).

c) The details of amounts spent during the year on CSR activities are as follows: (₹ in Crores)

Nature of CSR activities	March 31, 2026	March 31, 2025
i) Eradication of malnutrition and hunger	1.55	0.98
ii) Promotion of children education	1.85	1.59
iii) Health care	0.28	0.02
iv) Rural development	-	1.27
v) Promotion of sports	0.02	-
vi) Contribution to eligible entities	1.92	0.31
Total	**5.62**	**4.18**
vii) Unspent balance provided in the books	-	-
viii) Add : Excess amount spent during FY 2023 set-off in the current financial year#	0.48	-
Total	**6.10**	**4.18**

***Statement of set off and carry forward of surplus**

		₹ in crores
1	Board approved budget for the financial year 2026	6.00
2	$CSR required to be spent for financial year 2026	5.88
3	#Excess amount spent during the financial year 2022-23 being set off	0.48
4	Balance required to be spent during the year financial year 2026 (2-3)	5.40
5	Actual spent during financial year 2025-26	5.62
6	Carry forward of excess spent during the financial year for set off in succeeding three financial years (5-4)	0.22

#Excess amount spent during the financial year 2022-23 is being set off against the amount required to be spent during the current financial year (Refer Para 5, 7 and 8(g) of the annual report on CSR activities for the financial year 2026)

43.12

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883YXVTMY3966
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
HBL Engineering Limited (formerly known as HBL Power Systems Limited),
Hyderabad

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of HBL Engineering Limited (formerly known as HBL Power Systems Limited) (hereinafter referred to as the 'Parent Company') and its subsidiary companies (Parent Company and its subsidiaries together referred to as "the Group") and its associate companies as stated in Note 44.10, which comprise the Consolidated Balance Sheet as at March 31, 2026, and the Consolidated Statement of Profit and Loss (including other Comprehensive Income), the Consolidated Statement of Changes in Equity, and the Consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate/consolidated financial statements/financial information of the subsidiary companies and associate companies referred to in Other Matters section below, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2026, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and their consolidated cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associate companies in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that in our professional judgment were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition – over time (Refer Note 32 to the consolidated financial statements) The Kavach Projects undertaken for Railways represent a significant portion of the Group's revenue for the year. Revenue from these projects is recognised under Ind AS 115, "Revenue from Contracts with Customers". In respect of such projects where the criteria for recognition of revenue over time are met, revenue is recognised using the percentage of completion method, determined under the input method with reference to costs incurred on the project in proportion to the estimated total contract costs. Estimation of costs to complete is a critical management estimate, as it requires consideration of the stage of completion of the contract, costs and efforts incurred till date, and costs and efforts required to complete the remaining performance obligations. We have identified this as a key audit matter since: • there is an inherent risk around the accuracy and occurrence of revenue recognised, considering the customised and complex nature of these contracts, simultaneous execution of multiple contracts, and the significant inputs and estimates involved; • application of revenue recognition using percentage of completion under Ind AS 115 is complex and involves estimating the future cost-to-completion of these contracts, which is used to measure the stage of completion of the relevant performance obligation; • these contracts may involve onerous obligations requiring critical assessment of foreseeable losses to be made by the Group; and at year-end, the amounts of contract assets, unearned and deferred revenue balances related to these contracts are recognised on the balance sheet.	**Principal audit procedures** Obtained an understanding of the systems, processes and controls implemented by the Group for capturing relevant information, measuring performance and progress of the projects, recording and computing revenue and the associated contract assets, unearned and deferred revenue balances. Evaluated the design and implementation and tested operating effectiveness of Group's key manual and automated internal financial controls over: • Computation of revenue recognition; • Recording of project-wise costs; • Allocation of resources and budgeting systems which prevent the unauthorised recording/changes to costs incurred; and • Estimation of contract costs required to complete the respective projects. On specific and statistically selected samples of contracts, we tested that the revenue recognised is in accordance with Ind AS 115. This includes testing the Group's computation of the estimation of contract costs and onerous obligations, if any, where we: • Verified project costs incurred with underlying supporting documents, assessed whether such costs were recorded against the appropriate contract, examined whether common costs were allocated on a reasonable and consistent basis, and correlated the project costs recorded with billings raised during the year; • assessed that the estimates of costs to complete were reviewed and approved by appropriate designated management personnel; • performed a retrospective analysis of costs incurred with estimated costs to identify significant variations and challenged whether those variations are required to be considered in estimating the remaining costs to complete the contract; • assessed the appropriateness of contract assets and unearned/deferred revenue balances as at the balance sheet date by evaluating the progress of underlying contracts, milestones achieved, billings raised and remaining performance obligations; and • inspected underlying documents and performed substantive procedures over cost budget changes to determine reasonableness of contract costs. Tested details of a sample of journal entries related to revenue recognised from percentage of completion method throughout the reporting period, using risk-based criteria, with the relevant underlying documentation.

Information other than the consolidated financial statements and auditor's report thereon

The Parent Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Parent Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Parent Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the consolidated financial statements

The Parent Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate companies in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate companies are responsible for assessing the ability of the Group and of its associate companies to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate companies are responsible for overseeing the financial reporting process of the Group and of its associate companies.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Parent Company, its subsidiary companies and associate companies incorporated in India have adequate internal financial controls with reference to consolidated

financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate companies to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate companies to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate companies to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) evaluating the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

(a) We did not audit the financial statements/financial information of 2 (Two) Foreign subsidiaries, whose financial statements/financial information reflect total assets of ₹44.76 Crores as at March 31, 2026, total revenues of ₹140.08 crores and net cash inflows amounting to ₹9.04 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit after tax of ₹12.98 crores and total comprehensive income of ₹12.97 crores for the year ended March 31, 2026, as considered in the consolidated financial statements, in respect of 2 (two) associate companies, whose financial statements/financial information have not been audited by us.

(b) These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and associate companies, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies and associate companies, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other legal and regulatory requirements

As required by Section 143 (3) of the Act, we report that based on our audit and on the consideration of the reports of the other auditors on the separate/consolidated financial information/ financial statements of the subsidiary companies and associate companies, we report to the extent applicable that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015.

(e) On the basis of the written representations received from the directors of the Parent Company and its subsidiary companies incorporated in India as on March 31, 2026, taken on record by the Board of Directors of the Parent Company, and the reports of the statutory auditors of the associate companies incorporated in India, none of the directors of the Parent Company, its subsidiaries incorporated in India and its associate companies incorporated in India is disqualified as on March 31, 2026 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Parent Company, its subsidiary companies and its associate companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure – A.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate companies – Refer Note 44.2 to the consolidated financial statements.

(ii) The Group and its associate companies did not have any material foreseeable losses on long-term contracts including derivative contracts.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company and its subsidiary companies incorporated in India and two associate companies.

(iv) (a) The respective Managements of the Parent Company its subsidiaries and its associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such associates respectively that, to the best of their knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or any of such subsidiary companies or such associate companies to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiary companies or associate companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent Company, its subsidiaries and its associates which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such associate companies respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Parent Company or any of such subsidiary companies or such associate companies from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiary companies or associate companies shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Parent Company and its subsidiaries which are companies incorporated in India and that performed by the respective auditors of the associate companies whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clauses (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) (a) The final dividend declared for the previous year and paid by the Parent Company during the year ended March 31, 2026 is in accordance with Section 123 of the Act, as applicable.

The interim dividend paid by the Parent Company during the year ended March 31, 2026 is in accordance with Section 123 of the Act, as applicable.

(b) As stated in Note 44.3 to the consolidated financial statements, the Board of Directors of the Parent Company have proposed final dividend for the year ended March 31, 2026 which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

(vi) Based on our examination which included test checks performed by us on the Parent Company and its subsidiaries incorporated in India, and that performed by the respective auditors of the associates which are companies incorporated in India whose financial statements have been audited under the Act, the Parent Company, its subsidiaries incorporated in India and associate companies incorporated in India have used an accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and the respective auditors of the above-referred associate companies did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Parent Company, its subsidiaries and associates incorporated in India as per the statutory requirements for record retention.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and according to the information and explanations given to us and based on the auditors' reports of other auditors of associate companies, the remuneration paid during the current year by the Parent Company, its subsidiary companies and associate companies, where applicable, to their directors is in accordance with the provisions of section 197 of the Act.

(i) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us in respect of the Parent Company and its subsidiaries incorporated in India and based on the CARO reports issued by respective auditors of associate companies, included in the consolidated financial statements, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

For **L N R Associates**
Chartered Accountants
FRN 05381S

Raghuram Vedula
Partner
M.No. 242883
UDIN: 26242883NBXYYQ6715

Place: Hyderabad
Date: May 23, 2026

Annexure - A

(Referred to in Paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

Report on the Internal Financial Controls with Reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of HBL Engineering Limited (formerly known as HBL Power Systems Limited) ("the Parent Company") as of and for the year ended March 31, 2026, we have audited the internal financial controls with reference to consolidated financial statements of the Parent Company, its subsidiaries and associates incorporated in India as of that date.

Management's and Board of Directors' responsibilities for internal financial controls

The respective Board of Directors of the Parent Company, its subsidiaries and associates, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria for internal controls with reference to consolidated financial statements established by the Parent Company, its subsidiary companies and its associate companies, which are companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent Company, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to consolidated financial statements of the Parent Company, its subsidiaries and its associate companies, which are companies incorporated in India.

Meaning of internal financial controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

According to the information and explanations given to us and based on the consideration of the reports of the other auditors, we are of the opinion that, the Parent Company, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as of March 31, 2026, based on the criteria for internal control with reference to consolidated financial statements established by the respective companies, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two associates which are companies incorporated in India is based solely on the corresponding reports of the auditors of those companies.

Our opinion is not modified in respect of the above matter.

For **L N R Associates**
Chartered Accountants
FRN 05381S

Raghuram Vedula
Partner
M.No. 242883
UDIN: 26242883NBXYYQ6715

Place: Hyderabad
Date: May 23, 2026

Consolidated Balance Sheet

as at March 31, 2026

(₹ in Crores)

	Particulars	Note	As at March 31, 2026		As at March 31, 2025	
I)	**ASSETS**					
1	**Non current assets**					
	(a) Property, Plant and Equipment	5	417.36		373.42	
	(b) Capital works in progress	6	127.48		68.18	
	(c) Right of use assets	8	21.25		17.65	
	(d) Goodwill		1.66		1.66	
	(e) Intangible assets	7	0.24		3.89	
	(g) Equity accounted investments	9	129.77	697.76	117.77	582.57
	(h) Financial assets					
	(i) Investments	10	131.40		91.03	
	(ii) Other financial assets	12	77.52		53.34	
	(i) Other non current assets	13	10.03	218.95	33.84	178.21
2	**Current assets**					
	(a) Inventories	14	562.08		533.57	
	(b) Financial assets					
	(i) Investments	10	140.52		80.77	
	(ii) Loans		3.50		-	
	(iii) Trade receivables	16	646.11		373.33	
	(iv) Cash and cash equivalents	17.1	528.21		116.95	
	(v) Other bank balances	17.2	23.70		25.64	
	(vi) Others	17.3	33.96		49.13	
	(c) Current tax assets (Net)	18	11.88		-	
	(d) Other current assets	19	75.00	2,024.96	39.31	1,218.71
	Total			**2,941.67**		**1,979.50**
II)	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity share capital	20	27.72		27.72	
	(b) Other equity	21	2,186.52	2,214.24	1,455.03	1,482.75
2	**Non-controlling interest**	22		(0.76)		(0.42)
3	**Non current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	23.1	4.04		5.88	
	(ii) Lease liability	23.2	15.89		14.63	
	(b) Provisions	24	139.26		41.34	
	(c) Deferred tax liabilities (Net)	25	2.38	161.57	9.20	71.06
4	**Current liabilities**					
	(a) Financial liabilities					
	(i) Borrowings	26	39.95		48.85	
	(ii) Lease liability	27	6.99		4.93	
	(iii) Trade payables					
	(a) Total outstanding dues of MESE	28	35.37		14.81	
	(b) Total outstanding dues to creditors other than MESE	28	149.53		166.35	
	(iv) Other financial liabilities	29	66.47		46.85	
	(b) Other current liabilities	30	171.50		94.75	
	(c) Provisions	24	96.81		46.22	
	(d) Current tax liabilities (Net)	31	-	566.62	3.35	426.12
	Total			**2,941.67**		**1,979.50**

The accompanying notes 1 to 47 form an integral part of this consolidated financial statements

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883NBXYYQ6715
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Consolidated Statement of Profit & Loss

for the year ended March 31, 2026 (₹ in Crores)

	Particulars	Note	Period ended March 31, 2026		Year ended March 31, 2025	
	Revenue					
I	Revenue from operations	32		3,302.83		1,967.20
II	Other income	33		58.99		25.36
III	**Total Income (I + II)**			**3,361.82**		**1,992.56**
IV	**Expenses**					
	Cost of material consumed	34		1,382.81		997.08
	Purchases of stock in trade			-		0.07
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	35		(1.10)		(26.29)
	Employee benefits expense	36		258.17		179.05
	Finance costs	37		14.69		13.02
	Depreciation and amortization expense	38		50.63		44.19
	Manufacturing expenses	39		251.17		256.29
	Administrative expenses	40		115.60		85.36
	Selling expenses	40		183.19		82.87
	Total Expenses (IV)			**2,255.16**		**1,631.64**
V	**Profit before exceptional items and tax (III - IV)**			**1,106.66**		**360.92**
VI	Exceptional items - income/(expense)	41		(31.25)		(0.98)
VII	**Profit after exceptional items (V - VI)**			**1,075.41**		**359.94**
VIII	**Share in profit / (loss) of associates**	9A		16.34		13.91
IX	**Profit before tax (VII - VIII)**			**1,091.75**		**373.85**
X	**Tax expense**	42				
	(1) Current tax		283.65		95.32	
	(2) Deferred tax (asset)/liability		(6.34)		2.05	
	(3) Income tax relating to previous years		-	277.31	-	97.37
XI	**Profit after tax before Non-controlling Interest (IX - X)**			**814.44**		**276.48**
XII	Non-controlling interest-C/Y share of Profit/(Loss)			(0.45)		(0.44)
XIII	**Profit after Non-controlling Interest (XI - XII)**			**814.89**		**276.92**
XIV	**Other comprehensive income (Net)**					
	Items that will not be reclassified to profit or loss -					
	a) Remeasurement of defined benefit plans		0.49		(0.89)	
	b) Tax effect		(0.12)		0.22	
	c) Total - (c = a + b)		**0.37**		**(0.67)**	
	Items that may be reclassified to profit or loss -					
	d) Exchange differences in translating the financial statements of foreign operations		(0.83)		(0.25)	
	e) Tax effect		0.21		0.06	
	f) Total - (f = d + e)		**(0.62)**		**(0.19)**	
	g) Total other comprehensive income (Net) - (g= c+f)			**(0.25)**		**(0.85)**
XV	**Total comprehensive income for the period (XI + XII)**			**814.64**		**276.06**
	Profit/(Loss) for the year attributable to:					
	Shareholders of the Company			815.34		277.36
	Non-controlling interest			(0.45)		(0.44)
				814.89		**276.92**
	Other comprehensive income for the year attributable to:					
	Shareholders of the Company			(0.25)		(0.85)
	Non-controlling interest			-		-
				(0.25)		**(0.85)**
	Total comprehensive income for the year attributable to:					
	Shareholders of the Company			815.09		276.51
	Non-controlling interest			(0.45)		(0.44)
				814.64		**276.07**
XVI	**Earnings per equity share (Face value ₹1/- per share)**	43				
	(1) Basic ₹			29.39		9.96
	(2) Diluted ₹			29.39		9.96

The accompanying notes 1 to 47 form an integral part of this consolidated financial statements

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883NBXYYQ6715
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Consolidated cash flow statement

for the year ended March 31, 2026 (₹ in Crores)

		March 31, 2026		March 31, 2025	
A	**Cash flow from operating activities**				
	Profit before tax and after Non-controlling Interest / associates profit		1,091.75		373.85
	Other comprehensive income (net)		(0.34)		(1.14)
	Total comprehensive income before tax		**1,091.41**		**372.71**
	Adjustments for:				
	Depreciation	41.15		36.60	
	Amortisation of intangible assets	3.68		4.40	
	Changes in right of use assets and lease liabilities	6.07		3.00	
	Advances & deposits written off	1.28		0.28	
	Non cash exceptional items	26.42		(0.98)	
	Interest income	(18.16)		(11.31)	
	Interest expense	12.68		11.84	
	Bad debts written off (Credit impairment)	(0.26)		(0.43)	
	Provision for doubtful debts (Lifetime expected credit loss)	12.15		5.61	
	Other provisions	148.39		18.30	
			233.40		**67.29**
	Operating profit before working capital changes		**1,324.81**		**440.00**
	(Increase)/decrease in trade receivables	(284.67)		(26.17)	
	(Increase)/decrease in inventories	(55.00)		(100.85)	
	(Increase) / decrease in financial and current assets**	(47.54)		(7.69)	
	Increase/(decrease) in trade paybles	3.74		50.67	
	Increase/(decrease) in current liabilities	96.39		(9.09)	
			(287.08)		**(93.14)**
	Cash generated from operations		1,037.73		346.86
	Income tax paid net of refunds		(299.29)		(100.12)
	Net cash flow from operating activities (A)		**738.44**		**246.74**
B	**Cash flow from investing activities**				
	Purchase of fixed assets including CWIP	(150.32)		(121.65)	
	Capital advances	23.81		(31.14)	
	Sale proceeds of fixed assets	5.98		2.23	
	Investment in associates/others	(112.13)		(181.35)	
	Net inflow/(outflow) on account of Non-controlling Interest	0.12		0.70	
	Interest received	18.16		11.31	
	Net cash flow from investing activities (B)		**(214.38)**		**(319.89)**

Consolidated cash flow statement (contd.)

for the year ended March 31, 2026 (₹ in Crores)

		March 31, 2026		March 31, 2025	
C	**Cash flow from financing activities**				
	Proceeds from Long term borrowings	0.13		0.27	
	Repayment of Long term borrowings	(17.25)		(16.71)	
	Payment of lease liability	(6.35)		(3.08)	
	Increase in working capital borrowings	6.51		11.84	
	Dividend payment	(83.16)		(13.86)	
	Interest income received during the year	(12.68)		(11.84)	
	Net cash flow used in financing activities (C)		**(112.80)**		**(33.37)**
D	**Net increase in cash and cash equivalents (A+B-C)**		411.26		(106.52)
	Cash and cash equivalents at beginning of the period		116.95		223.47
	Cash and cash equivalents at end of the period		**528.21**		**116.95**
	Cash and cash equivalents				
	Cash on hand		0.12		0.15
	Balances with banks		528.09		116.81
	Total		**528.21**		**116.95**

Notes to the cash flow statement for the period ended 31.03.2026

1 This statement is prepared as per Ind AS - 7 (indirect method).

2 *Details of the exceptional items are given in Note 40

3 **Including bank balances other than cash and cash equivalents

4 Previous year's figures were re-grouped wherever necessary.

As per our report of even date annexed
For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883NBXYYQ6715
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
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M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Consolidated statement of changes in equity

for the year ended March 31, 2026 (₹ in Crores)

a) Equity and share capital

	Current reporting period March 31, 2026	Previous reporting period March 31, 2025
Balance at the beginning of the year	27.72	27.72
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	27.72	27.72
Changes in equity share capital during the current year	-	-
Balance at the end of the year	**27.72**	**27.72**

b) Other equity

Particulars	Capital reserve	Securities premium account	Other reserves		General reserve	Retained earnings	Foreign currency translation reserve	TOTAL
			Capital redemption reserve	Investment subsidy				
Balance as at April 1, 2024	0.01	230.11	0.03	0.56	322.72	643.54	(4.14)	1,192.82
Profit for the year						276.92		276.92
Other comprehensive Income for the year, net of income tax						(0.67)	(0.19)	(0.85)
Dividend						(13.86)		(13.86)
Balance as at March 31, 2025	**0.01**	**230.11**	**0.03**	**0.56**	**322.72**	**905.93**	**(4.32)**	**1,455.03**
Balance as at April 1, 2025	0.01	230.11	0.03	0.56	322.72	905.93	(4.32)	1,455.03
Profit for the year						814.89		814.89
Other comprehensive Income for the year,net of income tax						0.37	(0.62)	(0.25)
Dividend						(83.16)		(83.16)
Balance as at March 31, 2026	**0.01**	**230.11**	**0.03**	**0.56**	**322.72**	**1,638.03**	**(4.94)**	**2,186.52**

As per our report of even date annexed

For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883NBXYYQ6715
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
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DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

1 Corporate information

The Consolidated financial statements (CFS) comprise of financial statements of HBL Engineering Limited (the Parent company) and its subsidiaries (collectively the group) and associate company for the year ended March 31, 2026.

The Parent company is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The Parent company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The consolidated financial statements were reviewed by the Audit Committee in its meeting held on 23rd May 2026 and approved by the Parent Company's Board of Directors at the meeting held on 23rd May 2026.

The principal activities of the group comprises of manufacturing of different types of batteries, railway electronics, e- mobility and other products. The group is also engaged in service activities related to the above products.

2 Statement of compliance

The CFS as at and for the year ended March 31, 2026 have been prepared in accordance with Indian Accounting Standards (refered to as "Ind AS") as prescribed under section 133 of Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

3 Basis of preparation and measurement

3.1 Accounting convention and basis of measurement

The CFS have been prepared on the historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

iii) Provision for warranties

iv) Extended Producer Responsibility (EPR)

iv) Lease liability on right of use assets

3.2 Functional and presentation currency

The CFS are presented in Indian rupees, which is the functional currency of the Parent Company and the currency of the primary economic environment in which the Parent Company operates. All financial information presented in Indian rupees has been rounded off to the nearest crore of rupees except share and per share data.

3.3 Operating cycle:

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.4 Basis of consolidation

a) The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent Company. When the end of the reporting period of the Parent Company is different from that of a subsidiary / associate, that entity prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Parent Company to enable it to consolidate the financial information, unless it is impracticable to do so.

b) The CFS incorporate the financial statements of the Parent Company and entities controlled by the Parent Company. Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

c) The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

d) When the Parent Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Parent Company considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the size of the parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

e) Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Parent Company gains control until the date when it ceases to control the subsidiary.

f) Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

g) All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

h) Details of subsidiary companies considered in the preparation of the consolidated financial statements are given in Note. 43.10

3.5 Use of judgments, estimates and assumptions

The preparation of CFS in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities and contingent assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any affected future periods.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions in respect of the following areas, that have most significant effect to the carrying amounts are included in the relevant notes.

3.5 a Revenue recognition

i) Revenue from contracts with customers that meet the recognition criteria under paragraph 9 of Ind AS 115 are recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer, for the amount of the transaction price that is allocated to that performance obligation.

ii) The group exercises judgement for identification of performance obligations, determination of transation price, allocation of transation price to each distinct performance obligation and determining whether the performance obligation is satisfied at a point in time or over a period of time. These judgements have been explained in detail under the note on revenue.

3.5 b Useful life of Property Plant and Equipment

The group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods (refer note. 5)

3.5 c Employee benefits

The accounting of employee benefits in the nature of defined benefit requires the group to use assumptions. These assumptions have been explained under employee benefit note (refer note. 36)

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

3.5 d Leases

The group evaluates if an arrangement qualifies be a lease as per requirements of Ind As 116. Identification of lease requires significant judgement. The group uses significant judgement in assessing the lease term (including anticipated renewals) and applicable discount rate. (refer note no.8)

3.5 e Impairment of investments / intangible assets

The group reviews its carrying value of investments and Intangible Assets carried at cost (net of impairment, if any) annually or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount the impairment loss is accounted in the statement of profit and loss account.

3.5 f Provision for Income tax and deferred taxes

The group uses judgements based on the relevent rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining provision for income tax. A deferred tax asset is recognised to the extent that it is probable that its future taxable profits will be available against which the deductable temporary differences and tax losses can be utilised accordingly the group exercises its judgement to re assess carrying amount of deferred tax asset at the end of each reporting period.

3.5 g Provision and contingencies

The group estimates the provisions that have present obligation as a result of past events and it is probable that out flow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and or adjusted to reflect the current best estimates.

group uses significant judgements to assess contingent liabilities. Contingent liabilities are disclosed when there is possible obligation arising from past events, the existance of which will be confirmed by the occurance or non occurance of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an out flow of resoures will be required to settle the obligation or realiable estimate of the amount cannot be made. Contingent assets are disclosed in the financial statements but not recognised.

4 Recent accounting pronouncements :

The Ministry of Corporate Affairs ("MCA") vide notifications dated May 7, 2025, and August 13, 2025, notified amendments to certain Indian Accounting Standards ("Ind AS"), which are applicable for annual reporting periods beginning on or after April 1, 2025.

The amendments mainly relate to Ind AS 1 - Presentation of Financial Statements in respect of classification of liabilities as current or non-current and liabilities with covenants, Ind AS 7 - Statement of Cash Flows and Ind AS 107 - Financial Instruments: Disclosures in respect of supplier finance arrangements, Ind AS 12 - Income Taxes in respect of International Tax Reform - Pillar Two Model Rules, and Ind AS 21 - The Effects of Changes in Foreign Exchange Rates in respect of lack of exchangeability.

The group has evaluated the above amendments and based on its assessment; these amendments do not have any material impact on the financial statements of the group. The group has also considered the disclosure requirements relating to supplier finance arrangements under Ind AS 7 and Ind AS 107.

Certain requirements relating to classification of liabilities as current or non-current under Ind AS 1 are applicable for annual reporting periods beginning on or after April 1, 2026. The group does not expect these requirements to have any material impact on its financial statements.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Note: 5 Property, Plant and Equipment as on March 31, 2026

Accounting policy:

Property, Plant and Equipment (PPE) are measured at cost less accumulated depreciation and impairment loss if any. The cost of PPE includes those incurred directly for the construction or acquisition of the asset and directly attributable to bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the management and includes present value of expected costs for dismantling/restoration where ever applicable.

The cost of major spares is recognized in the carrying amount of the item of PPE in accordance with the recognition criteria set out in the standard. The carrying amount of the replaced part is derecognized at the time of actual replacement. The costs of the day-to-day servicing of the item are recognized in statement of profit or loss as incurred. Each component / part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately only when it has a different useful life. The gain or loss arising from de-recognition of an item of PPE is included in statement of profit or loss when the item is derecognized.

Depreciation on PPE including those on leasehold premises is provided for under straight line method over the useful life of assets specified in Part C of Schedule II to the Companies Act, 2013 and in the manner specified therein, except in respect of dies, moulds and testing equipment as elaborated in note 5.1 below. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase. Depreciation methods, useful lives and residual values are reviewed at each reporting date and accounted for as change in accounting estimate.

PPE with finite life are evaluated for recoverability when ever there is an indication that their carrying amounts may not be recoverable. If such indication exists, the recoverable amount (higher of fair value less cost to sell and value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss account.

(₹ in Crores)

Description	Freehold land	Factory buildings	Other buildings	Plant and equipment	Furniture & fixtures	Vehicles	Office equipment	Total
Gross carrying amount								
As on April 01, 2024	**35.07**	**170.54**	**9.45**	**440.61**	**9.75**	**16.85**	**35.16**	**717.43**
Additions	2.29	3.35	4.49	47.59	2.00	1.64	12.19	73.54
Adjustments/deletions	0.22	0.13	-	5.93	0.05	1.37	0.99	8.67
As on March 31, 2025	**37.14**	**173.76**	**13.93**	**482.27**	**11.70**	**17.12**	**46.36**	**782.29**
Additions	3.23	5.46	3.58	65.48	3.05	3.69	6.51	90.99
Adjustments/deletions	-	0.10	0.01	25.81	0.82	1.88	3.80	32.41
As on March 31, 2026	**40.37**	**179.11**	**17.50**	**521.94**	**13.93**	**18.94**	**49.08**	**840.87**
Accumulated Depreciation								
As on April 01, 2024	**-**	**73.80**	**1.31**	**273.32**	**4.14**	**6.66**	**19.74**	**378.97**
Depreciation for the period	-	6.11	0.24	22.14	0.97	1.58	5.54	36.59
Additions/adjustments	-	0.07	-	5.01	0.06	0.93	0.62	6.69
As on March 31, 2025	**-**	**79.84**	**1.55**	**290.45**	**5.05**	**7.31**	**24.66**	**408.87**
Depreciation for the period	-	6.36	0.28	25.38	1.08	1.70	6.36	41.15
Additions/adjustments	-	0.10	0.00	21.20	0.78	1.26	3.16	26.51
As on March 31, 2026	**-**	**86.10**	**1.83**	**294.63**	**5.35**	**7.74**	**27.86**	**423.52**
Net carrying amount								
As on March 31, 2025	**37.14**	**93.92**	**12.38**	**191.82**	**6.65**	**9.81**	**21.70**	**373.42**
As on March 31, 2026	**40.37**	**93.01**	**15.67**	**227.31**	**8.59**	**11.20**	**21.22**	**417.36**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

5.1 In respect of dies,moulds and testing equipment included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively on straight line method and the group had continued to charge such higher depreciation (as compared to Schedule II) on the same basis.

Note: 6 Capital work in progress

Accounting policy:

Expenditure attributable /relating to PPE under construction / erection is accounted for as below:

A) To the extent directly identifiable to any specific plant / unit, trial run expenditure net of revenue is included in the cost of property, plant and equipment.

B) To the extent not directly identifiable to any specific plant / unit, is kept under 'expenditure during construction' for allocation to property, plant and equipment and is grouped under 'capital work-in-progress'.

(₹ in Crores)

	March 31, 2026	March 31, 2025
Machinery under Erection	116.29	56.10
Civil works in progress	11.19	12.08
Pre-operative Expenses to be capitalised	-	-
Total	**127.48**	**68.18**

Amount in capital work in progress for a period of (₹ in Crores)

Particulars	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
As on 31.03.2025					
Project in progress	58.91	2.06	6.84	0.37	68.18
Projects temporarily suspended	-	-	-	-	-
Total	**58.91**	**2.06**	**6.84**	**0.37**	**68.18**
As on 31.03.2026					
Project in progress	86.21	36.19	2.10	2.98	127.48
Projects temporarily suspended	-	-	-	-	-
Total	**86.21**	**36.19**	**2.10**	**2.98**	**127.48**

Projects in progress for more than 3 years pertains to specialised budings under construction and is expected to be capitalised during FY 2025-2026.

Note: 7 Intangible assets as on March 31, 2026

Accounting policy:

IIntangible 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.

New product development expenditure, software licences, technical knowhow fee, infrastructure and logistic facilities, etc. are recognised as intangible assets upon completion of development and commencement of commercial production.

Intangible assets are amortized on straight line method over their technically estimated useful lives.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates.

(₹ in Crores)

Description	New product development expenditure	Power facility	Technical knowhow fee	Software development	Trade marks and other business intangibles	Total
Gross carrying amount						
As on April 01, 2024	**56.15**	**0.96**	**18.50**	**9.93**	**0.06**	**85.59**
Additions	-	-	-	0.32	-	0.32
Adjustments/deletions	-	-	-	-	-	-
As on March 31, 2025	**56.15**	**0.96**	**18.50**	**10.25**	**0.06**	**85.92**
Additions	-	-	-	0.03	-	0.03
Adjustments/deletions	-	-	-	-	-	-
As on March 31, 2026	**56.15**	**0.96**	**18.50**	**10.28**	**0.06**	**85.95**
Accumulated depreciation						
As on April 01, 2024	**53.61**	**0.96**	**13.14**	**9.92**	**-**	**77.63**
Amortisation for the period	2.54	-	1.78	0.07	-	4.40
Additions/adjustments	-	-	-	-	-	-
As on March 31, 2025	**56.15**	**0.96**	**14.93**	**9.99**	**-**	**82.03**
Amortisation for the period	-	-	3.57	0.11	-	3.68
Additions/adjustments	-	-	-	-	-	-
As on March 31, 2026	**56.15**	**0.96**	**18.50**	**10.10**	**-**	**85.71**
Net carrying amount						
As on March 31, 2025	**-**	**-**	**3.57**	**0.26**	**0.06**	**3.89**
As on March 31, 2026	**-**	**-**	**-**	**0.18**	**0.06**	**0.24**

Note: 8 Leases

Accounting policy:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Assets taken under lease

a) The group recognises Right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset is measured in accordance with the measurement criteria as per Ind AS 116. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

b) The group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses incremental borrowing rate. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The group recognises the amount of the re-measurement of lease liability in accordance with the requirements under Ind AS 116.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

c) The group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense.

ii) Assets given on lease

At the inception of the lease the group classifies each of its leases as either an operating lease or a finance lease. The group recognises lease payments received under operating leases as income. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Disclosure as per IND-AS 116

(ii) The details of the Right-of-use asset held by the group is as follows: (₹ in Crores)

Description	Leasehold factory land & buildings	Other Buildings	Total
Gross carrying amount			
As on April 01, 2024	**3.42**	**9.43**	**12.85**
Additions/adjustments	11.47	3.77	15.24
As on March 31, 2025	**14.89**	**13.20**	**28.09**
Additions/adjustments	1.79	5.19	6.98
As on March 31, 2026	**16.68**	**18.39**	**35.07**
Accumulated amortization			
As on April 01, 2024	**1.06**	**5.65**	**6.71**
For the period	0.76	2.98	3.74
Additions/adjustments	-	-	-
As on March 31, 2025	**1.82**	**8.63**	**10.45**
For the period	2.60	3.22	5.82
Additions/adjustments	(0.42)	(2.03)	(2.45)
As on March 31, 2026	**4.00**	**9.82**	**13.82**
Net carrying amount			
As on March 31, 2025	**13.08**	**4.57**	**17.65**
As on March 31, 2026	**12.68**	**8.57**	**21.25**

* Ageing Analysis of lease liability is disclosed vide note 11.1 on financial instruments.

(iii) Lease liabilities: (₹ in Crores)

	March 31, 2026	March 31, 2025
Opening balance	19.56	8.14
Additions/adjustments	8.46	14.63
Interest for the year	2.01	1.13
Cash outflow for leases	7.15	4.34
Closing balance	22.88	19.56
Current lease liability	6.99	3.08
Non-current lease liability	15.89	16.48

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

(iv) The group incurred ₹6.11 crores for the year ended March 31, 2026 (Previous year ₹3.42 crores) towards expenses relating to short-term leases and leases of low-value assets. The total cash outflow for leases is ₹13.26 crores for the year ended March 31, 2026 (previous year ₹7.76 crores), including cash outflow for short term and low value leases.

(v) Lease contracts for land & building entered by the group are primarily to conduct its business in the ordinary course.

Note: 9 Equity accounted investments:

Investments in associates and joint ventures

I) An 'Associate' is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

II) The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

III) The group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the associate since the acquisition date.

IV) The statement of profit and loss reflects the group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of associate the group recognises its share of any changes, when applicable, in the statement of changes in equity.

V) The aggregate of the group's share of profit or loss of an associate is shown on the face of the statement of profit and loss.

VI) Details of associate company considered in the preparation of the consolidated financial statements are given in Note 45

Naval Systems and Technologies Private Limited (Associate Company)

The group has a 41% interest in the entity which is involed in providing services to foreign original equipment manufactures. The groups interest in the entity is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate company along with reconciliation is set out below. (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Opening Carrying amount of the investment	12.39	10.90
Group's share of Profit/(Loss)	4.76	2.10
Dividend received	-	(0.62)
Carrying amount of the investment	17.15	12.39

Particulars	March 31, 2026	March 31, 2025
Current assets	42.97	27.85
Non current assets	7.24	5.81
Current liabilities	(8.37)	(3.42)
Non current liabilities	(0.02)	(0.02)
Equity	**41.82**	**30.22**
Proportion of the group's ownership	41%	41%
Carrying amount of the investment	**17.15**	**12.39**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Tonbo Imaging India Limited (Tonbo) (Associate Company)

During the financial year, Tonbo Imaging India Limited (Tonbo) allotted bonus shares in the ratio of 19 equity shares of ₹10 each for one equity share held in the Company. As a result of which 15,50,970 equity shares of ₹10 each were allotted as bonus, aggregating to 16,32,600 equity shares of ₹10 each. Subsequently, the face value of ₹10 per equity share was sub-divided into face value of ₹2 per equity share, consequently as on March 31, 2026, HBL holds 81,63,000 equity shares of ₹2 each in Tonbo. HBL holds 14.25% (previous year 11.13%) in the equity capital of Tonbo against overall original cost of investment of ₹86.67 Crores. Tonbo is continued to be classified as "Associate" based upon the Board representation and voting rights on affirmative matters affecting the operating and financials decisions of the investee company. The group share of profit and loss and other comprehensive in Tonbo is recognised propsectively based on the revised shareholding percentage for the current year considering the restructuring changes and accounted the investments "under equity method".

Summarised financial information of the associate company along with reconciliation is set out below

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Opening Carrying amount of the investment	105.37	97.28
Group's share of Profit/(Loss)	7.25	8.09
Carrying amount of the investment#	112.63	105.37

*There is a difference in accounting policy relating to inventory valuation followed by the Company and Tonbo. As of this reporting period, the financial impact of this difference in the accounting policies could not be ascertained and consequently, no adjustments have been made.

#includes Goodwill

Financial information of associate

(₹ in Crores)

	March 31, 2026	March 31, 2025
Current assets	511.55	444.11
Non current assets	270.95	280.44
Current liabilities	(193.72)	(183.80)
Non current liabilities	(35.62)	(50.71)
Equity	553.16	490.05
Proportion of the group's ownership	14.25%	11.13%
Group share of net asset	78.83	54.54

	March 31, 2026	March 31, 2025
Naval Systems and Technologies Private Limited	17.15	12.39
Tonbo Imaging India Limited	112.63	105.37
Total	**129.77**	**117.77**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Not: 9A Share in profit / (loss) of associates

Summarised statement of profit and loss of Naval Systems and Technologies Private Limited (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Total Income	50.01	41.53
Cost of raw material and components consumed	(21.37)	(21.74)
Depreciation & amortisation	(0.08)	(0.08)
Finance cost	(0.08)	(0.18)
Employee benefits	(3.34)	(2.90)
Other expenses	(9.59)	(9.64)
Profit before tax	**15.55**	**7.00**
Taxes	3.95	1.87
Profit after tax	**11.60**	**5.13**
Proportion of the group's ownership	41%	41%
Group's share of profit / (loss) for the year	**4.76**	**2.10**

Summarised statement of profit and loss of Tonbo Imaging India Limited (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Total Income	369.94	474.39
Cost of raw material and components consumed	(177.52)	(204.61)
Depreciation & amortisation	(31.33)	(26.59)
Finance cost	(10.62)	(16.78)
Employee benefits	(49.58)	(44.29)
Other expenses	(30.92)	(82.96)
Profit before tax	**69.96**	**99.16**
Taxes	19.08	26.46
OCI net of taxes	(0.02)	0.03
Profit after tax (after OCI)	**50.90**	**72.67**
Proportion of the group's ownership	14.25%	11.13%
Group's share of profit / (loss) for the year before Dividend	7.25	8.09
Adjustment for Preference Dividend of other share holders	-	-
Group's share of profit / (loss) for the year after Dividend	7.25	8.09

Share in profit / (loss) of associates (₹ in Crores)

	March 31, 2026	March 31, 2025
Naval Systems and Technologies Private Limited	4.76	2.10
Tonbo Imaging India Limited	7.25	8.09
Total	**12.01**	**10.19**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Note: 10 Investments

Accounting policy:

i) Investments in subsidiaries, associate and joint ventures are measured at cost. Impairment / diminution in value, other than temporary, is provided for.

ii) Investments classified as 'current investments' are carried at cost and diminution / impairment with reference to market value is recognized.

iii) Investments in mutual funds & Alternate Investment fund (AIF) are classified as "At fair value through Profit & Loss Account (FVTPL)" and gains/losses are routed through Profit & Loss at each reporting period.

(₹ in Crores)

					March 31, 2026	March 31, 2025
Investments in Subsidiaries and other investments:						
a)	**Subsidiary Companies**					
i)	**In equity instruments: (fully paid-up)**					
	Unquoted - Non current:					
	Number of Shares/Units		**Face value**	**Name of the entity**		
	Current year	**Previous year**				
	99,99,500	99,99,500	₹10	SCIL Infracon Private Limited -	12.48	12.48
				Less: Provision for impairment (refer note no. 43)	12.48	12.48
					-	-
	5,100	5,100	₹10	HBL Tonbo Private Limited	0.01	0.01
				Less: Provision for impairment (refer note no. 43)	0.01	0.01
					-	-
b)	**Other Investments:**					
i)	**Unquoted - Non current:**					
	100	100	USD 2.86	Tonbo Imaging Pte Ltd (Preference)	0.00	0.00
	5,40,000	2,00,000	₹1,000	India SME Investment Fund-II(AIF) - Units	60.79	20.00
ii)	**Quoted - Non current:**					
	-	-	-	Mutual Funds	70.61	71.03
Carrying value of non-current investments					**131.40**	**91.03**

(₹ in Crores)

				March 31, 2026	March 31, 2025
Current investments-quoted :					
Other Investments (Quoted):					
Number		**Face value**	**Name of the entity**		
Current year	**Previous year**				
-	-	-	Mutual Funds	115.68	80.77
Other Investments (Unquoted):					
-	-	-	Commercial Paper (ICICI Securities)	24.84	-
Carrying value of current investments				**140.52**	**80.77**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

(₹ in Crores)

		March 31, 2026		March 31, 2025	
		Non - current	Current	Non - current	Current
10.1	Aggregate amount of quoted investments	70.61	115.68	71.03	80.77
	Aggregate market value of quoted investments	70.61	115.68	71.03	80.77
	Aggregate amount of unquoted investments	60.79	-	20.00	-
	Aggregate amount of impairment / diminution in value of investments	12.49	-	12.49	-

Note: 11 Financial instruments (financial assets and financial liabilities)

Accounting policy:

i) All financial instruments are recognized initially at fair value. The classification of financial Instruments depends on the objective of the business model for which it is held and the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purpose of subsequent measurement, financial instruments of the group are classified into (a) Non-derivative financial instruments and (b) Derivative financial instruments.

ii) Non-derivative financial instruments

a) Security Deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current financial assets are classified as financial assets under this clause.

b) Loans and borrowings, trade and other payables including deposits collected from various parties and eligible current and non-current financial liabilities are classified as financial liabilities under this clause.

c) Financial instruments are subsequently carried at amortized cost wherever applicable using Effective Interest Rate (EIR) method less impairment loss.

d) Transaction costs that are attributable to the financial instruments recognized at amortized cost are included in the fair value of such instruments.

iii) Derivative financial instruments

a) Derivative financial assets and liabilities are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date

b) Changes in the fair value of any derivative asset or liability are recognized immediately in the income statement and are included in other income or expense.

c) Cash flow hedge: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurence of the related forecasted transaction.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

(iv) Impairment

i) Financial assets

a) The group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortized cost wherever applicable for e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables

The group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL's at each reporting date, right from its initial recognition.

ii) Non - financial assets

The group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the group estimates the amount of impairment loss.

Disclosure in accordance with Ind-AS 107 and 113 - Financial instruments

A) Capital management

The group manages its capital structure and make adjustments to it, in light of changes in economic condition. To mainintain or adjust the capital structure, the group may adjust the dividend payment to Shareholders, return capital to Shareholder, or issue new shares. No changes were made in the objectives, policies and procedures in the past three years.

The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, borrowings, trade and other payables, other liabilities, less cash and cash equivalents. capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders.

B) Financial instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2026 were as follows:

(₹ in Crores)

Particulars	March 31, 2026				March 31, 2025			
	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Total fair value	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Total fair value
Assets at fair value:								
Investments in Mutual Funds & AIF	247.08	-	247.08	247.08	171.80	-	171.80	171.80
Assets at amortised cost:								
Cash & cash equivalents	-	528.21	528.21	528.21	-	116.95	116.95	116.95
Other bank balances	-	23.70	23.70	23.70	-	25.64	25.64	25.64
Trade receivables	-	646.11	646.11	646.11	-	373.33	373.33	373.33
Other financial assets	-	111.48	111.48	111.48	-	102.47	102.47	102.47
Total	**247.08**	**1,309.50**	**1,556.58**	**1,556.58**	**171.80**	**618.39**	**790.20**	**790.20**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	March 31, 2026				March 31, 2025			
	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Total fair value	Fair value through P&L (FVTPL)	Amortised cost	Total carrying value	Total fair value
Liabilities :								
Trade payables	-	184.90	184.90	184.90	-	181.16	181.16	181.16
Borrowings	-	43.99	43.99	43.99	-	54.73	54.73	54.73
Lease liability	-	22.88	22.88	22.88	-	19.56	19.56	19.56
Other financial liabilities	-	66.47	66.47	66.47	-	46.85	46.85	46.85
Total	**-**	**318.24**	**318.24**	**318.24**	**-**	**302.31**	**302.31**	**302.31**

Income, Expenses, Gains or Losses on Financial Instruments (₹ in Crores)

Particulars	2025-26	2024-25
Financial assets measured at amortised cost		
Interest income	18.16	11.31
Allowance for expected credit loss during the year	12.59	5.64
Financial assets measured at fair value through profit or loss		
Gains/(losses) on fair valuation or sale of Investments	11.79	0.03
Financial liabilities measured at amortised cost		
Interest expense	7.90	4.24
Interest on lease liabilities	2.01	1.18
Interest expense other than on lease liabilities	4.78	7.60

C) The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2026 and March 31, 2025.

Fair value hierarchy: (₹ in Crores)

Particulars	March 31, 2026			March 31, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investments in Mutual Funds	186.29	-	-	151.80	-	-
Investments in AIF	-	-	60.79	-	-	20.00
Total	**186.29**	**-**	**60.79**	**151.80**	**-**	**20.00**

Level 1 - Quoted prices (unadjusted) in the active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Reconciliation of items measured using unobservable inputs (Level 3):

Investment in AIF	2025-26	2024-25
Opening balance	0.20	-
Additions during the year	34.00	0.20
Gains recognised in profit and loss	26.59	-
Closing Balance	60.79	0.20

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

D) Financial risk management

Financial risk factors

The group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The management, review and design policies and procedures to minimise potential adverse effects on its financial performance. The primary market risk to the group is foreign exchange risk. The group's exposure to credit risk is influenced mainly by the customers' repayments. The group's exposure to liquidity risks are on account of interest rate risk on borrowings. The following sections provide details regarding the group's exposure to the above mentioned financial risks and the management thereof.

Market risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sales and services in those countires. The exchange rate between the local and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the group's operations are affected as the local currency appreciates/ depreciates against these foreign currencies. The group leaves exchange rate risk with regard to foreign exposures unhedged when the local currency is depreciating against the foreign currency and hedges this risk when the local currency is appreciating against the foreign currency. Currently the foreign exchange risk of the group is covered through natural hedge and the group uses the foreign currency denominated accounts to mitigate the exchange rate variation.

The following table analyzes foreign currency risk from financial instruments as of March 31, 2026 : (₹ in Crores)

Particulars	U.S. Dollars	Euro	GBP	JPY	Total
Trade receivables	0.67	0.42	0.01	-	1.10
Other financial assets	-	-	-	-	-
Trade payables	(0.27)	(0.02)	(0.00)	(1.83)	(2.12)
Other financial liabilities	(0.02)	(0.01)	-	-	(0.03)
Net assets/(liabilities)	**0.38**	**0.40**	**0.01**	**(1.83)**	**(1.05)**

The following table analyzes foreign currency risk from financial instruments as of March 31, 2025: Currency in Crores

Particulars	U.S. Dollars	Euro	GBP	AED	Total
Trade receivables	0.82	0.51	0.02	-	1.35
Other financial assets	-	-	-	-	-
Trade payables	(0.40)	(0.01)	(0.00)	(0.00)	(0.41)
Other financial liabilities	(0.03)	(0.03)	-	-	(0.06)
Net assets/(liabilities)	**0.40**	**0.47**	**0.02**	**(0.00)**	**0.89**

For the year ended March 31, 2026 and March 31, 2025, the depreciation /appreciation in the exchange rate between the Indian rupee and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹23.58 crores and ₹10.43 crores respectively.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The impact is as follows (holding all other variables constant):

Particulars	Impact on Profit Before Tax	
	31-Mar-26	31-Mar-25
USD Sensitivity		
Increase in INR/USD by 3%	1.23	1.51
Decrease in INR/USD by 3%	(1.23)	(1.51)
EUR Sensitivity		
Increase in INR/EUR by 3%	1.31	1.55
Decrease in INR/EUR by 3%	(1.31)	(1.55)

Sensitivity analysis for GBP and JPY has not been presented separately, as the outstanding balances in these currencies are insignificant and the impact is not expected to be material.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹646.11 crores and ₹373.33 crores as of March 31, 2026 and March 31, 2025, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Group's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers :

Particulars	March 31, 2026	March 31, 2025
Revenue from top customer	35.00%	6.66%
Revenue from top five customers	49.00%	21.92%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2026 was ₹15.66 crores. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2025 was ₹8.84 crores. (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Balance at the beginning	8.84	10.65
Lifetime expected credit loss	12.59	5.64
Credit impairment	(5.77)	(7.45)
Balance at the end	**15.66**	**8.84**

Credit risk on cash and cash equivalents is limited as the group generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies with no history of default.

The bank balances held by the foreign subsidiaries of HBL Engineering Limited are generally within the insured limits of respective applicable laws.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Liquidity risk

The group's principal sources of liquidity is cash and cash equivalents and the cash flow that is generated from operations. The group also has long term and short term borrowings from banks and financial institutions. Term loans are project specific and for refinancing of capital expenditures. Short term loans repayable on demand from banks and are obtained for the working capital requirements of the group.

As of March 31, 2026, the group had a working capital of ₹1,458.34 crores including cash and cash equivalents of ₹528.11 crores. As of March 31, 2025, the group had a working capital of ₹792.54 crores including cash and cash equivalents of ₹116.95 crores.

As of March 31, 2026 and March 31, 2025, the outstanding gratuity and compensated absences were ₹6.16 crores and ₹4.55 crores, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of the group's financial instruments will fluctuate because of the change in market ineterest rates. The group is exposed to interest rate risks as it has significant interest bearing loans from banks and financial institutions. These fluctuations are managed through negotiated and prefixed interest rates on term loans enabling the management to plan its future financial commitments and exposures. Short term loans repayable on demand are a subject to prevailing market rate fluctuations and sanctioned facilities are availed on a need to borrow basis to ensure minimun exposure to interest rate fluctuations. The interest rate fluctuations on commercial paper's are managed through negotiated and prefixed terms with highly rated financial institutions.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Group's exposure to other price risk primarily arises from its investments in Alternative Investment Funds (AIFs) and mutual funds, which are measured at fair value through profit or loss.

The fair value of these investments is linked to the net asset value/fair value of the underlying schemes and is affected by changes in the value of the underlying investments held by such funds, including changes in equity prices, debt market conditions, sectoral exposures, liquidity conditions and other market-related factors. In the case of AIFs, the valuation may also be affected by the nature of the underlying investments, including investments in unlisted or less liquid securities, where fair value movements may not always be immediately observable in active markets.

The Group's manages this risk through an approved investment framework, which includes evaluation of the nature of the fund, investment objective, portfolio composition, credit profile, liquidity, regulatory status of the fund and reputation/track record of the fund manager. The Group's periodically reviews the carrying value, NAV statements, fund performance reports, and any material developments reported by the fund managers. Management also monitors whether the investment exposure remains consistent with the Group Company's treasury and risk management objectives.

11.1 The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2026 :

(₹ in Crores)

Particulars	< 1 year	1-2 years	> 2 years	Total
As on March 31, 2026				
Trade payables	184.90	-	-	184.90
Long term borrowings	1.93	1.59	2.45	5.97
Short term borrowings	38.02	-	-	38.02
Lease liability	6.99	1.74	14.15	22.88
Other financial liabilities (excluding borrowings from banks and financial institutions)	66.47	-	-	66.47

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Particulars	< 1 year	1-2 years	> 2 years	Total
As on March 31, 2025				
Trade payables	181.16	-	-	181.16
Long term borrowings	17.34	1.89	3.99	23.22
Short term borrowings	31.51	-	-	31.51
Lease liability	4.93	1.80	12.83	19.56
Other financial liabilities (excluding borrowings from banks and financial institutions)	46.82	-	-	46.82

Note: 12 Other financial assets

Accounting policy:

Cash and cash equivalents

The group considers all high liquid investment which are readily convertible into amount of cash that are subject to insignificant risk of change in value to be cash equivalants. Cash and cash equivalants consists of balances with banks which are un restricted for withdrawl and usage.

(₹ in Crores)

Non-Current	March 31, 2026	March 31, 2025
Bank deposits (maturity beyond 12 months)		
Fixed deposits	9.13	5.56
Margin money deposits	21.15	8.10
Security deposits with Government and others	46.28	39.15
Advances to employees	0.96	0.53
Total	**77.52**	**53.34**

Note: 13 Other non-current assets

(₹ in Crores)

	March 31, 2026	March 31, 2025
Capital advances	10.03	33.84
Total	**10.03**	**33.84**

Note: 14 Inventories are valued as under

Accounting policy:

Inventories are valued as under:

i)	Raw materials, components, consumables and stores & spares	At lower of weighted average cost and net realisable value
ii)	Work In progress and finished goods	At lower of net realisable value and weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition
iii)	Long term contract work in progress (where the income it is not eligible for recognition as per Income recognition policy stated elsewhere)	At direct and attributable costs incurred in relation to such contracts
iv)	Stock-in-trade	At lower of cost and net realisable value
v)	Consumable tools	At cost less amount charged off (which is at 1/3rd of value each year)
vi)	Services work in progress	Lower of cost and net realisable value

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Inventories

(₹ in Crores)

	March 31, 2026	March 31, 2025
Raw materials	320.33	289.57
Stores, spares. process chemicals, fuels & packing material	11.14	9.55
Stock -in-trade (in respect of goods acquired for trading)	-	0.02
Bonded stocks/In transit	7.00	11.80
Consumable tools	2.35	2.49
Work-in-progress	118.11	154.32
Finished goods	103.15	65.82
Total	**562.08**	**533.57**

Disclosure as per Ind AS - 2 - Inventories

During the year ended March 31, 2026, ₹0.02 crores (March 31, 2025, ₹0.22 crores) was recognised as an expense in respect of inventories carried at net realisable value and an amount of ₹9.14 crores (previous year ₹4.74 crores) writedown on account of obsolescence due to technology change.

Note: 15 Loans to related parties/Others (Unsecured, considered good)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Loan to other related party	3.50	-
Total	**3.50**	**-**

Note: 16 Trade receivables

(₹ in Crores)

	March 31, 2026	March 31, 2025
Unsecured, considered good	646.11	373.33
Unsecured and having significant credit risk	15.66	8.84
	661.77	**382.17**
Allowance for credit risk	(15.66)	(8.84)
Total	**646.11**	**373.33**

Trade receivable ageing schedule

(₹ in Crores)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
As on 31.03.2026						
Undisputed - considered good	627.30	15.11	3.69	-	-	646.10
Undisputed - significant increase in credit risk	0.64	0.56	1.96	7.30	5.20	15.66
Undisputed - credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed - significant increase in credit risk	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-
	627.94	**15.67**	**5.65**	**7.30**	**5.20**	**661.76**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

(₹ in Crores)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
As on 31.03.2025						
Undisputed - considered good	353.33	10.87	8.27	0.86	-	373.33
Undisputed-significant increase in credit risk	0.30	0.30	-	1.83	6.42	8.84
Undisputed - credit impaired	-	-	-	-	-	-
Disputed - considered good	-	-	-	-	-	-
Disputed-significant increase in credit risk	-	-	-	-	-	-
Disputed - credit impaired	-	-	-	-	-	-
	353.63	**11.17**	**8.27**	**2.69**	**6.42**	**382.17**

Note: 17

17.1 Cash and cash equivalents

(₹ in Crores)

	March 31, 2026	March 31, 2025
Balances with banks in current accounts	28.50	18.03
Balances with banks in cash credit accounts	45.99	46.82
Cash on hand	0.12	0.15
Fixed deposits (maturity of less than three months)	453.59	51.96
Total	**528.21**	**116.95**

17.2 Other bank balances

(₹ in Crores)

	March 31, 2026	March 31, 2025
Other balances in current accounts	0.20	0.15
Fixed deposits (maturity of between 3-12 months)	7.87	5.00
Margin money deposits	13.73	19.81
Dividend accounts	1.90	0.68
Total	**23.70**	**25.64**

17.3 Financial assets - others (current)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Security deposits with government and others	0.36	0.16
Advances to employees	1.06	1.16
Claims & other receivables	6.63	8.45
Interest accrued but not due on deposits	7.28	7.41
Contract assets	18.64	31.95
Total	**33.96**	**49.13**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

17.4 Claims and other receivables include

(₹ in Crores)

	March 31, 2026	March 31, 2025
a) Insurance claim on account of heavy rainfall (Refer Note : 17.5)	-	0.95
b) Payments under protest for pending indirect tax litigations	3.62	3.83
c) Other receivables	3.01	3.67
Total	**6.63**	**8.45**

17.5 During the year 2011-12, certain assets of the Parent Company were damaged due to heavy rainfall. The company had incurred ₹0.95 crores towards repairing the damages caused and was accounted for as claim recoverable. The cost of new assets acquired is capitalised. However, the claim is made for total cost of repairs and acquisition of assets, as the loss is covered under re-instatement Policy which was in force. The total claim was repudiated by the Insurer against which the company filed a suit. The said claim has been written off during the year owing to prolonged litigation and uncertainity of recovery. The matter is still sub-judice.

Note: 18 Current tax assets (net)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Advance payment of income tax (including TDS)	508.28	-
Less : Provision for income tax	496.39	-
Total	**11.88**	**-**

Note: 19 Other current assets

(₹ in Crores)

	March 31, 2026	March 31, 2025
A) Advances other than capital advances:		
Advances to employees expenses	1.60	0.69
Advances to vendors for supply of goods / services	37.73	21.92
B) Others:		
Prepaid expenses	5.40	3.55
Export incentives receivable	1.18	1.33
GST/service tax input/VAT receivables	27.33	10.09
Other advances	1.55	1.74
Total	**75.00**	**39.31**

Note: 20 Equity share capital

(₹ in Crores)

	March 31, 2026	March 31, 2025
Authorised		
31,25,00,000 Equity shares of ₹1 each	31.25	31.25
(Previous year 31,25,00,000 Equity shares of ₹1 each)		
Issued, subscribed and fully paid-up		
27,71,94,946 Equity shares of ₹1 each	27.72	27.72
(Previous year 27,71,94,946 Equity shares of ₹1 each)		
Total	**27.72**	**27.72**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

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

Equity shares	March 31, 2026		March 31, 2025	
	No.of Shares	Value ₹ in Crores	No.of Shares	Value ₹ Crores
At the beginning of the period	27,71,94,946	27.72	27,71,94,946	27.72
Additions during the period on account of business combination	-	-	-	-
Deductions during the period on account of business combination	-	-	-	-
Outstanding at the end of the period	**27,71,94,946**	**27.72**	**27,71,94,946**	**27.72**

20.2 Terms/rights attached to equity shares

The parent 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 parent 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.

20.3 Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2026		March 31, 2025	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹1 each fully paid				
Promoter and promoter group				
Aluru Family Pvt Trust - Trustee Kavita Prasad Aluru	14,22,05,858	51.30	14,22,05,858	51.30

20.4 Shares held by promoters at the end of the year

Sl. No.	Promoter name	March 31, 2026		March 31, 2025		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	Dr. A J Prasad	26,92,827	0.97	26,92,827	0.97	-
2	A Uma Devi	9,50,397	0.34	9,50,397	0.34	-
3	M S S Srinath	19,56,920	0.71	19,56,920	0.71	-
4	Kavita Prasad	97,88,386	3.53	97,88,386	3.53	-
5	M Advay Bhagirath	39,17,600	1.41	39,17,600	1.41	-
6	M Deeksha	20,87,187	0.75	20,87,187	0.75	-
7	Aluru Family Pvt Trust - Trustee Kavita Prasad Aluru	14,22,05,858	51.30	14,22,05,858	51.30	-
8	Mikkilineni Family Pvt Trust - Trustee Kavita Prasad Aluru	2,53,134	0.09	2,53,134	0.09	-
Total		**16,38,52,309**	**59.11**	**16,38,52,309**	**59.11**	**-**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Note: 21 Other equity - (refer statement of changes in equity)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Capital reserve	0.01	0.01
Capital redemption reserve	0.03	0.03
Investment subsidy from state government	0.56	0.56
Securities premium account	230.11	230.11
General reserve	322.72	322.72
Retained earnings (balance of surplus in the statement of changes in equity)	1,638.03	905.93
Foreign currency translation reserve	(4.94)	(4.32)
	2,186.52	**1,455.03**

Note: 22 Non-controlling interest

(₹ in Crores)

	March 31, 2026	March 31, 2025
Opening balance	(0.42)	(0.68)
Investment/share application money during the year	0.12	0.70
Share of profit/(loss) during the year	(0.45)	(0.44)
	(0.76)	**(0.42)**

Note: 23 Non- current - financial liabilities

23.1 Borrowings

(₹ in Crores)

	March 31, 2026	March 31, 2025
Term loans from banks (secured)		
ICICI Bank Ltd	3.90	5.47
HDFC bank Ltd. - against vehicles	0.14	0.42
Total	**4.04**	**5.88**

23.2 Lease liability

(₹ in Crores)

	March 31, 2026	March 31, 2025
Lease liability	15.89	14.63
Total	**15.89**	**14.63**

23.3 Current - financial liabilities

Borrowings (current maturities)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Long term debt from banks (secured)		
ICICI Bank Ltd	1.56	1.56
Axis Bank Ltd	-	15.00
HDFC bank Ltd. - against vehicles	0.37	0.78
Total	**1.93**	**17.34**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

23.4 Current maturities of long term debt

Represents instalments due within 12 months from the date of balance sheet.

23.5 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.

a) Term loan:

HBL Engineering Limited

rm loan of ₹75.00 crores for refinancing the capital expenditure of the Company was fully repaid during the current year. The loan was secured by a first Paripassu charge on present and future assets (movable or immovable) of the company alongwith other term lenders.

TTL Electric Fuel Private Limited (subsidiary)

ICICI Bank sanctioned term loan of ₹10.71 crores for setting up of Electric Vehicle chargin infrastructure. The loan is secured by exclusive charge on present and future assets (movable) of the company. 2) Exclusive charge on the entire current assets of the company both present and future. 3) Unconditional irrevocable corporate guarantee of HBL Engineering Limited.

(₹ in Crores)

Name of the bank	Loan amount drawn	No of instalments	% of interest	Outstanding as on March 31,2026
ICICI Bank Ltd (TTL EFL)	7.90	20 (QTLY) commencing from Dec 24	8.75	5.46

b) HDFC Bank - vehicle loan

The term loans in the Parent Company are secured by exclusive hypothecation of vehicles acquired through execution of demand promissory notes and are repayable by equated monthly installments (EMIs') as per the loan schedule sanctioned by the bank. The tenure of the loans is generally upto 36 months with interest rates specific to each loan.

23.6 As on the balance sheet date, there were no continuing defaults in repayment of borrowings and interest.

Note: 24

24.1 Provisions (non - current) (₹ in Crores)

	March 31, 2026	March 31, 2025
Provision for employee benefits		
Provision for earned leave encashment	3.79	3.47
Other Provisions:		
Provision for warranties	126.73	31.50
Provision for EPR expenses	8.74	6.37
Total	**139.26**	**41.34**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

24.2 Provisions (current)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Provision for employee benefits		
Provision for earned leave encashment	0.79	0.73
Provision for gratuity	1.58	0.35
Provision for Gratuity on new Labour codes	25.49	-
Other provisions		
Provision for warranties	4.30	19.96
Provision for EPR expenses	8.63	6.23
Provision for commission on profits to director	56.02	18.95
Total	**96.81**	**46.22**

Note: 25 Deferred tax liability (net)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Deferred tax liability (as per last balance sheet)	9.20	7.96
Add: Deferred tax (asset)/liability for the year	(6.82)	1.24
Total	**2.38**	**9.20**

Note: 26 Borrowings

(₹ in Crores)

	March 31, 2026	March 31, 2025
A) Loans repayable on demand from banks (secured)		
ICICI Bank Ltd	2.67	1.85
Total (A)	**2.67**	**1.85**
B) Other loans from banks (unsecured)		
Purchase bill discounting from Axis Bank Ltd	26.77	11.40
Purchase bill discounting from ICICI Bank Ltd	8.58	18.26
Total (B)	**35.35**	**29.66**
C) Current maturities of long-term debt(refer note - 21.3)	1.93	17.34
Total (A + B + C)	**39.95**	**48.85**

26.1 Working capital loans

HBL Engineering Limited

a) The unutilised demand loans from Banks are secured by a first charge on all the chargeable current assets and by a second charge on the PPE (both present and future) of the Company. All the loans are guaranteed by some of the promoters in their personal capacity.

b) The Company received sanction from ICICI Bank and Axis bank amounting ₹375 cr consisting fund based limit of ₹350 cr and non fund based limits of ₹25 cr for execution of specific order for locomotive Kavach received from Chittaranjan Locomotive works (CLW). The demand loans are secured by a exclisive first charge on the chargeable current assets/cash inflows of CLW order. Company has utilised and repaid/closed fund based limits to the tune of ₹265 cr and non fund based limits of ₹13.55 crores during FY 25-26.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

TTL Electric Fuel Private Limited (subsidiary)

ICICI Bank sanctioned overdraft loan of ₹3.00 crores for setting up of Electric Vehicle charging infrastructure. The loan is secured by exclusive charge on present and future assets (movable) of the company. 2) Exclusive charge on the entire current assets of the company both present and future. 3) Unconditional irrevocable corporate guarantee of HBL Engineering Limited.

26.2 Purchase bill discounting from Axis Bank Ltd. is guaranteed by some of the promoters in their personal capacity and undated cheque of the Parent Company equivalent to limit/standing instructions for making payment on due date by debiting to cash credit account held with the bank. Purchase bill financing from ICICI Bank Ltd are unsecured and irrovocable mandate provided to bank for debiting to ICICI Bank cash credit account held with the bank on the relavant due dates.

Note: 27 Lease liability

(₹ in Crores)

	March 31, 2026	March 31, 2025
Lease liability	6.99	4.93
	6.99	**4.93**

Note: 28 Trade payables

(₹ in Crores)

	March 31, 2026	March 31, 2025
Total outstanding dues of :		
Micro Enterprises & Small Enterprises (MESE)	35.37	14.81
Payables other than MESE	149.53	166.35
Total	**184.90**	**181.16**

Supplier finance arrangements

The Parent Company has supplier finance arrangements in the nature of bills discounting facilities. Under these arrangements, supplier invoices are financed through finance providers as per the terms and conditions with credit period upto 90 days. The finance provider pays the supplier net of applicbale rate of interest in respect of the invoices acknowledged by the company. On due dates, bank will recover the amount from parent company bank account held with them.

The outstanding balances under such arrangements have been separately presented as Bills discounting under Borrowings (Refer Note 26 B). Trade payables represent amounts payable directly to suppliers in the ordinary course of business and are not covered under any supplier finance arrangement or similar financing arrangement.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

28.1 Trade Payable aging schedule

(₹ in Crores)

Particulars	Outstanding for following periods from the date of transaction				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As on 31.03.2026					
(i) MSME	35.37	-	-	-	35.37
(ii) Others	131.55	7.07	2.13	1.78	142.53
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
(v) Liablility for materials	7.00	-	-	-	7.00
Total	**173.92**	**7.07**	**2.13**	**1.78**	**184.90**
As on 31.03.2025					
(i) MSME	14.81	-	-	-	14.81
(ii) Others	147.95	6.21	0.05	0.33	154.55
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- Others	-	-	-	-	-
(v) Liablility for materials	11.80	-	-	-	11.80
Total	**174.57**	**6.21**	**0.05**	**0.33**	**181.16**

Note: 29 Other financial liabilities - current (Refer Note No. 11.1)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Unpaid/unclaimed dividends (refer note - 27.1)	1.90	0.68
Trade deposits	1.43	1.46
Creditors for capital expenditure	7.32	4.30
Invoice mart payables	3.62	11.43
Statutory dues	30.45	7.70
Directors' current account	1.95	1.30
Accrued compensations to employees	19.80	19.98
Total	**66.47**	**46.85**

29.1 Does not include any amount outstanding which is required to be credited to investor education and protection fund (IEPF).

Note: 30 Other current liabilities

(₹ in Crores)

	March 31, 2026	March 31, 2025
Advances against sales	39.00	55.98
Contract liabilities	115.85	18.64
Accrued expenses	16.65	20.12
Total	**171.50**	**94.75**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Note: 31 Current tax liabilities (net)

(₹ in Crores)

	March 31, 2026	March 31, 2025
Provision for income tax	-	217.07
Advance payment of income tax (including TDS)	-	213.72
Total	**-**	**3.35**

Note: 32 Revenue recognition

Accounting policy:

i) Revenue from contracts with customers that meet the recognition criteria under paragraph 9 of Ind AS 115 are recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer, for the amount of the transaction price that is allocated to that performance obligation.

ii) Satisfaction of a performance obligation and recognition of revenue over time is followed when, transfer of control of a good or service are made over time and, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

(b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Performance obligations that are not satisfied over time are treated as performance obligations satisfied at a point in time which in case of goods are upon their despatch/delivery to domestic customers as per terms of sale and on the basis of proof of export/delivery for export customers as per terms of sale and in case of services are upon completion of service.

(₹ in Crores)

	March 31, 2026	March 31, 2025
Revenue from operations		
a) Sale of products	2,946.63	1,702.92
b) Sale of traded goods	-	0.02
c) Sale of services	336.20	250.73
d) Other operating revenue - sale of scrap	20.00	13.53
Total	**3,302.83**	**1,967.20**

Note: 33 Other income

Accounting policy:

i) Claims against outside agencies are accounted for on certainty of realization.

ii) Interest income is recognized on an accrual basis using the effective interest rate (EIR) method. Dividends, are recognized at the time the right to receive is established.

iii) Export incentives under various schemes are recognized as income on certainty of realization.

iv) Foreign currency transactions

a) Transactions relating to non-monetary items and purchase and sale of goods/services denominated in foreign currency are recorded at the prevailing exchange rate or a rate that approximates to the actual rate on the date of transaction.

b) Assets & liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at exchange rates prevailing at the end of the reporting period.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

c) Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they occur.Foreign currency gains and losses are reported on a net basis.

d) For the purposes of presenting these CFS, the assets and liabilities of the group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (and attributed to non- controlling interests as appropriate).

e) On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent Company are reclassified to profit or loss.

f) In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(₹ in Crores)

	March 31, 2026	March 31, 2025
a) Interest income		
Interest received on deposits with banks/others	18.16	11.31
Interest on IT refunds	0.02	0.36
b) Other non-operating income (net of directly attributable expenses)		
Exchange gains	23.58	10.43
Income received on Investments	11.79	0.03
Miscellaneous income	5.44	3.23
(including gain / loss on termination / modification of leases)		
Total	**58.99**	**25.36**

Note: 34 Cost of material consumed

(₹ in Crores)

	March 31, 2026	March 31, 2025
Opening stocks	289.57	225.26
Purchases, material, components & consumables	1,413.57	1,061.40
	1,703.14	1,286.66
Less : Closing stocks	320.33	289.57
	1,382.81	997.09
Less : Internal capitalisation	-	0.02
Cost of material consumed	**1,382.81**	**997.08**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Note: 35 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Crores)

	March 31, 2026	March 31, 2025
a) Manufactured goods		
i) Opening stocks		
a) Semi finished goods	154.32	109.06
b) Finished goods	65.82	84.77
Total (A)	**220.14**	**193.84**
ii) Closing stocks		
a) Semi finished goods	118.11	154.32
b) Finished goods	103.15	65.82
Total (B)	**221.26**	**220.14**
(Increase) / Decrease (C = A - B)	**(1.12)**	**(26.30)**
b) Traded Goods		
Opening stock of traded goods	0.02	0.03
Closing stock of traded goods	-	**0.02**
(Increase) / Decrease (D)	**0.02**	**0.01**
(Increase) / Decrease in inventory (C+D)	**(1.10)**	**(26.29)**

Note: 36 Employee benefits expense:

Accounting policy:

i) Short term benefits:

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

ii) Post-employment benefits:

A) Defined contribution plans:

The contribution paid/payable under provident fund scheme, ESI scheme and employee pension scheme is recognised as expenditure in the period in which the employee renders the related service.

B) Defined benefit plans:

The Group's obligation towards Gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the Projected Unit Credit (PUC) method. Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in other comprehensive income and subsequently not reclassified to the statement of profit and loss.

All defined benefit plan obligations are determined based on valuation as at the end of the reporting period, made by independent actuary using the PUC Method. The classification of the Group's net obligation into current and non-current is as per the actuarial valuation report.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

iii) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, is determined and recognised in the manner similar to that stated in the defined benefit plan.

iv) Disclosure as per Ind AS-19 -Employee benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under: (₹ in Crores)

	March 31, 2026	March 31, 2025
Employer's contribution to PF/ESI/ pension plan	12.02	9.84

b) Defined benefit plan:

HBL Engineering Limited

(i) Gratuity obligation of the Company :

To cover the employer's obligation towards gratuity, the Group has obtained actuarial valuation of the said liability. As per the valuation made under projected unit credit (PUC) method by the actuary, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/provided for by the Group. To meet the actual liability, the Parent Company has taken a group gratuity policy of the LIC of India and to keep the policy alive, the Parent Company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position) (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Present value of obligation	30.17	29.01
Fair value of plan assets	28.56	28.68
Surplus / (deficit)	(1.61)	(0.33)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(1.61)	(0.33)

Expense recognized during the period (including premium paid) (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
In income statement (P&L a/c-expense provision)	2.48	3.16
In other comprehensive income (B/sheet item)	(0.49)	0.89

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

The valuation has been carried out using the PUC method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost and where applicable, past service cost.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Defined benefit
Employer's contribution	100%
Employees' contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal retirement age	58
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the Code on Social Security, 2020.
Benefit on early retirement / termination / resignation /withdrawal	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	₹25,00,000
Gratuity formula	(15/26) x last drawn salary x number of completed years

Effect of any amendments, curtailments and settlements - not applicable in this case.

Explanation of amounts in financial statements

Changes in the present value of obligation (₹ in Crores)

Particulars	For the period ending	
	March 31, 2026	March 31, 2025
Present value of obligation as at the beginning	29.00	25.70
Current service cost	1.75	2.13
Interest expense or cost	1.95	1.74
Actuarial (gains) / loss on obligations	(0.32)	1.13
Past service cost	0.00	0.02
Benefits paid	(2.23)	(1.72)
Present value of obligation as at the end	30.16	29.00
Bifurcation of net liability		
Current liability (short term)	6.09	5.96
Non-current liability (long term)	24.07	23.05
Net liability	**30.16**	**29.01**

Changes in the fair value of plan assets (₹ in Crores)

	March 31, 2026	March 31, 2025
Fair value of plan assets as at the beginning	28.68	25.97
Acquisition adjustment	-	(0.04)
Expected return on plan assets	1.93	1.67
Contributions	-	2.55
Benefits paid	(2.23)	(1.72)
Actuarial gain/(loss) on plan assets	0.18	0.25
Fair value of plan assets as at the end	28.56	28.68

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Other comprehensive income

(₹ in Crores)

	March 31, 2026	March 31, 2025
Actuarial (gains) / losses - change in demographic assumptions	-	-
Actuarial (gains) / losses - change in financial assumptions	-	-
Actuarial (gains) / losses - experience variance	(0.35)	-
Total Actuarial (gains) / loss on obligations	(0.35)	1.13
Actuarial (gains) / loss on plan assets	(0.18)	(0.25)
Total other comprehensive income	**(0.53)**	**0.89**

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	March 31, 2026		March 31, 2025	
Defined Benefit Obligation (Base)	30.17		29.02	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	32.48	28.13	31.10	27.16
(% change compared to base)	-7.68%	6.77%	-7.20%	6.37%
Salary Growth Rate (- / + 1%)	28.19	32.33	26.95	31.33
(% change compared to base)	6.54%	-7.18%	7.11%	-7.97%
Attrition Rate (- / + 50%)	30.25	30.89	29.00	29.01
(% change compared to base)	-0.28%	-2.39%	0.02%	0.02%
Mortality Rate (- / + 10%)	30.40	30.40	29.01	29.01
(% change compared to base)	-0.79%	-0.77%	0.00%	0.00%

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 15 above, where assumptions for prior period, if applicable, are given.

Expected cash flows over the next years [valued on undiscounted basis]

Year	₹ in crores
1 year	5.88
2 to 5 years	8.63
6 to 10 years	14.43
More than 10 years	31.94

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

(c) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using PUC method and is charged to statement of profit and loss. The obligation is not funded.

Assets and liability (balance sheet position) (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Present value of obligation	4.58	4.20
Fair value of plan assets	-	-
Surplus / (deficit)	(4.58)	(4.20)
Effects of asset ceiling, if any	-	-
Net asset/(liability)	(4.58)	(4.20)

Expense recognized during the period (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
In Income statement (P&L-expense provision)	2.45	2.45
Current service cost	0.71	0.65

Actuarial valuation method

The valuation has been carried out using the PUC Method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Long term benefit
Employer's contribution	100%
Employees'contribution	NIL
Salary for calculation of leave encashment benefit	Last drawn salary
Normal retirement age	58
Vesting period	Not applicable
Benefit on normal retirement	Leave Salary (Gross Salary) subject to a maximum of 30 days' salary
Benefit on early retirement / termination / resignation / withdrawal	As above
Benefit on death in service	As above
Limit	Yes
Benefit formula	No. of days' leave encashable x last drawn salary

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Changes in the present value of obligation

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Present value of obligation as at the beginning	4.06	3.35
Current service cost	0.70	0.45
Interest expense or cost	0.22	0.17
Actuarial (gain)/ loss on obligations	1.53	0.81
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(2.07)	(0.72)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	4.44	4.06

Bifurcation of net liability

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Current liability (short term)	0.79	0.73
Non-current liability (long term)	3.79	3.47
Net liability	4.58	4.20

(₹ in Crores)

	March 31, 2026	March 31, 2025
Salaries & bonus	168.49	129.94
Contribution to provident & other funds	11.88	9.71
Gratuity	2.48	3.16
Staff welfare expenses	16.53	15.04
Recruitment & training	0.58	0.36
Remuneration to directors:		
Salaries & allowances	1.90	1.65
Contribution to provident fund	0.14	0.12
Commission on profits	56.02	18.95
Directors sitting fees	0.15	0.12
Total	**258.17**	**179.05**

Note: 37 Borrowing costs

Accounting policy:

i) Borrowing costs incurred for obtaining assets which take substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

ii) Other borrowing costs are treated as expense for the year.

iii) Significant transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest rate (EIR) method.

HBL

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Disclosure as per Ind AS - 7

Statement of reconciliation for changes in liabilities araising from financing activities. (₹ in Crores)

	Long-term borrowings	Working capital borrowings
Opening balance	23.22	31.51
Borrowed during the year	(0.13)	(6.51)
Repaid during the year	17.25	-
Net movement	17.13	6.51
Closing balance	5.97	38.02

Finance cost (₹ in Crores)

	March 31, 2026	March 31, 2025
Interest on term loans	1.54	2.99
Interest on bank borrowings	6.27	1.11
Interest on vehicle loans	0.09	0.14
Interest on lease liability	2.01	1.18
Interest - others	0.14	1.96
Bank charges & commission	4.64	5.64
	14.69	**13.02**
Less: Transfers to pre-operative expenses	-	-
Total	**14.69**	**13.02**

Note: 38 Depreciation and amortization expense

(₹ in Crores)

	March 31, 2026	March 31, 2025
Depreciation on tangible assets	41.15	36.60
Amortisation on intangible assets	3.68	4.40
Amortisation on right of use assets	5.80	3.20
Total	**50.63**	**44.19**

Note: 39 Manufacturing expenses

(₹ in Crores)

	March 31, 2026	March 31, 2025
Stores & spares consumed	21.89	21.71
Equipment lease rentals	2.06	0.39
Consumable tools charged off	2.39	2.07
Contract wages	160.18	113.77
Works contract expenses	10.34	49.72
Testing charges	4.48	2.72
Power and fuel	49.83	65.91
Total	**251.17**	**256.29**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Note: 40

(₹ in Crores)

	March 31, 2026	March 31, 2025
A) Administrative expenses		
Rent	4.28	3.26
Rates, duties & taxes	5.35	4.41
Insurance	6.92	4.82
Professional & consultancy charges	30.63	14.95
Expenditure incurred on corporate social responsibility activities	5.62	4.18
Repairs and maintenance	27.15	21.93
Travelling and conveyance	16.20	15.92
Security charges	6.85	5.90
Printing, stationery & telephone	4.05	2.37
Sundry expenses	6.33	6.57
Payments to auditors	0.94	0.77
Advances & deposits written off	1.28	0.28
	115.60	**85.36**
B) Selling expenses		
Freight & insurance on sales	38.40	38.58
Commission on sales	4.21	7.57
Reversal of credit impaired	(0.26)	(0.43)
Lifetime expected credit loss	12.15	5.61
Provision for warranties	79.56	3.94
Provision for EPR expenses	5.37	13.60
Installation charges paid	36.29	6.94
Marketing expenses	5.08	5.12
Other selling expenses	2.26	1.96
Total	**183.19**	**82.87**

40.1 Provision for warranties:

The contracts for supply of Kavach systems to Railways that are either completed or at the completion stage have been evaluated for the warranty cost during Defect Liability Period and the Parent Company has provided ₹92.75 crores (undiscounted) towards warranty. Further ₹12.45 crores (undiscounted) was provided for warranty cost on other products.

40.2 Provision for Extended Producer Responsibility:

HBL Engineering Limited

Pursuant to the notification dated 22nd August, 2022 issued by Ministry of Environment, Forest & Climate change under the Battery waste management rules, 2022, the Company has the obligation of Extended Producer Responsibility (EPR) to meet the collection and recycling and/or refurbishment of certain percentage of the quantity of batteries sold. It also has the obligation for minimum use of domestically recycled materials in new batteries. The Company can discharge the obligations by purchasing EPR credits from eligible entities. The Company has made provision for the quantities sold for the period up to 31st March 2026 based on its estimates of recovery percentages through internal recycling, market pricing of credits availabile on the EPR Portal and safe disposal letters obtained. The obligation was discounted, and the net present value of the obligation for the year worked out to ₹4.10 crores (P.Yr 10.90 crores). However, in view of the evolving nature of the statute, uncertainties remain with regards to Recovery Percentages, Minimum Floor Price for credits, Eligibility

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

of Safe disposal letters from parties, EPR credit availability in the market and environmental compensation. Given the situation the possbile impact of these issues cannot be estimated at this point in time. The company will continue to monitor the sitution and take suitable remedial measures if required.

HBL America Inc

Pursuant to the contractual obligation provision towards Recycling of batteries is provided at discounted value amounting to ₹1.27 crores in the current financial year (Previous year ₹2.69 crores).

40.3 Provision for impact on new labour codes :

On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment subsequently published draft Central Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Company has assessed and disclosed the impact of these changes in the standalone statement of profit and loss for the quarter ended December 31, 2025 and year ended March 31, 2026. The Company continues to monitor the finalisation of Central/State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect on the basis of such developments as needed.

Note: 41 Exceptional items of (income)/expenditure

(₹ in Crores)

	March 31, 2026	March 31, 2025
Impairment / diminution In value of investments	-	0.03
(Profit)/loss on sale of assets	(0.07)	(0.09)
(Profit)/Loss on sale and exchange of land	-	(0.15)
Assets written off	4.83	1.20
Obsolete work in progress*	26.49	-
	31.25	**0.98**

*Represents expenses relating to a project for design, development & supply of Heavy Weight Torpedo Battereis to Naval Science & Technological Laboratory, involving complex design, stages and alternatives. The company has completed certain stages and earned income on the same, further it assessed that the remaining cost incurred has no commercial value in view of the major design changes and hence needs to be written off. However, the company remains commited to execute the project in view of its overall commercial value.

Note: 42 Current tax and deferred tax

Accounting policy:

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted upto the end of the reporting period.

iii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iv) Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

v) Income tax and sales tax assessments:

Taxes were paid in accordance with income tax returns filed and were charged off to revenue. In respect of pending assessments, the liability, if any, that may arise upon completion of assessments is not ascertainable at this stage. During the year, in the income tax assessments, there were no transactions that were not recorded in the books of accounts but have been surrenderd or disclosed as income.

Disclosure as per Ind AS -12 -Income tax

a) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarized as follows: The income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in Crores)

Particulars		March 31, 2026	March 31, 2025
Profit before tax		1,091.75	373.85
Current tax @ 25.168%	**(A)**	**274.77**	**94.09**
Effect of unused tax gain/losses of subsidiaries / associates		0.34	(0.70)
Others		(2.88)	(2.58)
Total	**(B)**	**(2.54)**	**(3.28)**
Income tax expense recognised in statement of profit and loss	**(A - B)**	**277.31**	**97.37**

b) The income tax on other comprehensive income

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Income tax benefit arising on income / (expense) recognised in other comprehensive income		
Tax on remeasurement of defined benefit plan	0.12	(0.22)
Others	(0.21)	(0.06)
Income tax benefit recognised in other comprehensive income	**(0.09)**	**(0.29)**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

c) Details of income tax assets and Income tax liabilities are as follows: (₹ in Crores)

	March 31, 2026	March 31, 2025
Advance tax / MAT credit / TDS	508.28	213.72
Provision for income tax	(496.39)	(217.07)
Asset / (liability)	**11.88**	**(3.35)**

d) The gross movement in the current income tax asset / (liability) is as follows: (₹ in Crores)

	March 31, 2026	March 31, 2025
Net current income tax asset / (liability) at the beginning	(3.35)	(7.63)
Add : income tax paid / adjusted (Net of refunds received)	15.24	(212.79)
Less : Provision for current tax	-	217.07
Net current income tax asset / (liability) at the end	**11.88**	**(3.35)**

e) The tax effects of significant temporary differences that resulted in deferred income tax asset and liability are as follows:

(₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
Deferred tax liability		
Property, Plant and Equipment	14.29	13.09
Total	**14.29**	**13.09**
Deferred tax asset		
Employee benefits	1.15	1.06
Provision for bad debts	3.49	2.08
Provision for impact on new labour codes	6.42	
Other comprehensive income	0.85	0.75
Total	**11.91**	**3.89**
Deferred tax liability after set off of deferred tax asset	**2.38**	**9.20**

f) The gross movement in the deferred income tax account is as follows: (₹ in Crores)

	March 31, 2026	March 31, 2025
Net deferred tax liability at the beginning	9.20	7.96
Credit / (charge) relating to temporary differences	(6.82)	1.24
Net deferred income tax liability) at the end	**2.38**	**9.20**

Note: 43 Earnings Per Share (EPS)

Accounting policy:

i) Basic EPS is computed by dividing the profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year / period.

ii) Diluted EPS is computed by dividing the profit after tax attributable to equity shareholders, as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Disclosure as per Ind AS - 33 Earnings Per Share (EPS) - Face value of share : ₹1/- each

Computation of EPS (basic & diluted)

	March 31, 2026	March 31, 2025
Profit before OCI	814.44	276.48
Profit after OCI	814.64	276.06
No. of shares (basic)	27,71,94,946.00	27,71,94,946.00
No. of shares (diluted)	27,71,94,946.00	27,71,94,946.00
EPS Before OCI		
Basic ₹	29.38	9.97
Diluted ₹	29.38	9.97
EPS after OCI		
Basic ₹	29.39	9.96
Diluted ₹	29.39	9.96

Note: 44 Other Disclosure as per schedule III of the act and Ind AS:

44.1 Movement of warranties provisions: (₹ in Crores)

Particulars	March 31, 2026	March 31, 2025
a) the carrying amount at the beginning of the period	51.46	47.53
b) additional provisions made in the period, including increases to existing provisions	103.43	31.70
c) amounts reversed on completion of warranty period	(23.86)	(27.77)
d) the carrying amount at the end of the period	131.03	51.46

It is expected that provision for warranties will be incurred in the next 12 to 96 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

44.2 Contingent liabilities not provided for and commitments:

All known and undisputed claims and liabilities where there is a 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. The contingent liabilities and commitments are as under: (₹ in Crores)

Nature of contingent liability	March 31, 2026	March 31, 2025
i) Contingent liabilities not provided for:		
HBL Engineering Limited		
a) Claims against the Company not acknowledged as debts towards :		
Excise duty	24.73	21.70
Sales tax#	6.25	6.74
Custom duty#	-	4.89
Service Tax#	1.95	1.95
Goods and service tax#	0.02	0.67
Property tax	2.42	2.42
Fuel surcharge adjustment	2.95	2.95
Erstwhile promoters of SCIL Infracon Private Limited*	5.42	5.42
Others	4.38	3.29

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Nature of contingent liability	March 31, 2026	March 31, 2025
b) Un-expired guarantees issued on behalf of the Company by banks for which the Company gave counter guarantees	303.44	207.09
Corporate guarantee given to bank on behalf of subsidiary in respect of loan taken by them	13.71	12.71
ii) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for	46.86	68.13

#Company made deposit of ₹2.25 crores against these contingent liabilities.

*The erstwhile promoters of M/s. SCIL Infracon Private Limited filed a petition with the Sole Arbitrator making several new claims against the Company and others. The Arbitration award allowed, only one claim of theirs, relating to Unsecured Loans of ₹2.08 crores to be paid along with interest of 12% p.a., effective from 31.01.2011 till the date of the payment. On an appeal preferred by the Company against the arbitral award, the Hon'ble Civil Court granted stay on the operation of the award on condition of depositing 50% of the amount awarded with interest till date of the order. The Company deposited the 50% amount along with interest amounting to ₹2.71 crores on 17th April 2023 in compliance of the Hon'ble Civil Court's order as modified by the Hon'ble High Court. However, the appeal against the arbitral award is yet to be decided by the Hon'ble Civil Court and the matter is still sub-judice. The company's legal counsel, based on the facts of the case, opined that the claim is not admissible and is likely to be dismissed by the Hon'ble City Civil Court. Based on the above facts, the claim is not acknowledged as debt against the company and is appropriately reported as a contingent liability.

The group has other commitments, for purchase / sale orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in the normal course of business. The group does not have any long term committments or material non-cancellable contractual committments / contracts, which might have material impact on the financial statements.

44.3 Commitment towards dividend

During the financial year the parent company Board in its meeting held on February 07, 2026, declared an interim dividend of 200% (₹2/- per equity share of ₹1 each) on fully paid-up share capital aggregating to ₹55.44 crores and the same was paid on February 27, 2026.

The Board of the parent Company in its meeting held on May 23, 2026 has recommended a dividend of ₹1/- per Equity Share of ₹1/- each for the financial year ended March 31, 2026. The recommendation is subject to the approval of shareholders at the ensuing annual general meeting, and if approved would result in a cash outflow of ₹27.72 crores towards dividend.

44.4 Contingent assets:

During the year 2014, there was a heavy damage to the assets and inventory at two plants of the parent Company, due to hud-hud cyclone. The Company's claim for the resultant losses was partly allowed by the insurer and the balance claims were repudiated. The matter relating to the claim of ₹4 crores towards damage to assets and inventory and ₹9.22 crores towards loss of profits, apart from interest thereon, on being referred to arbitration was partly awarded infavour of the parent company. Subsequently on an appeal by the insurer further proceedings of arbitration were stayed by the Commercial Court. The matter is sub judice.

44.5 Confirmation of balances

The parent Company had sent letters seeking confirmation of balances to various parties under trade payables, trade receivables, advance to suppliers and others, advance from customers. Based on the confirmations received and upon proper review, corrective actions have been initiated and the amounts have been trued up, accounting adjustments have been made wherever found necessary. Such confirmations are awaited from some parties, comprising of government departments and public sector undertakings.

44.6

In the opinion of the management, assets other than fixed assets and non-current investments have a value, on realisation in the ordinary course of business, which is at least equal to the amount at which they are stated in the financial statements.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

44.7 Relationship with struck off companies:

The Group has no transactions / relationships to report with the"Struck Off companies" hosted in the MCA website.

44.8 Disclosure as per Ind AS– 24 - Related party disclosures

1	Associate Companies	Naval Systems & Technologies Private Limited Tonbo Imaging Private Limited	
2	Investee Company	CEAQ Technologies Pte Ltd	
3	Directors' interested company	Andhra Electronics Private Limited (K Venkat Sriram is interested as a Director)	
4	Key Management Personnel	Dr A J Prasad	Chairman & Managing Director
		Kavita Prasad Aluru	Non-Executive Director
		M S S Srinath	Executive Director
		M Deeksha	Non-Excutive Director
		E Sairam	Chief Financial Officer
		GBS Naidu	Company Secretary
		N. Prabhakar Murthy	Director of SCIL Infracon Private Limited
		K. Gyan Sagar	Former promoter and Director of SCIL
		Cmde. Arvind Sharma (Retd.)	CEO / Director of Associate Company
		Aravind Lakshmikumar	Director of Tonbo Imaging India Limited
		Non-Executive Directors	
		K Venkat Sriram	Independent Director
		Richa Datta	Independent Director
		S Narsing Rao	Independent Director
		Aparna Surabhi	Independent Director
5	Company in which KMP is director	Xalten Systems Private Limited (Sairam Edara is nominee director)	

Disclosure of transactions with related parties and the status of outstanding balances. (₹ In Crores)

Sl. No.	Name	Nature of transaction	Transactions during the year	As on March 31, 2026	
				Gross receivables	Gross payables
1	Associate Companies	Sale of goods/services	-	-	-
			(-)	(0.04)	-
		Dividend received	-	-	-
			(0.62)	-	-
2	Directors' interested company	Purchases	4.40	-	2.71
			-	-	-
3	Key management personnel	Remuneration paid	3.69	-	61.76 (20.25)
			(3.31)	-	
		Commission on profits	56.02	-	
			(18.95)	-	
		Rent paid	0.10	-	
			(0.10)	-	
		Sitting fee paid to Non--Executive Directors	0.15	-	-
			(0.12)	-	-
4	Company in which KMP is director	Funds given (loan)	3.50	3.50	-
			(-)	(-)	-
		Interest received	0.16	0.03	-
			(-)	(-)	-

Figures in brackets represent previous year balances

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

44.9 Disclosure as per Ind AS-108 - Operating segments

The group's operations include batteries of different types, electronics, railway signalling contracts etc. Except for batteries and electronics, the segment revenue, segment results and segment assets and liabilities of other activities are individually below the threshold limit set out in paragraph 27 of Ind AS 108. Accordingly batteries and electronics segments are shown separately as reportable segments and others are included in un-allocated segment.

1) Business segments: batteries and electronics segments have been considered as primary business segements for reporting under Ind AS 108 - operating segments issued by Ministry of Corporate Affairs.

2) In the opinion of the management the other segments being railway signalling contracts and others are not reportable business segments of the group as per paragraph 27 of Ind AS 108 - operating segments (₹ In Crores)

	March 31, 2026		March 31, 2025	
Segment revenue				
Batteries				
Exports	401.57		352.90	
Domestic sales	1,014.65	1,416.22	1,043.71	1,396.61
Defence & Aviation				
Exports	101.16		87.24	
Domestic sales	110.42	211.58	139.98	227.22
Electronics				
Exports	16.07		11.66	
Domestic sales	1,610.18	1,626.25	286.72	298.38
Unallocated				
Exports	-		-	
Domestic sales	57.27	57.27	49.66	49.66
Total		**3,311.32**		**1,971.87**
Less : Inter-segment revenue		8.49		4.67
Net revenue		**3,302.83**		**1,967.20**
Identifiable operating expenses				
Batteries	1,023.88		1,035.48	
Defence & Aviation	126.27		110.36	
Electronics	648.06		231.79	
Unallocated	143.46	1,941.67	72.75	1,450.39
Allocated expenses				
Batteries	43.56		39.75	
Defence & Aviation	12.07		6.53	
Electronics	133.20		31.20	
Unallocated	33.09	221.92	26.53	104.01
Segment operating income		**1,139.24**		**412.81**
Unallocable expenses		76.88		64.22
Operating profit		**1,062.36**		**348.59**
Other Income		58.99		25.36
Profit before Interest and Exceptional		**1,121.35**		**373.95**
Exceptional Items - Income/(Expenses)		(31.25)		(0.98)
Interest Expenses		(14.69)		(13.02)
Share in Profit / (Loss) of Associate / Joint Venture		16.34		13.91
Minority Interest-C/Y share of Profit/(Loss)		0.45		0.44

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

	March 31, 2026		March 31, 2025	
Profit before Income taxes		**1,092.21**		**374.29**
Income tax expenses		277.31		97.37
Net profit		**814.90**		**276.92**
Segment depreciation (including amortaisation of intangible assets)				
Batteries		17.42		15.83
Defence & Aviation		10.08		8.48
Electronics		11.66		11.10
Unallocated		11.47		8.78
Total		**50.63**		**44.19**
Segment assets				
Batteries		1,029.48		746.75
Defence & Aviation		427.74		297.54
Electronics		626.24		351.47
Unallocated		846.33		583.74
Defence & Aviation				
Total Assets		**2,929.79**		**1,979.50**
Segment liabilities				
Batteries		231.00		187.50
Defence & Aviation		33.97		23.07
Electronics		306.06		148.75
Unallocated (includes Term Loans and Bank Loans)		154.78		125.29
Total Liabilities		**725.81**		**484.61**

44.10 a) Subsidiary, Associate and Joint Venture Company(ies) considered / not considered in the preparation of the CFS.

(₹ In Crores)

Name of Entity	Principal place of business	Country of incorporation	Ownership interest & voting right	
			March 31, 2026	March 31, 2025
Considered for CFS:				
Subsidiary Companies				
HBL Germany GMBH	Zwickau	Germany	100%	100%
HBL America Inc.	Connecticut	U.S.A.	100%	100%
Torquedrive Technologies Private Limited	Hyderabad	India	100%	100%
TTL Electric Fuel Private Limited	Hyderabad	India	60%	60%
Associate Company				
Naval Systems & Technologies Private Limited	Hyderabad	India	41%	41%
Tonbo Imaging India Limited	Bangalore	India	14.25%	11.13%

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Not Considered for CFS (refer note 43.10(b) below):

b) Change in the group composition :

i) parent Company's wholly owned subsidiary SCIL Infracon Pvt Ltd had filed for dormant status with the Registrar of Companies as at the year ended March 31, 2019. The parent company's investment in the entity had been fully provided for. In view of the foregoing, it has not been considered for consolidation as at March 31, 2026 as in previous year.

ii) HBL Tonbo Private Limited (HTPL) was incorporated by HBL Engineering Limited and Tonbo Imaging India Private Limited incorporated on September 12, 2022 with a sharing ratio of 51:49. There were no commercial operations since inception of HTPL. An application under Section 248 (2) of the Companies Act, 2013 was made during FY 22-23 for striking off the name of the Company and is under process with Ministry of Corporate Affairs.In view of the same, a provision for diminution of 100% value of investment in equity shares of HTPL of ₹51,000 has been made during the previous reporting period.

Note: 45

Additional information as required by Paragraph 2 of the General Instruction for preparation of CFS to Schedule III to the Companies Act, 2013 is attached.

Note: 46

Form AOC -1 as required under Section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 is attached.

Note: 47

Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current year classifications / disclosures.

As per our report of even date annexed
For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883NBXYYQ6715
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

Place : Hyderabad
Date : May 23, 2026

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT 2013: (Refer Note: 45)

(₹ In Crores)

Name of the entity		Net assets i.e. total asset less total liabilities		Share in profit/ (loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount	As % of consolidated profit or(loss)	Amount	As % of other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent	**HBL Engineering Limited**	98.25%	2,175.44	97.85%	796.89	-160.00%	0.40	97.92%	797.29
	(Formerly known as HBL Power Systems Limited)								
Subsidiaries	**Foreign**								
	HBL Germany GMBH	-0.02%	(0.48)	0.03%	0.27	80.00%	(0.20)	0.01%	0.07
	HBL America Inc.	0.01%	0.14	0.79%	6.41	172.00%	(0.43)	0.73%	5.98
	India								
	Torquedrive Technologies Private Limited	-0.13%	(2.85)	0.01%	0.06	-	-	0.01%	0.06
	TTL Electric Fuel Private Limited	-0.08%	(1.68)	-0.15%	(1.20)	0.08	(0.02)	-0.15%	(1.22)
Associates*	**India**								
	Naval Systems & Technologies Private Limited	0.80%	17.72	0.58%	4.76	-	-	0.58%	4.76
	Tonbo Imaging India Limited	1.17%	25.95	0.89%	7.25	0.00%	-	0.89%	7.25
	Total	**100%**	**2,214.24**	**100%**	**814.44**	**100%**	**(0.25)**	**100%**	**814.19**
	India								
Non controlling interest	TTL Electric Fuel Private Limited (Pref. Shares)		(0.76)		0.45		-		0.45
			2,213.48		**814.90**		**(0.25)**		**814.64**

*Investments as per Equity method

Note: Subsidiary entity SCIL Infracon Private Limited has not been considered in the current year for reasons stated in Note no.45 (b) (i)

HBL®

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

AOC-I : Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014).

Part "A" : Subsidiaries

(₹ in Crores)

Sl. No.	Name of subsidiary company	Reporting period	Reporting currency	Exchange rate on the last date of the financial year	Share capital	Other equity	Total assets (excluding investment)	Total liabilities	Turnover	Profit before taxation	Provision for tax & def. tax	Profit after taxation	Dividend proposed	% of Shareholding
1)	HBL Germany, GmBH	31.03.2026	EURO	109.01	92.32	1.14	19.37	18.08	54.26	1.90	0.42	1.48	-	100
2)	HBL America,Inc	31.03.2026	USD	94.65	323.02	1.68	25.39	19.38	85.91	5.40	1.29	4.11	-	100
3)	Torquedrive Technologies Private Limited	31.03.2026	INR	-	4.64	(2.85)	1.81	0.02	-	0.08	0.02	0.06	-	100
4)	TTL Electric Fuel Private Limited	31.03.2026	INR	-	3.93	(6.16)	14.92	9.46	12.77	(1.25)	(0.05)	(1.20)	-	60

Note : Subsidiary entity SCIL Infracon Private Limited has not been considered in the current year for reasons stated in Note no.43.10 (b) (i)

Notes forming part of the consolidated financial statements

for the year ended March 31, 2026

Part "B" : Associate

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to associate Companies.

Sl. No.	Name of the company	Naval Systems & Technologies Pvt Limited	Tonbo Imaging India Private Limited
	Associates/Joint Venture	Associate	Associate
1	Latest audited balance sheet date	31.03.2026	31.03.2026
2	Shares held by the company at the year end		
	Number of shares	41,000	81,63,000
	Amount of investment (₹ in Crores)	0.04	86.67
	Extent of holding %	41	14.25
3	Description of how there is significant influence	Common Directors	Common Directors
		(₹ in Crores)	(₹ in Crores)
4	Networth attributable to shareholding as per latest audited balance sheet	17.15	112.63
5	Profit/(Loss) for the year after tax	11.60	50.90
	Less : adjustment for pref. dividend	-	-
	Add : Tax expenses	3.95	19.08
	Less : Other comprehensive income (net of taxes)	-	(0.02)
	Profit/(Loss) after adjustments	15.55	69.96
	i. Considered in Consolidation (Profit before taxes)	6.38	9.97
	ii. Considered in Consolidation (Tax expenses)	1.62	2.72
	iii. Considered in Consolidation (OCI)	-	0.00
	iv. Total considered in Consolidation	**4.76**	**7.25**
	v. Not Considered in Consolidation	**6.84**	**43.65**

As per our report of even date annexed
For **L N R Associates**
Chartered Accountants
FRN No. 05381S

On behalf of the board

Raghuram Vedula
Partner
M.No : 242883
UDIN : 26242883NBXYYQ6715
Place : Hyderabad
Date : May 23, 2026

Dr A J Prasad
Chairman & Managing Director
DIN : 00057275

M S S Srinath
Executive Director
DIN : 00319175

Kavita Prasad Aluru
Director
DIN : 00319292

Sairam Edara
Chief Financial Officer

GBS Naidu
Company Secretary

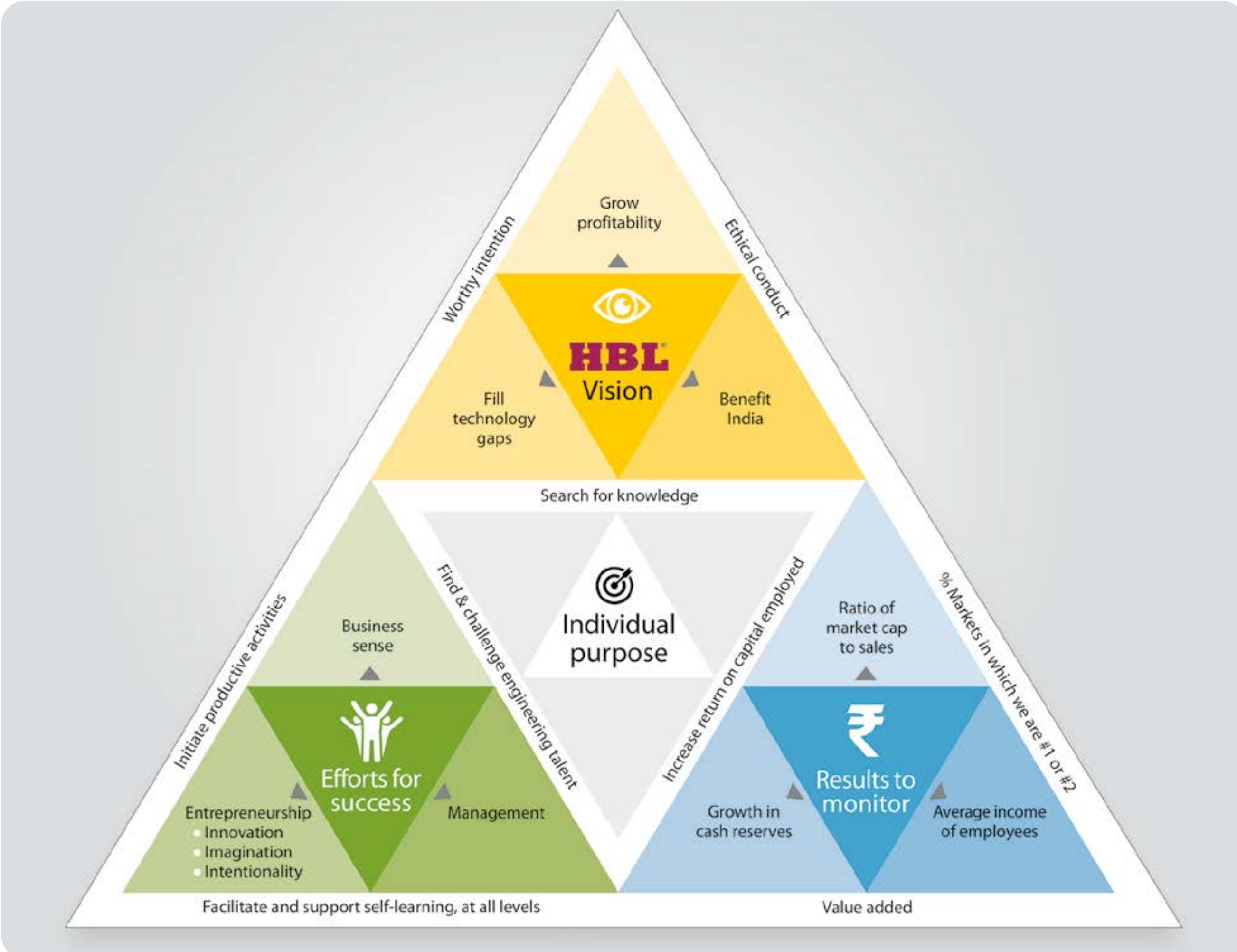
Place : Hyderabad
Date : May 23, 2026

Notes

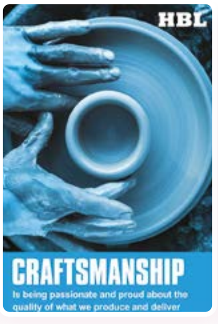
Notes

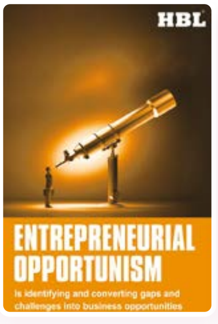
THE HBL TRIANGLE

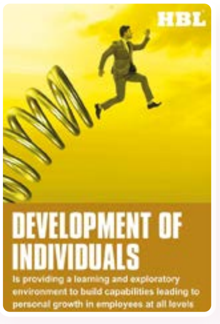
The Vision, Purpose, Values & Ideals of HBL are all shown in a triangle.



VALUES







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