



# HIGH ENERGY BATTERIES (INDIA) LIMITED

(ISO 9001 : 2008 & ISO 14001 : 2004 Company) CIN L36999TN1961PLC004606

Registered Office :  
Esvin House,  
P.B. No.5068, Perungudi,  
Chennai - 600 096.  
India

Ref: SECY/ 2019 – 20/056

July 9, 2019

**BSE Limited**  
**Corporate Relationship Department**  
**1<sup>st</sup> Floor, New Trading Ring**  
**Rotunda Building, P.J Towers**  
**Dalal Street, Fort**  
**Mumbai 400 001**

Dear Sirs,

Sub: Submission of Annual Report 2018 - 2019

As required under Regulation 34(1) of the SEBI (LODR) Regulations, 2015, we enclosed the Annual Report for the year 2018 – 2019, for your records.

Thanking you,

Yours faithfully,

For HIGH ENERGY BATTERIES (INDIA) LIMITED,

  
**S.V. RAJU**  
**Secretary**

Encl: as above

Phone : 91-44-24960335, 39279319 Fax: 91-44-24961785, E-mail: hebcnn@md4.vsnl.net.in

Works : Pakkudi Road, Mathur 622 515, Pudukottai District. Phone: 91-431- 2660 323, 2660 324 Fax: 91-4339-250 516 E-mail: info@highenergyltd.com  
Accounts Office : Pakkudi Road, Mathur 622 515, Near Trichirappalli, India

Delhi Office : No. B-213, IInd Floor, Phase - 1, Naraina Industrial Area, New Delhi - 110 028. Phone : 91-11-25792559 Fax : 91-11-25792560

# HIGH ENERGY BATTERIES (INDIA) LIMITED



*Fifty Eighth Annual Report*

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2018-2019



Primary Reserve Battery for Advanced Missile Application



**Directors**

Mr. Gopalaratnam (Chairman)  
Dr. G. A. Pathanjali (Managing Director)  
Mr. A. L. Somayaji  
Cmde. R.P. Prem Kumar, VSM (Retd.)  
Mr. M. Natarajan  
Mrs. Lalitha Lakshmanan  
Mrs. Jayashree Ajit Shankar (Nominee of LIC)  
Mr. Vijayamohan K Pillai  
Mr. M. Ignatius

**Audit Committee**

Mr. A. L. Somayaji (Chairman)  
Cmde. R. P. Prem Kumar  
Mrs. Lalitha Lakshmanan  
Mr. M. Natarajan  
Mr. Rajeev Chaturvedi (Nominee of LIC) –  
*Upto 22.03.2019*

**Nomination and Remuneration Committee**

Mr. A. L. Somayaji (Chairman)  
Cmde. R. P. Prem Kumar  
Mrs. Lalitha Lakshmanan

**Stakeholders Relationship Committee**

Mr. N. Gopalaratnam (Chairman)  
Dr. G. A. Pathanjali  
Mr. R. Vaidyanathan – *Upto 03.11.2018*  
Mrs. Lalitha Lakshmanan

**Secretary**

Mr. S. V. Raju

**Chief Financial Officer**

Mr. R. Swaminathan

**Auditors**

M/s. Maharaj N R Suresh & Co.,  
Chartered Accountants  
No.9, (Old No.5) II Lane, II Main Road,  
Trustpuram, Kodambakkam,  
Chennai – 600 024

**Internal Auditors**

M/s. R. Subramanian and Company LLP  
Chartered Accountants  
No.6, (Old No.36)  
Krishnaswamy Avenue,  
Luz, Mylapore,  
Chennai - 600 004

**Bankers**

UCO Bank  
Indian Bank  
Canara Bank

**Registered Office**

“Esvin House”,  
13, Old Mahabalipuram Road,  
Perungudi, Chennai – 600 096  
Phone: 91-44-24960335 / 39279318/  
43063545

Email: [hebcnn@highenergy.co.in](mailto:hebcnn@highenergy.co.in)

Web: [www.highenergy.co.in](http://www.highenergy.co.in)

**Email ID for Investors**

[investor@highenergyltd.com](mailto:investor@highenergyltd.com)

**Corporate Identity Number**

L36999TN1961PLC004606

**Plant**

Pakkudi Road, Mathur - 622 515  
Pudukkottai District  
Phone: 0431- 2660323/ 2660324  
04339 - 250444  
Email: [info@highenergyltd.com](mailto:info@highenergyltd.com)

**Registrar & Transfer Agent**

M/s.Cameo Corporate Services Ltd.,  
“Subramanian Building”, 5<sup>th</sup> Floor,  
No.1, Club House Road,  
Chennai - 600 002



**CONTENTS**

	Page
Notice	3
Board's Report	15
Corporate Governance Report	20
Secretarial Audit Report	43
Auditors' Report	46
Balance Sheet	55
Statement of Profit and Loss	56
Cash Flow Statement	58
Notes on Financial Statements	60

**HIGH ENERGY BATTERIES (INDIA) LIMITED**

CIN: L36999TN1961PLC004606

Regd. Office: "Esvin House", 13, Old Mahabalipuram Road, Perungudi, Chennai-600 096.

Phone: 044 - 24960335 / 39279318 / 43063545 Fax : 044 -24961785,

Email: hebcnn@highenergy.co.in, Web: www.highenergy.co.in

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the **58<sup>th</sup> Annual General Meeting of HIGH ENERGY BATTERIES (INDIA) LIMITED will be held at 11.00 A.M. on Saturday, the 3<sup>rd</sup> August, 2019 at New Woodlands Hotel Pvt Ltd, No. 72-75, Dr. Radhakrishnan Road, Mylapore, Chennai 600 004** to transact the following business:

**ORDINARY BUSINESS**

**1. Adoption of Financial Statements**

To consider and adopt the Audited Financial Statements of the company for the year ended 31<sup>st</sup> March 2019 and the Reports of the Board of Directors and Auditors thereon.

**2. Reappointment of retiring Director**

To appoint a Director in the place of Mr. N Gopalaratnam, who retires by rotation and being eligible offers himself for re-appointment as a Director.

**SPECIAL BUSINESS – ORDINARY RESOLUTIONS**

**3. Appointment of Dr. Vijayamohan K Pillai as an Independent Director**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV to the Act and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Vijayamohan K Pillai (DIN: 07308120), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 22<sup>nd</sup> March, 2019, in terms of Section 161(1) of the Companies Act, 2013, and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a fixed term from 3<sup>rd</sup> August, 2019 to 31<sup>st</sup> March, 2024, not liable to retire by rotation".

**4. Appointment of Mr. M Ignatius as Whole time Director**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule V to the Act and pursuant to

**NOTICE TO THE SHAREHOLDERS**

the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval be and is hereby accorded for the appointment of Mr. M Ignatius (DIN: 08463140) as Whole time Director designated as Director (Operations) of the Company for a period of 3 years with effect from 1<sup>st</sup> June, 2019, (viz., from 01.06.2019 to 31.03.2022) whose office is liable to retire by rotation, under the Articles of Association of the Company, on the terms and conditions of appointment and remuneration as set out below and the Board of Directors be and are hereby authorised to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Section II of Part II of Schedule V of the Companies Act, 2013”.

**TERMS AND CONDITIONS:**

1	Period	From 01.06.2019 to 31.03.2022
2	Remuneration / Salary	₹ 90,000/- (Rupees Ninety Thousand only) per month including Dearness Allowance and all other allowances.
3.	Perquisites	Perquisites will be in addition to salary and shall be restricted to an amount equal to the annual salary.
	a) House Rent Allowance	₹ 25,000/- (Rupees Twenty Five thousand only) per month.
	b) Medical Allowance	₹ 10,000/- (Rupees Ten thousand only) per month.
	c) Personal Accident Insurance	Personal Accident Insurance of an amount, the annual premium of which does not exceed ₹ 5,000/- (Rupees Five thousand only) per annum.
	d) Leave	As per the Rules of the Company.
	e) Use of Car and Telephone	Car for use on Company’s business and telephone at residence will not be considered as perquisites. However, personal long distance calls and use of car for private purposes shall be billed by the Company.
4.	Minimum Remuneration	In the event of loss or inadequacy of profits in any financial year during his term of office, the salary as above will be the Minimum remuneration. In any event, the total salary, perquisites will be within the overall ceiling as specified in Section II of Part II of Schedule –V of the Companies Act, 2013.

(By order of the Board)

For **HIGH ENERGY BATTERIES (INDIA) LIMITED**

**S.V. RAJU**

Secretary

Chennai  
May 25, 2019



**NOTICE TO THE SHAREHOLDERS**

**NOTES:**

**1. Proxy**

**A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote on poll instead of himself and such proxy need not be a member of the Company.**

**2. Deposit of Proxy**

Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the meeting i.e. 11.00 A.M. 1<sup>st</sup> August, 2019.

**3. Book Closure**

The Register of Members and the Share Transfer books of the Company will remain closed from Monday, the 29<sup>th</sup> July 2019 to Saturday, the 3<sup>rd</sup> August, 2019 (both days inclusive).

**4. Information to Members**

Members holding shares in Physical Form are requested to notify promptly any change in their address to the Registrar and Share Transfer Agent of the Company, M/s. Cameo Corporate Services Limited, Chennai - 600002 by quoting their Membership Number, besides changes, if any, in dividend mandates given by them. Members holding shares in Electronic Form may communicate the above information to their respective Depository Participants.

**5. Members Identification**

Members holding shares in Demat form are requested to bring in their DP ID Number (Client ID Number) for ease of identification and recording of attendance at the meeting.

Members are requested to bring the attendance slips duly filled to the meeting.

**6. Particulars of Directors**

Particulars of Directors seeking re-appointment/appointment pursuant to Regulation 36 (3) of the Listing Regulations are given in Appendix-A that forms part of this Notice.

**7. Gifts**

No gifts, gift coupons or cash in lieu of gifts shall be distributed to Members at or in connection with the Annual General Meeting in terms of Clause 14 of Secretarial Standard (SS-2) pertaining to distribution of Gifts at Annual General Meeting.

**8. Route Map**

Route Map showing the location of and directions to reach the venue of the 58<sup>th</sup> AGM is attached pursuant to Secretarial Standard 2 on General Meetings.

**9. Voting facilities**

**a) Remote e-Voting**

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management & Administration) Rules 2014, as amended, the company provides facility for its members to exercise their voting right by electronic means and the business set out in the Notice may be transacted through such voting.

**b) Voting at AGM**

The company also offers the facility for voting through polling paper at the meeting.

**c) Voting option**

Please note that a shareholder can vote only under any one of the two options mentioned above.

**d) Voting instructions**

Process and manner of voting instructions are given below:-

**(A) Remote e-Voting**

Remote e-Voting facility

1. In terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 the company



**NOTICE TO THE SHAREHOLDERS**

is pleased to provide to its members the facility to exercise their right to vote at the 58<sup>th</sup> Annual General Meeting (AGM) on resolutions proposed to be considered thereat by electronic means. For this purpose, “remote e-Voting” (hereinafter mentioned ‘e-Voting’) facility is offered whereby a member can cast his vote using an electronic system from a place of his choice other than the venue of AGM.

2. The e-Voting facility is offered through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
3. E-Voting commences on Wednesday, the 31<sup>st</sup> July, 2019 (9.00 A.M.) and ends on Friday, the 2<sup>nd</sup> August, 2019 (5.00 P.M.). The e-Voting portal will be blocked by CDSL for voting thereafter.

**Manner of e-Voting**

4. Instructions for e-Voting for members receiving an email from CDSL pursuant to their email IDs having been registered with the company/ Depository Participants:
  - (i) User ID and password are required for e-Voting. If you are holding shares in Demat form and logged on to [www.evotingindia.com](http://www.evotingindia.com) and cast your vote earlier for EVSN of any company, then your existing login id and password are to be used. Else, follow clause (v) to (vii) for login.
  - (ii) Launch the internet browser during the voting period. Type the URL in the address bar [www.evotingindia.com](http://www.evotingindia.com). Home screen opens.
  - (iii) Click on “Shareholders” tab to cast your vote.
  - (iv) Now, select the Electronic Voting Sequence Number - “EVSN” along with “COMPANY NAME” from the drop down menu and click on “SUBMIT”

(v) Now, fill up the following details in the appropriate boxes

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
UserID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN (case sensitive) issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name in block letters and the sequence number (8 digits) printed in the address slip in the PAN field. For e.g. if your name is Ramesh Kumar and sequence number 00001234 then enter RA00001234 in the PAN field.

# Please enter any one of the details in order to login.

(vi) After entering these details appropriately, click on “SUBMIT” tab.

**NOTICE TO THE SHAREHOLDERS**

- (vii) Members holding shares in physical form will then reach directly to the voting screen. However, members holding shares in demat form will now reach 'Password Change' menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@ # \$ % & \*). Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (viii) Select EVSN (Electronic Voting Sequence number) **190629005** of HIGH ENERGY BATTERIES (INDIA) LIMITED.
- (ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

5. In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/depository participant(s) or requesting physical copy]:

Please follow all steps from sl. no. 4(ii) to sl. no.4 (xii) above, to cast vote.

6. E-voting cannot be exercised by a proxy. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
7. During the voting period, security holders can login any number of times till they have voted on all the resolutions. They can also decide to vote only on some of the resolutions.

**Help Centre**

8. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
9. Person responsible to address the grievances connected with the facility for e-Voting:

Name : Mr. Rakesh Dalvi

Designation : Manager

Address : Central Depository Services  
(India) Ltd.  
A Wing, 25<sup>th</sup> Floor,  
Marathon Futorex,  
Mafatlal Mills Compounds,  
N M Joshi Marg  
Lower Parel (E), Mumbai 400 013

Phone no : 1800 225 533

Email Id : [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

**NOTICE TO THE SHAREHOLDERS**

**(B) Voting at AGM**

1. The company also offers the facility for voting through polling paper at the meeting. The members as on the cut-off date attending the AGM are entitled to exercise their voting right at the meeting in case they have not already cast their vote by e-Voting.
2. Members who have cast their vote by e-Voting are also entitled to attend the AGM but they cannot cast their vote at the AGM.
3. The Chairman will fix the time for voting at the meeting. Shareholders present in person or by proxy can vote at the meeting.

**General Instructions**

1. The cut-off date for the purpose of e-voting has been fixed as Saturday, the 27<sup>th</sup> July, 2019. Members holding shares as on this date cut-off date should endeavour to cast their vote in any one of the two modes.
2. In case of persons who have acquired shares and become members of the company after the despatch of AGM Notice, the company would be despatching the 58<sup>th</sup> Annual Report for 2018-19 to them as and when they become members. In addition, the Annual Report is available on the company website. They may follow the same procedure for voting.
3. Voting rights of shareholders shall be in proportion to their shareholding in the company as on the cut-off date of Saturday, the 27<sup>th</sup> July, 2019.
4. In case a shareholder by inadvertence or otherwise has voted under more than one option, his voting by only one mode through remote e-voting, or voting at the meeting will be considered in that seriatim.

5. Mr. A S Kalyanaraman, Practicing Chartered Accountant (Membership No.201149) has been appointed as the Scrutinizer.
6. The Scrutinizer will after the conclusion of voting at the AGM:
  - (i) First count the votes cast at the meeting thro polling paper.
  - (ii) Then unblock the votes cast through e-Voting
  - (iii) All the above will be done in the presence of two witnesses not in the employment of the company.
  - (iv) Make a consolidated Scrutinizer's report (integrating the votes cast at the meeting and through e-Voting) of the total votes cast in favour or against, if any, to the Chairman.
  - (v) The Scrutinizer's report as above would be made soon after the conclusion of AGM and in any event not later than three days from the conclusion of the meeting.

**7. Voting Results**

- (i) The Chairman or a person authorized by him in writing shall declare the result of the voting based on the Scrutinizer's report.
- (ii) The results declared along with the scrutinizer's report will be placed on the company's website [www.highenergy.co.in](http://www.highenergy.co.in) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after the result is declared and also communicated to BSE.
- (iii) Subject to receipt of requisite number of votes, the resolution shall be deemed to be passed on the date of AGM.

**EXPLANATORY STATEMENT**

Pursuant to Section 102 of the Companies Act, 2013

**Item No.3**

**Appointment of Dr. Vijayamohan K Pillai as an Independent Director**

In accordance with the Provisions of Sections 149, 161 of the Companies Act, 2013, the Board of Directors on the recommendation of the Nomination and Remuneration Committee Meeting held on 22<sup>nd</sup> March, 2019 appointed Dr. Vijayamohan K Pillai (DIN: 07308120) as an Additional Director with effect from 22<sup>nd</sup> March, 2019. The Board of Directors have proposed that Dr. Vijayamohan K Pillai be appointed as an Independent Director of the Company for a fixed term from 3<sup>rd</sup> August, 2019 to 31<sup>st</sup> March, 2024, not liable to retire by rotation.

The appointment of Dr. Vijayamohan K Pillai shall be effective upon approval by the Members in the Annual General Meeting.

As required under Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a member proposing Dr. Vijayamohan K Pillai as candidate for the office of Director of the Company.

Dr. Vijayamohan K Pillai is a leading Electrochemist from India. He holds Ph.D from the Indian Institute of Science, Bangalore. He worked in many areas of electrochemical power sources, electrochemical sensors and bio-electrochemistry for over three decades at the National Chemical Laboratory, Pune. He has authored over 260 publications and holds 27 patents in both Electrochemistry and Materials Chemistry.

He has received many honours and awards like "The MRSI Medal, Bangalore in 1996 & CRSI Bronze Medal in 2004 and visited many foreign countries for giving invited lectures on Materials, Electrochemistry and Electrochemical Energy Storage. He was Member of various

Editorial Boards like Bulletin of Materials Science, Electrocatalysis and Scientific reports (Nature Publishing Group).

Dr. Vijayamohan K Pillai became fellow of the Indian Academy of Science in 2008 and the Indian National Science Academy in 2018. He served as an Outstanding Scientist at CSIR-Central Electrochemical Research Institute, Karaikudi, Tamil Nadu. At present he is serving in Indian Institute of Science Education and Research (IISER), Tirupati as Professor / Chair in Chemistry.

The Company will be greatly benefitted by availing his scientific knowledge and technical expertise.

Dr. Vijayamohan K Pillai is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

Dr. Vijayamohan K Pillai does not hold by himself or for any other person on beneficial basis, any shares in the company.

Dr. Vijayamohan K Pillai has given declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and the rules made thereunder. In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and the Rules framed thereunder for appointment as Independent Director.

The Independent Director would be eligible for sitting fee for attending the Board and Audit Committee meetings within the ceiling prescribed by the Act and as determined by the shareholders and the Board from time to time.

Dr. Vijayamohan K Pillai is not related to any Director of the Company. None of the other Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise in the resolution set out at item No.3.

The Board accordingly recommends the Ordinary Resolution set out at Item No.3 of the Notice for approval of the Members of the Company.

**Item No. 4**

The Board of Directors of the Company at the Meeting held on 25<sup>th</sup> May 2019 have appointed Mr. M Ignatius as Whole time Director designated as Director (Operations) of the Company with effect from 1<sup>st</sup> June 2019 (viz., from 01.06.2019 to 31.03.2022) whose office is liable to retire by rotation. The Board approved the remuneration package on the recommendation of the Nomination and Remuneration Committee, subject to the approval of Members.

Mr. M Ignatius, aged 59, is an Electrical Engineer from M/s. Seshasayee Institute of Technology, Trichy and Member of Institute of Engineers, Calcutta. He was appointed in our Company during 1979 and was inducted in the R&D wing during 1983 and worked on various battery development programmes for VSSC, ADE, DRDO, Airforce and Navy applications.

He took over as Head of our R&D Labs., in 2003. As Head R&D, he successfully developed high power/high energy batteries for Naval and Aircraft applications involving silver zinc (both Primary and Secondary types), sea water activated batteries using silver chloride as well as cuprous chloride cathodes and nickel cadmium electrochemical systems.

He was actively involved in new product developments, absorption of cuprous chloride technology from M/s. Institute of Technology Metals (ITM), Belarus and led a team to M/s. Wass Italy during the successful development of battery for A244S Mod 3 for Indian Navy Torpedo application.

During 2017, Mr. M Ignatius was promoted to Head the Plant Operations and successfully steered all the functional Departments involved

such as Production, Maintenance, Procurement, HR, Quality and R&D and achieved the targeted production levels, productivity, product quality and overall performance.

With his sincere and honest efforts as Head(Operations), he ensured continued continual improvement and maintained good relationship with customers, our employees and executives.

He was superannuated during May 2018 and continues to work with our Company as Vice President (Operations).

Mr. M Ignatius is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

Mr. M Ignatius does not hold by himself or for any other person on beneficial basis, any shares in the company. He is neither a director nor a member in any other company registered in India.

The terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Mr. M Ignatius is not related to any Director of the Company. None of the other Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise in the resolution set out at Item No.4.

The Board accordingly recommends the Ordinary Resolution set out at Item No.4 of the Notice for approval of the Members of the Company.

(By order of the Board)

For **HIGH ENERGY BATTERIES (INDIA) LIMITED,**  
**S.V. RAJU**  
Secretary

Chennai  
May 25, 2019

**Statement containing required information as per Part II of Section II of Schedule V to the Companies Act, 2013.**

**I. GENERAL INFORMATION**

(1) *Nature of Industry*

Manufacturer of Aerospace, Naval, Power System Batteries and Lead Acid Storage Batteries.

(2) *Date of commencement of commercial Production*

December 1979

(3) *In case of new companies, expected date of commencement of activities*

Not Applicable

(4) *Financial performance based on given indicators*

(₹ in lakhs)

Particulars	2018-19	2017-18	2016-17
Net Sales	4661.69	5969.31	4801.97
Profit/Loss before interest, Depreciation & Tax	732.77	1181.94	768.11
Profit/Loss Before Tax	56.56	463.03	114.28
Profit /Loss After Tax	43.63	328.46	(86.05)
Dividend (%)	Nil*	Nil	Nil

\* Recommended by Board

(5) *Foreign Investments or Collaborations, if any.*

Nil

**II. INFORMATION ABOUT THE APPOINTEE**

(1) *Background details*

Mr. M Ignatius, aged 59, is an Electrical Engineer from M/s. Seshasayee Institute of Technology, Trichy and Member of Institute of Engineers, Calcutta. He has over 40 years of experience in the Company.

(2) *Past Remuneration*

Not Applicable

(3) *Recognition or awards*

Mr. M Ignatius was actively involved in new product developments, absorption of cuprous chloride technology from M/s. Institute of Technology Metals (ITM), Belarus and led a team to M/s. Wassa Italy during the successful development of battery for A244S Mod 3 for Indian Navy Torpedo application.

(4) *Job profile and his suitability.*

Mr. M Ignatius was appointed in our Company during 1979 and was inducted in the R&D wing during 1983. He worked on various battery development programmes. He took over as Head of our R&D

Labs., in 2003 and he has successfully developed high power/high energy batteries for Naval and Aircraft applications involving Silver Zinc (both primary and secondary types), sea water activated batteries.

During 2017, he was promoted to Head the Plant Operations and successfully steered all the functional Departments involved such as Production, Maintenance, Procurement, HR, Quality and R&D.

He was superannuated during May 2018 and continues to work with our Company as Vice President (Operations).

(5) *Remuneration proposed*

As set out in the Resolution under Item No. 4.

(6) *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.*

Considering the profile and experience of Mr. M Ignatius , current trend of compensation package in corporates, the remuneration proposed is adequate.

(7) *Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.*

Mr. M Ignatius does not hold any shares in the Company. Other than the remuneration stated above, he has no other pecuniary relationship directly or indirectly with the Company. He has no relationship with any managerial personnel.

**III. OTHER INFORMATION**

(1) *Reason of loss or inadequate profits*

Delayed receipt of materials due to late realisation of sale proceeds as well as time taken for testing of batteries coupled with lower turnover resulted in inadequate profits.

(2) *Steps taken or proposed to be taken for improvement*

The Company has already sizeable orders on hand and expected to receive further orders during the current year. In the Export front, the proposals are in the advanced stage of finalisation and materialise in the second half of the year.

(3) *Expected increase in productivity and profits in measurable terms*

Steps are taken to achieve higher turnover and profitability.

**IV. DISCLOSURES**

Remuneration details are disclosed in the Corporate Governance Report attached to Board's Report as mandated.

(By order of the Board)

For **HIGH ENERGY BATTERIES (INDIA) LIMITED**

Chennai  
May 25, 2019

**S.V. RAJU**  
Secretary

**APPENDIX - A**

**Details of Directors seeking re-appointment / appointment Pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

**A. Re-appointment**

Name of the Director	Mr. N Gopalaratnam
Director Identification Number (DIN)	00001945
Date of Birth	15.04.1947
Nationality	Indian
Date of Initial Appointment	06.06.1991
Qualification	B.Sc., (Physics), B.E. (Mech Engg.)
Experience (including Expertise in specific functional areas)	Long and varied experience in management of projects, operations and overall management of diverse industries engaged in Pulp, Paper, Sugar and Batteries
Terms and conditions of re-appointment	Proposed to be re-appointed as Non Executive Director, liable to retire by rotation
Details of shares held in company	10200 Equity Shares
Directorship in other listed companies	<b>Chairman</b> 1. M/s.Seshasayee Paper and Boards Limited 2. M/s.Ponni Sugars (Erode) Limited
Committee position held in other companies	<b>Chairman</b> 1. CSR Committee in M/s. Seshasayee Paper and Boards Limited., 2. Stakeholders Relationship Committee and CSR Committee in M/s. Ponni Sugars (Erode) Limited., <b>Member</b> 1. Audit Committee & Stakeholders Relationship Committee in M/s. Seshasayee Paper and Boards Limited., 2. Nomination and Remuneration Committee in M/s. Ponni Sugars (Erode) Limited.,
No.of Board Meetings attended during the Financial Year	Held: 5
	Attended: 5
Relationship with other directors, Manager and Key Managerial Personnel	Nil



**APPENDIX - A**

**B. Appointment**

Name of the Director	Dr. Vijayamohanan K Pillai	Mr. M Ignatius
Director Identification Number (DIN)	07308120	08463140
Date of Birth	28.05.1960	15.05.1960
Nationality	Indian	Indian
Date of Initial Appointment	22.03.2019	01.06.2019
Qualification	Ph.D from Indian Institute of Science	Electrical Engineer
Experience (including Expertise in specific functional areas)	Leading Electrochemist. He worked in many areas of electrochemical power sources, electrochemical sensors and bio electrochemistry for over three decades at the National Chemical Laboratory, pune. At present he is a professor and Chair Chemistry at IISER, Tirupati	Varied experience of Project, R&D, Operations and General Management in the Battery Industry.
Terms and conditions of re-appointment	Proposed to appointed as Non Executive and Independent Director, not liable to retire by rotation	Proposed to be appointed as Whole time Director designated as Director (Operations), liable to retire by rotation
Details of shares held in company	Nil	Nil
Directorship in other listed companies	Nil	Nil
Committee position held in other companies	Nil	Nil
Relationship with other directors, Manager and Key Managerial Personnel	Nil	Nil

**BOARD'S REPORT**

Your Board hereby present the 58<sup>th</sup> Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March 2019.

**OPERATING RESULTS**

The Company's financial performance under review is summarized below: (₹ in lakhs)

Particulars	For the year ended			
	2018-19		2017-18	
<b>Sales</b>				
(Net of GST)	4585.42		5905.84	
Other Operating Income	76.27	4661.69	63.47	5969.31
Other Income		13.34		13.82
<b>Total Income</b>		<b>4675.03</b>		<b>5983.13</b>
<b>Profit / (Loss) before Finance Cost, Depreciation and Tax</b>		<b>732.77</b>		<b>1181.94</b>
Less:				
Finance Cost	552.58		590.27	
Depreciation	123.63	676.21	128.64	718.91
<b>Profit / Loss before Tax</b>		<b>56.56</b>		<b>463.03</b>
<b>Less:</b>				
Provision for Taxation :				
MAT Tax		-	16.13	
Deferred Tax net of MAT credit		12.93	101.12	
Income Tax relating to Previous year		-	17.32	134.57
<b>Net Profit / (Loss)</b>		<b>43.63</b>		<b>328.46</b>
Other Comprehensive Income		(7.04)		12.70
<b>Total Comprehensive Income</b>		<b>36.59</b>		<b>341.16</b>

During the year, the company's turnover was ₹ 4585.42 Lakhs as compared to the turnover of ₹ 5905.84 Lakhs during the previous year. While, the Company budgeted a higher turnover, delay in receipt of critical and imported materials as well as time taken for testing of batteries, that are under development, test and evaluation, customer clearance cum supply stood in the way of our reaching the budgeted turnover.

**DIVIDEND**

In the absence of distributable profits, no dividend is recommended.

**COMPANY'S PERFORMANCE**

**SILVER ZINC BATTERIES**

The company achieved a turnover of ₹ 4071.91 Lakhs during the year as against ₹ 4809.79 Lakhs during the previous year. Even though the production was completed, for some of our products, testing and inspection in co-ordination with our customer could not be completed. The delay in dispatch led to lower turnover and the same was held as closing stock.

**BOARD'S REPORT (Continued)**

**NICKEL CADMIUM BATTERIES**

The company achieved a turnover of ₹ 405.60 Lakhs against ₹ 232.80 Lakhs during the previous year. This was due to receipt of order from Airforce for SU30 batteries.

**LEAD ACID BATTERIES (LAB)**

During the year, the turnover of LAB division was ₹ 107.91 Lakhs as against ₹ 863.25 Lakhs during the previous year. Heavy competition and inability to penetrate market resulted in poor turnover. The stiff competition with low price made the company to reduce stock and hence downsized production activities.

**EXPORTS**

The company could achieve a turnover of ₹ 191.12 Lakhs against ₹ 30.02 Lakhs during the previous year. Our efforts, to secure export orders is continuing and expected to materialize during the second half of the current year.

**CURRENT YEAR (2019 - 20)**

With the orders on hand and the expected orders, the company hopes to achieve a sizeable turnover in Silver Zinc division. Further, the productionisation of developed batteries will also contribute to the turnover. Regular orders for Nickel Cadmium Division is expected from Airforce. Hence, the Company looks forward to making higher turnover with a good performance in the current year.

Continuance of production in Lead Acid Battery division will however, depend on getting profitable orders.

**FINANCE**

The Working capital crunch continued through out the year because of delay in realization of bills, since release of funds from the Government was not regular. Also, delay in sanctioning of limits and renewal by banks posed difficulty in managing day to day operations. However, during the fourth

quarter, bank operations eased to a reasonable extent and all our bankers have assured support.

**ISO SYSTEMS**

Our Quality Management Systems (QMS) ISO 9001:2015 and Environmental Management Systems (EMS) ISO 14001:2015, continue to be accredited for Aerospace & Naval Battery division. For the Lead Acid Battery division, QMS accreditation and EMS certification were completed.

Presently, we are implementing occupational Health and Safety Management Systems [ISO: 45001-2018] and will be accredited during the current year.

**RESEARCH AND DEVELOPMENT**

The Qualification of Air version of BrahMos Missile had been successfully completed. A strategic high power underwater propulsion battery is under development and the same is in an advanced stage. The company expects to receive some more development orders and orders consequent to completion of development, during the current year.

**CORPORATE GOVERNANCE**

Compliance with the provisions of Corporate Governance is not mandatory to the Company. The Company voluntarily takes steps to comply with the provisions of Corporate Governance and the report on the above is enclosed as **Annexure-1**.

Section 134(3) of the Companies Act, 2013 requires the Board's Report to include several additional contents and disclosures. The applicable contents and disclosures have accordingly been made in the Corporate Governance Report at the appropriate places which forms an integral part of this Report.

**BOARD'S REPORT (Continued)**

**EXTRACT OF ANNUAL RETURN**

Details forming part of the extract of the Annual Return in Form MGT-9 is given in **Annexure -2**.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, your Board confirms that:

- (a) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements 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;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a 'going concern' basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company did not give any Loan or Guarantee or provided any security or make investment covered under Section 186 of the Companies Act, 2013, during the year.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY**

Since the Company remains outside the purview of Section 188(1) read with Rule 15 of Companies (Meeting of Board and its Power) Rules, 2014, the reporting requirements thereunder are not applicable.

**MATERIAL CHANGES AND COMMITMENTS**

There is no change in the nature of business of the Company during the year.

There are no material changes and commitments in the business operations of the Company since the close of the financial year as on 31<sup>st</sup> March 2019 to the date of this Report.

**CONSERVATION OF ENERGY**

Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 is given in **Annexure-3**.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Section 135 of the Companies Act, 2013 has imposed CSR mandate on companies having minimum threshold limit of net worth, turnover or net profit, as prescribed. Since the company does not meet any of these criteria, it remains outside the purview of Section 135 and consequently the reporting requirements thereunder are not applicable.

**BOARD'S REPORT (Continued)**

**PARTICULARS OF EMPLOYEES**

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is furnished in **Annexure-4**.

**ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS**

- (i) The Company has laid down adequate systems and well drawn procedures for ensuring internal financial controls. It has appointed an external audit firm as Internal Auditors for periodically checking and monitoring the internal control measures.
- (ii) Internal Auditors are present at the Audit Committee meetings where internal audit reports are discussed alongside of management comments and the final observations of the Internal Auditor.
- (iii) The Board of Directors have put in place budgetary control and monitoring measures for ensuring the orderly and efficient conduct of the business of the Company, 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.

**INDIAN ACCOUNTING STANDARDS (IND AS)**

The Financial Statements of the current year are prepared under IND AS which was adopted since last year.

**DIRECTORS**

Mr. R Vaidyanathan, Non Executive Director (DIN: 00015156), resigned from the Board with effect from 03.11.2018 due to his advancing age. He is

a founder Director of the company and has been a Director on the Board for nearly five decades. The Board wishes to place on record the valuable contributions rendered by Mr. R Vaidyanathan, for the growth of the company, during his tenure as Director.

Approval of the Shareholders by way of Special Resolution through Postal Ballot was obtained on 22.03.2019 for the reappointment of Mr. A L Somayaji, Cmde. R P Prem Kumar and Mr. M Natarajan as Independent directors for a second term.

In terms of Section 149, 152 and other applicable provisions of the Companies Act, 2013, Mr. A L Somayaji, Cmde. R P Prem Kumar and Mr. M Natarajan, were reappointed as Independent Directors of the Company through Postal Ballot process for a second term of five consecutive years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024, not liable to retire by rotation.

All the Independent Directors have given the declaration that they comply with the criteria on independence, as laid down under Section 149(6) of the Companies Act, 2013. The performance evaluation of independent directors was done by the entire Board of Directors, excluding the director being evaluated, at its meeting held on 22<sup>nd</sup> March 2019.

Mr. Rajeev Chaturvedi, Nominee Director (DIN:07857050), LIC, resigned from the Board with effect from 22.03.2019 due to personal reasons. The Board wishes to place on record its appreciation for his contribution in the Board and the Committee Meetings, during his tenure.

Life Insurance Corporation of India (LIC) has nominated Mrs Jayashree Ajit Shankar (DIN: 08397093), as Nominee Director of LIC on the Board of the Company in place of Mr. Rajeev Chaturvedi.

**BOARD'S REPORT (Continued)**

The Company appointed Dr. Vijayamohan K Pillai (DIN: 07308120) as an Additional Director of the Company with effect from 22.03.2019, to hold office upto the date of Annual General Meeting of the Company. He will seek appointment as an Independent Director of the company, for a fixed term from 3<sup>rd</sup> August, 2019 to 31<sup>st</sup> March, 2024, not liable to retire by rotation.

Necessary resolution is placed before the Members for their approval.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee held on 25<sup>th</sup> May 2019 co-opted Mr. M Ignatius, Vice President (Operations) as Whole time Director designated as Director (Operations) of the Company for a period of 3 years with effect from 1<sup>st</sup> June 2019 (viz, from 01.06.2019 to 31.03.2022), whose period of office is liable to retire by rotation.

Necessary resolution is placed before the Members for their approval.

**AUDITORS**

M/s.Maharaj N R Suresh and Co, Chartered Accountants, Chennai (Firm Registration No.001931S) were appointed as Statutory Auditors by the shareholders in the 56<sup>th</sup> Annual General Meeting for a period of five years till the conclusion of the 61<sup>st</sup> Annual General Meeting of the Company on such remuneration to be fixed by the Board of Directors on the recommendation of Audit Committee from time to time. The requirement for annual ratification at AGM had been dispensed with by the Companies (Amendment) Act, 2017 Accordingly no ratification

is required henceforth and the Statutory Auditors would continue in the normal course till the conclusion of 61<sup>st</sup> AGM.

Particulars of Statutory Auditors, Internal auditor and the Secretarial Auditor are given in the Corporate Governance Report that forms an integral part of this Report. Secretarial Audit Report, as required by Section 204(1) of the Companies Act, 2013, is attached as **Annexure 5**.

**ACKNOWLEDGEMENT**

Your Directors wish to express their sincere thanks to :

- (i) all the valued customers viz Defence Services, VSSC, NSTL, DRDO Laboratories and Ministry of Defence for the whole-hearted support and encouragement, towards indigenous development of Batteries for strategic applications;
- (ii) the Overseas customers, who have reposed utmost faith and confidence in our products;
- (iii) the Bankers, for extending financial support for the continued successful performance of the Company;
- (iv) the Employees at all levels of the company for their co-operation and performance ;
- (v) to all suppliers and Shareholders for their continued support

(For the Board of Directors)

Chennai  
May 25, 2019

**N GOPALARATNAM**  
Chairman

**ANNEXURE -1 TO BOARD'S REPORT**

**REPORT ON CORPORATE GOVERNANCE**

**Applicability of Code of Corporate Governance**

SEBI Notification dated 2<sup>nd</sup> September, 2015 modified the Listing Agreement as Listing Regulations, 2015. According to the said Regulation, the Listing regulation is applicable to all companies whose equity shares are listed on a recognized stock exchange. However, compliance with the corporate governance provisions shall not apply, in respect of

- The listed entity having paid up equity share capital not exceeding rupees ₹10 crores and net worth not exceeding ₹ 25 crores, as on the last day of the previous financial year.
- The listed entity which has listed its specified securities on the SME Exchange.

Though the compliance with the provisions of Corporate Governance is not mandatory to the Company, The Company voluntarily takes steps to comply with the provisions of Corporate Governance.

**Board of Directors**

The Board comprises of Non-Executive, Executive and Independent Directors. The Board consists of 8 Directors comprising of one Non-Executive Chairman, one Executive Director, one Non-Executive Director, four Independent Directors and one Nominee Director as on 31<sup>st</sup> March 2019. No Director holds membership of more than 10 Committees of Board nor is Chairman of more than 5 such Committees.No Director is a relative of any other Director. The age of every Director, including Independent Director, is above 21.

**Number of Board Meetings and Directors' Attendance Record**

Name of Director	Date of Initial Appointment	Category	No. of Equity Shares held	Attendance at Board Meetings during 2018-19		As on 31 <sup>st</sup> March 2019 (Including HEB)			Attendance at last AGM
				No. of Meetings	%	No. of Director-ships	Committee Position		
							As Chairman	As Member	
Mr. N Gopalaratnam	06.06.1991	Promoter, Non-Executive Chairman	10200	5	100	6	4	3	YES
Dr. G.A. Pathanjali	30.05.2012	Managing Director	100	5	100	1	-	1	YES
Mr. R Vaidyanathan*	27.09.1961	Promoter, Non Executive Director	2500	2	40	2	-	1	NO
Mr. A L Somayaji	23.03.2002	Independent Director	Nil	5	100	4	2	1	YES
Cmde. R.P Prem Kumar (Retd.)	08.06.2002	Independent Director	Nil	5	100	1	-	2	YES
Mr. M Natarajan	30.09.2014	Independent Director	Nil	5	100	2	-	1	YES
Mrs. Lalitha Lakshmanan	28.05.2016	Independent Director	Nil	5	100	2	-	3	YES

**ANNEXURE -1 TO BOARD'S REPORT**

Mr. Rajeev Chaturvedi**	29.05.2017	Nominee of Life Insurance Corporation of India	Nil	2	40	1	-	1	YES
Mrs. Jayashree Ajit Shankar *@	22.03.2019	Nominee of Life Insurance Corporation of India	Nil	1	20	1	-	-	NO
Mr. Vijayamohan K Pillai*#	22.03.2019	Additional Director	Nil	1	20	1	-	-	NO

\* Mr. R Vaidyanathan, Non Executive Director resigned from the Board w.e.f 03.11.2018.

\*\* Mr. Rajeev Chaturvedi, Nominee Director, LIC resigned from the Board w.e.f 22.03.2019.

\*@ Life Insurance Corporation of India nominated Mrs Jayashree Ajit Shankar, as Nominee Director in place of Mr. Rajeev Chaturvedi w.e.f 22.03.2019.

\*# Mr. Vijayamohan K Pillai was appointed as Additional Director w.e.f 22.03.2019.

**Directorship in other listed entities as on 31.03.2019**

Sl No	Name of Director	Name of the other listed entity	Category
1	Mr. N Gopalaratnam	a) Seshasayee Paper and Boards Ltd b) Ponni Sugars (Erode) Limited	Executive Chairman Promoter, Non executive Chairman
2	Mr. A L Somayaji	a) Seshasayee Paper and Boards Ltd	Independent Director

**Board Meetings**

During the year 2018-19, 5 Board Meetings were held on 26.05.2018, 28.07.2018, 03.11.2018, 09.02.2019 and 22.03.2019. The last Annual General Meeting was held on 28.07.2018.

**Independent Directors Meeting**

The Companies Act 2013 requires all the Independent Directors to meet atleast once in a year. The meeting must be convened without the presence of the non-independent directors and members of the management. The Independent Directors in their meeting also evaluate the performance of the chairperson of the company and review the performance of the non-independent directors and the Board as a whole of the company. These measures would immensely aid in ensuring the smooth and proper functioning of the Board of Directors of a company. The Independent Directors met

one time during the financial year 2018-19 on 22<sup>nd</sup> March, 2019 and assessed the performance of the company and other directors and advised the Board accordingly.

**Audit Committee Meeting**

The Audit Committee was constituted on 30.05.2014 as required under Section 177(1) of the Companies Act, 2013. The Audit Committee comprises of four Independent Directors and one Nominee Director. The Chairman of the Committee is a non executive Independent Director. The Committee is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The Committee met 4 times during the year on 26.05.2018, 28.07.2018, 03.11.2018 and 09.02.2019. Details of its composition and attendance are given hereunder:-



**ANNEXURE -1 TO BOARD'S REPORT**

Name of Member	Status	Attendance at Meetings	
		No.	%
Mr. A L Somayaji	Chairman	4	100
Cmde. R P Prem Kumar	Member	4	100
Mrs. Lalitha Lakshmanan	Member	4	100
Mr. Rajeev Chaturvedi*	Member	2	50
Mr. M.Natarajan **	Member	3	75

\* Resigned from the Board w.e.f 22.03.2019.

\*\* Mr. M.Natarajan, Independent Director, was inducted as Member in the Audit Committee Meeting held on 28.07.2018.

**Stakeholders Relationship Committee**

The Committee's role and responsibilities are to expeditiously process transfers, transpositions, transmissions, sub-divisions and consolidations of securities complying with SEBI Regulations and Listing requirements and redressal of Investors' grievances. Further, to ensure speedy processing of regular securities transactions pertaining to small Investors, the Board has delegated powers to the Managing Director and the Secretary.

The Committee comprises of 4 Directors. The Chairman of the Committee is a non-executive Director. The Committee met 4 times during the previous year on 26.05.2018, 28.07.2018, 03.11.2018 and 09.02.2019. Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Mr. N Gopalaratnam	Chairman	4	100
Mr. R Vaidyanathan*	Member	2	50
Dr. G.A. Pathanjali	Member	4	100
Mrs Lalitha Lakshmanan**	Member	1	25

\* Resigned from the Board w.e.f 03.11.2018.

\*\* Mrs Lalitha Lakshmanan, Independent Director, was inducted as Member in the Stakeholders Relationship Committee Meeting held on 09.02.2019.

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises of 3 Non-Executive Directors. The Nomination and Remuneration Committee is vested with all the necessary powers and authority to ensure the criteria for

- appointment of Executive, Non-Executive and Independent Directors to the Board.
- determining qualifications, positive attributes and independence of Directors.
- recommending to the Board (a) a remuneration policy for directors, key managerial personnel and senior management (b) all remuneration, in whatever form, payable to senior management.
- formulation of criteria for evaluation of independent directors and the board.
- identifying candidates who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

The Committee met 3 times during the previous year on 26.05.2018, 09.02.2019 and 22.03.2019.

Details of its composition and attendance are given hereunder:-

Name of Member	Status	Attendance at Meetings	
		No.	%
Mr. A L Somayaji	Chairman	3	100
Cmde. R P Prem Kumar	Member	3	100
Mrs. Lalitha Lakshmanan	Member	3	100

**ANNEXURE -1 TO BOARD'S REPORT**

**Committee Minutes**

Minutes of all the Committees of the Board are prepared by the Secretary of the Company and approved by the Chairman of the Meeting. These are placed at the succeeding Committee Meetings for confirmation and then circulated to the Board in the Agenda for being recorded thereat.

**Governance Process & Policies**

**(i) Policy on Director's Appointment & Remuneration**

The Board on the recommendations of the Nomination-cum-Remuneration Committee meeting held on 26<sup>th</sup> March 2015 had approved a Nomination and Remuneration Policy. It inter alia deals with the manner of selection of Board of Directors, Managing Director and their remuneration. This policy is framed as per Section 178(3) of the Companies Act, 2013.

**1. Criteria for selection of Non Executive Directors**

- (a) The Committee will identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director.
- (b) Directors would be chosen from diverse fields of expertise drawn from industry, management, finance and other disciplines.
- (c) In case of appointment of independent directors, the Committee will satisfy itself with regard to the independent nature of the directors vis-à-vis the company conforming in entirety to the conditions specified under Section 149 of the Companies Act, 2013 read with Schedule IV thereto and the Rules made thereunder and the Listing Agreement.
- (d) The Committee will ensure that the candidate identified for appointment as a director is not disqualified in any manner under Section 164 of the Companies Act, 2013.

- (e) In the case of reappointment of non independent directors, the Board will take into consideration the performance evaluation of the director and his engagement level.

**2. Remuneration Policy**

The remuneration policy aims at attracting and retaining suitable talent and devising a remuneration package commensurate with competition, size of the company, its nature of business and considered appropriate to the respective role and responsibilities.

The remuneration policy seeks to ensure that performance is recognized and achievements rewarded. Remuneration package is transparent, fair and simple to administer, besides being legal and tax compliant.

**3. Remuneration of Directors & Key Managerial Personnel**

The Nomination and Remuneration Committee recommends the remuneration of directors and KMPs which is approved by the Board of Directors and where necessary further approved by the shareholders through ordinary or special resolution as applicable.

The Managing Director is the only executive director entitled for managerial remuneration. Dr. G.A. Pathanjali has been re-appointed as Managing Director for a tenure of three years from 01.04.2017 to 31.03.2020.

Regarding Minimum remuneration, the Board of Directors has to decide on yearly basis the quantum of special allowance to be paid to Managing Director in addition to the salary and perquisites in the event of loss or inadequacy of profits as per the resolution approved by the members at the Annual General Meeting held on 05.08.2017. His remuneration for FY 2018-19 is disclosed under 39 of the Financial Statements. There is no service contract containing provisions of notice period

**ANNEXURE -1 TO BOARD'S REPORT**

or severance package.

Dr. G A Pathanjali, Managing Director, Mr. S.V. Raju, Company Secretary and Mr. R Swaminathan, Chief Financial Officer are the Key Managerial Personnel.

No Director or his relative holds an office or place of profit in the Company. Other than direct or indirect equity holding and sitting fee, there is no pecuniary relationship or transaction between the company and its non-executive directors. No stock option has been issued by the company to executive directors.

**4. Remuneration of Directors**

Non Executive Directors are paid sitting fee of ₹ 5000/- per meeting of Board and Committee Meetings. The details of remuneration paid to Non-Executive Directors during the year by way of sitting fee for attending the Board / Committee Meetings are as under:-

(in ₹)

Director	Sitting Fee for		Total
	Board Meeting	Committee Meeting*	
Mr. N Gopalaratnam	25000	20000	45000
Mr. R Vaidyanathan	10000	10000	20000
Mr. A L Somayaji	25000	35000	60000
Cmdr. R P Prem Kumar	25000	35000	60000
Mr. M Natarajan	25000	15000	40000
Mrs. Lalitha Lakshmanan	25000	40000	65000
Mr. Rajeev Chaturvedi - Nominee of LIC	10000	10000	20000
Mrs. Jayashree Ajit Shankar - Nominee of LIC	5000	-	5000
Dr. Vijayamohanam K Pillai	5000	-	5000
<b>Total</b>	<b>155000</b>	<b>165000</b>	<b>320000</b>

\* Stakeholders Relationship Committee, Audit

Committee and Nomination and Remuneration Committee.

**(ii) Performance Evaluation**

The Board of Directors in March 2015 on the recommendations of the Nomination and Remuneration Committee approved the Board evaluation framework. Further, the Board of Directors in its meeting held on 22.03.2019 carried out the evaluation process on the recommendation of Nomination and Remuneration Committee. It has laid down specific criteria for performance evaluation covering -

- ◆ Subject of Evaluation
- ◆ Evaluation of Board process
- ◆ Frequency of Board Evaluation
- ◆ Responsibility of Board Evaluation
- ◆ Review of Board Evaluation
- ◆ Evaluation of Committees
- ◆ Individual evaluation of Board members & the Chairperson
- ◆ Individual evaluation of Independent Directors

Evaluation of all Board members is done on an annual basis. Templates incorporating specific attributes are used and commonly agreed comments and remarks are recorded against each attribute.

The Independent Directors in their exclusive meeting on 22.03.2019 did the evaluation on the performance of Chairperson, Managing Director, non-independent directors and the Board as a whole. They have expressed overall satisfaction on such evaluation. All the Independent directors present at this meeting.

**ANNEXURE -1 TO BOARD'S REPORT**

The Board at its meeting held on 22.03.2019, evaluated the performance of each of the 3 Committees and also the functioning of each of the Independent Directors (excluding the Independent Director being evaluated). The Board has recorded its overall satisfaction and decided in terms of Para VIII(2) of Schedule IV to the Companies Act, 2013 that Independent Directors be continued in their respective offices be extended for another term.

**(iii) Insider Trading**

In deference to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board reformulated the:

- (i) Code of Practices and Procedures for Fair disclosure of Unpublished Price Sensitive Information (Reg.8); and
- (ii) Minimum Standards for Code of Conduct to regulate, Monitor and Report Trading by Insiders (Reg.9).

These have been intimated to the Stock Exchange.

**(iv) Code of Conduct**

The Board had formulated a Code of Conduct for Directors and Senior Management Personnel of the Company which is posted on its website. It is hereby affirmed that all the Directors and Senior Management Personnel have complied with the Code and a confirmation to this effect has been obtained from them individually for FY 2018-19.

Further, the senior management personnel have declared to the Board that no material, financial or commercial transactions were entered into by them during FY 2018-19 where they have personal interest that may have a potential conflict with the interest of the Company at large.

**(v) Risk Management**

The company has a robust risk management framework to identify and evaluate business risks and opportunities. It seeks to create transparency, minimize adverse impact on the business objective and enhance the company's competitive advantage. It aims at ensuring that the executive management controls the risk through means of a properly defined framework.

The company has laid down appropriate procedures to inform the Board about the risk assessment and minimization procedures. The Board periodically revisits and reviews the overall risk management plan for making desired changes in response to the dynamics of the business. The company is not currently required to constitute a Risk Management Committee as it is applicable to top 500 listed entities, determined on the basis of market capitalization, as at the end of the immediate previous financial year according to regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(vi) Whistle Blower Policy**

In deference to Section 177 (9) of the Act read with relevant Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has established a vigil mechanism overseen by the Audit Committee. This policy has been uploaded in the Company's website.

No complaint under this facility was received in FY 2018-19.

**(vii) Policy for Prevention of Sexual Harassment at Workplace**

The company has in place a Policy for Prevention of Sexual Harassment at Workplace in line with the requirements of the

**ANNEXURE -1 TO BOARD'S REPORT**

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received on sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. This policy has been uploaded in the Company's website.

No complaint on sexual harassment was received during FY 2018-19.

**(ix) Document preservation**

Pursuant to Regulation 9 of the Listing Regulations, the company has formed a policy for preservation of records. This Policy covers all corporate records of the company whether in paper or digital form and applies to all departments and business functions of the company. This Policy has been uploaded in the Company's website.

**Other Compliances**

**Quarterly Financial Results**

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Quarterly Financial Results are approved by the Board on the recommendations of the Audit Committee. These are communicated to Bombay Stock Exchange (BSE) after the conclusion of the Board Meeting and the abstract of the results are published in leading dailies, as required, within the stipulated time. These are also immediately posted on the Company's website.

**Accounting Treatment**

In the preparation of Financial Statements, no accounting treatment different from that prescribed in any Accounting Standard has been followed.

**Cost Audit**

Since the Company does not come under the threshold limit as specified under Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable.

**Secretarial Standards & Secretarial Audit**

Pursuant to Section 118 (10) of the Companies Act, 2013 every company shall observe secretarial standards with respect to general and Board meetings specified by the Institute of Company Secretaries of India. The company's practices and procedures mostly meet with all these prescriptions and residual requirements will be taken care of.

Pursuant to Section 204(1) of the companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company has appointed Mr. B Kalyanasundaram, Practicing Company Secretary (Membership No. A672, C.P.No.2209) to undertake the secretarial audit of the company for FY 2018-19. The Secretarial Audit Report was placed before the Board on 25<sup>th</sup> May 2019 and there is no qualifications therein. It is annexed to Board Report.

**Internal Auditor**

Pursuant to Section 138(1) of the Companies Act, 2013 the company has appointed M/s. R. Subramanian and Company LLP (Firm Regn. No. 004137S/S200041), Chennai to conduct internal audit of the functions and activities of the company for FY 2018-19. The internal auditor reports directly to the Audit Committee.

**CEO/ CFO certification**

CEO certification by Dr. G A Pathanjali, Managing Director and CFO certification by Mr. R Swaminathan, Chief Financial Officer as required under Regulation 17 (8) of the Listing Regulations were placed before the Board at its meeting on 25<sup>th</sup> May 2019.

**ANNEXURE -1 TO BOARD'S REPORT**

**Review of Directors' Responsibility Statement**

The Board in its Report has confirmed that the annual accounts for the year ended 31<sup>st</sup> March 2019 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

**Subsidiary Companies**

The Company has no subsidiary.

**Deposits**

The company has not accepted deposits from the public and there are no outstanding dues in respect thereof.

**Disclosures**

- (i) No strictures / penalties have been imposed on the company by the Stock Exchanges or SEBI or any statutory authority on any matters related to the capital market during the last 3 years.
- (ii) No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and the company's operations in future.

**Means of Communication**

**Audited / Unaudited Financial Results**

	Date of Approval by the Board	Date of Publication	Newspaper
Quarter ended 30 <sup>th</sup> June, 2018*	28.07.2018	30.07.2018	Business Standard and Makkal Kural
Quarter ended 30 <sup>th</sup> September, 2018*	03.11.2018	05.11.2018	
Quarter ended 31 <sup>st</sup> December, 2018*	09.02.2019	11.02.2019	
Year ended 31 <sup>st</sup> March, 2019**	25.05.2019	27.05.2019	

\*Unaudited

\*\*Audited

The Company will continue to publish extract of Quarterly/Half yearly financial results in the newspapers as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Full format of the Financial Results is available on the Stock Exchange Website ([www.bseindia.com](http://www.bseindia.com)) and the Company's Website [www.highenergy.co.in](http://www.highenergy.co.in). upon approval by the Board of Directors.

**Others**

Management Discussion and Analysis Report is made a part of the Annual Report and covered in the Board's Report.

The Company operates in two segments viz;

- (a) Aerospace, Naval & Power System Batteries and
- (b) Lead Acid Storage Batteries

Segment-wise reporting is done as per standard.

**General Shareholder Information**

**Details for 58<sup>th</sup> AGM**

Date and Time	Saturday, the 3 <sup>rd</sup> August, 2019, 11.00 A.M.
Venue	New Woodlands Hotel Pvt. Ltd. No.72-75, Dr. Radhakrishnan Road, Mylapore, Chennai 600 004.
Book Closure	the Monday, the 29 <sup>th</sup> July, 2019 to Saturday, the 3 <sup>rd</sup> August, 2019
Cut-off date for e-voting	Saturday, the 27 <sup>th</sup> July, 2019

**ANNEXURE -1 TO BOARD'S REPORT**

**Listing**

Name & Address	BSE Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Ph:022-2272 1233 /2272 1234 Fax:022-2272 2082 E-mail: corp.relations@bseindia.com Website: www.bseindia.com.
Listed from	May 1962
Stock Code	504176

The Listing Fee for the financial year 2019-20 has been paid to the above Stock Exchange.

**Dematerialisation**

The Equity Shares of the Company are traded in compulsory demat form and are available for trading under both the Depository Systems in India, namely, NSDL and CDSL. Its International Securities Identification Number (ISIN) is INE783E01015. Shareholders are advised to convert their holdings from physical mode to demat mode considering overall merits of the depository system and total prohibition on transfer of shares in physical mode from 01.04.2019. The details of dematerialised and physical holding as on 31st March 2019 are furnished hereunder:

Mode of holding	Shareholders		Equity Shares	
	No.	%	No.	%
Physical	324	11.75	53793	3.00
Demat	2433	88.25	1738975	97.00
<b>Total</b>	<b>2757</b>	<b>100.00</b>	<b>1792768</b>	<b>100.00</b>

**Registrar and Share Transfer Agent**

For Physical and Demat Segment:

Cameo Corporate Services Ltd.  
"Subramanian Building", 5th Floor  
1, Club House Road, Chennai 600 002  
Phone : 044-28460390(5 Lines),  
Fax : 044-28460129  
E-mail : investor@cameoindia.com  
Website: www.cameoindia.com

Shareholders holding shares in electronic form shall address their correspondence to their respective Depository Participants.

**PAN / Bank details**

SEBI vide Circular dt. 20<sup>th</sup> April, 2018 has advised listed companies through their RTA to seek PAN / Bank details of shareholders holding shares in Physical form. Necessary communication in this regard was sent to shareholders.

**Nomination facility**

Shareholders holding shares in physical form and desirous of making a nomination in terms of Section 72 of the Companies Act, 2013 are requested to submit to the Registrar and Transfer Agent in the Form No.SH.13 prescribed under Rule 19 the Companies (Share Capital and Debentures) Rules,2014 which can be had on request or downloaded from Company / MCA website. In the case of Demat holding shareholders shall submit the same to their Depository Participants.

**Investor Correspondence**

As regards transfers, change of address or status, dividend mandate and other share related queries, investors shall communicate with -

- (a) respective Depository Participants, in case of demat holding
- (b) the Registrar & Transfer Agent, in case of physical holding

All queries on Annual Report, dividend and other clarifications may be addressed to the Registered office of the Company at:

ESVIN House,  
13, Old Mahabalipuram Road  
Perungudi, Chennai 600 096  
Phone: 91-44 - 24960335 / 39279318 / 43063545  
Fax: 044- 24961785  
Email: hebcnn@highenergy.co.in  
Website:www.highenergy.co.in

**ANNEXURE -1 TO BOARD'S REPORT**

**Exclusive email ID for investor benefit**

Pursuant to SEBI's directive and Regulation 46 (2) (j) of Listing Regulations, the Company has created an exclusive Email ID investor@highenergyltd.com for redressal of investor grievances.

**Compliance Officer**

Mr. S V Raju, Secretary of the Company is the Compliance Officer under SEBI (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 and under Chapter III read with Regulation 6(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Share Transfer System**

Powers are delegated to the Managing Director and Secretary to deal with regular transactions in securities of small investors, while other cases are decided by the Stakeholders Relationship Committee. Investor requests are attended to within 7-15 days from the date of receipt. There were no shares pending for transfer as on 31st March 2019.

M/s Cameo Corporate Services Ltd., have been appointed as RTA (Registrar & Transfer Agent) for shares held both in physical and electronic segments. Services for the transfer and dematerialisation of shares are provided to the shareholders through RTA.

**Particulars of complaints received during 2018-19**

Complaints from	Received	Redressed
Shareholders/Investors	Nil	Nil
Depositories/Depository Participants	Nil	Nil
SEBI	Nil	Nil
Department of Company Affairs/ Registrar of Companies	Nil	Nil
Stock Exchanges	Nil	Nil
Total	Nil	Nil

**Share Quotes**

High, low in prices and volume of trading during each month in the last financial year are as follows: (as reported by "Bombay Stock Exchange Limited").

Month	High	Low	Close	Volume
	₹	₹	₹	No of Shares
April 2018	530.00	410.00	442.05	12443
May 2018	489.00	341.00	380.05	11560
June 2018	398.95	296.75	339.95	5600
July 2018	376.25	285.00	350.15	14903
August 2018	468.15	335.00	385.00	19718
September 2018	442.00	369.00	369.60	11836
October 2018	395.00	273.50	327.45	2805
November 2018	365.00	280.00	315.10	3229
December 2018	345.00	281.00	295.00	5709
January 2019	338.00	240.00	275.00	2998
February 2019	293.70	205.00	257.25	7078
March 2019	277.40	220.00	233.50	9745
<b>Total</b>				<b>107624</b>

**SCORES**

SEBI requires all listed companies to process Investor complaints in a centralized web based complaint system called "SEBI Complaints Redressal System" (SCORES). All complaints received from shareholders of listed companies are posted in this system. Listed companies are advised to view the complaint and submit Action Taken Report (ATR) with supporting documents in SCORES.

During the year, there was no complaint against our company posted on the SCORES site.



**ANNEXURE -1 TO BOARD'S REPORT**

**Reconciliation of Share Capital Audit**

Reports/Certificates to Stock Exchange

Description	Frequency	For the Quarter ended	Furnished on
Reconciliation of Share Capital Audit Report to Stock Exchanges on reconciliation of the total admitted Capital with NSDL/CDSL and the total issued & Listed Capital	Quarterly	30.06.2018	18.07.2018
		30.09.2018	16.10.2018
		31.12.2018	17.01.2019
		31.03.2019	17.04.2019

**Distribution of Shareholding as on 31.03.2019**

Slab	No. of Shareholders		No. of Equity Shares	
	Total	%	Total	%
1-1000	2131	77.29	56976	3.18
1001-5000	415	15.05	107221	5.98
5001-10000	99	3.59	77546	4.32
10001-20000	43	1.56	64503	3.60
20001-30000	17	0.62	42406	2.36
30001-40000	11	0.40	36874	2.06
40001-50000	4	0.15	18213	1.02
50001-100000	16	0.58	129354	7.22
Above 100000	21	0.76	1259675	70.26
<b>Total</b>	<b>2757</b>	<b>100.00</b>	<b>1792768</b>	<b>100.00</b>

**Shareholding Pattern:**

Category	No. of Share holders	Percent (%)	No. of Equity Shares	Percent (%)
		%	Total	%
Promoters	11	0.40	734527	40.97
FIs and Banks	2	0.07	239100	13.34
Other Corporate Bodies	53	1.92	35457	1.98

Clearing Members	14	0.51	1178	0.06
Hindu Undivided Families	103	3.74	46215	2.58
NRI – Non-Promoter	34	1.23	17266	0.96
Trust	1	0.04	200	0.01
Public	2539	92.09	718825	40.10
<b>Total</b>	<b>2757</b>	<b>100.00</b>	<b>1792768</b>	<b>100.00</b>

Note: Out of above, Non Resident Indians/ Overseas Corporate Bodies hold 97266 shares constituting 5.43%.

**Plant Location :**

Pakkudi Road,  
Mathur Industrial Estate, Mathur 622 515,  
Pudukkottai District, Tamilnadu, India  
Phone: 0431- 2660323, 2660324, 04339 - 250444  
Fax: 04339-250516,  
Email: info@highenergyltd.com,  
Website: www.highenergy.co.in  
No. of Employees : 126

**Particulars of past 3 AGMs**

AGM	Year	Venue	Date	Time
55 <sup>th</sup>	2015-16	New Woodlands Hotel Pvt. Ltd.	30.07.2016	11.00 A.M.
56 <sup>th</sup>	2016-17	72-75, Dr. Radhakrishnan Road, Mylapore, Chennai 600 004	05.08.2017	11.00 A.M.
57 <sup>th</sup>	2017-18		28.07.2018	11.00 A.M.

No Extraordinary General Meeting was convened during the year.

**Postal Ballot**

In deference to the provisions of The Companies Act, 2013 read with SEBI (Listing Obligations and Disclosure Requirements) 2015, the Company appointed Mr. AL Somayaji, Cmde. R P Prem Kumar

**ANNEXURE -1 TO BOARD'S REPORT**

and Mr. M Natarajan as Independent Directors in the year 2014. The term of the aforesaid Independent directors ended on 31<sup>st</sup> March, 2019.

The Board of Directors at their meeting held on 9<sup>th</sup> February 2019 on the basis of the recommendation of the Nomination and Remuneration Committee and based on the performance evaluation, reappointed them for a second term as Independent Directors not liable to retire by rotation subject to the approval of the Shareholders by means of a Special Resolution.

Approval of the Shareholders by way of Special Resolution through Postal Ballot was obtained on 22.03.2019 for the reappointment of Mr. A L Somayaji, Cmde. R P Prem Kumar and Mr. M Natarajan as Independent directors for a second term of five consecutive years from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024, not liable to retire by rotation. Further approval was also obtained for Mr. A L Somayaji, who have crossed the age of 75 years and for the continuance in office by Cmde. R P Prem Kumar and Mr. M Natarjan, who would cross the age of 75 years during the tenure.

The Letter of Re-appointment have been issued and the terms thereof have been posted on the Company's website.

All the Independent directors have given the declaration pursuant to section 149(7) of the Act affirming that they meet the criteria of independence as provided in sub section (6).

In the opinion of the Board all the Independent Directors fulfill the conditions for being re-appointed as Independent Directors as

specified in the Companies Act, 2013 and Listing Regulations.

**Unclaimed Dividends**

Pursuant to Section 124 of the Companies Act, 2013, dividends that are unclaimed for a period of seven years get transferred to the "Investor Education and Protection Fund" administrated by the Central Government statutorily. The following table gives the dates of Declaration of Dividend and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government. Reminders were sent to shareholders, who have not yet encashed the Dividend, to claim the same from the Company well before the due date of transfer to IEPF

Financial Year	Date of Declaration	Due date for Transfer	Unclaimed Amount (₹ in lakhs)
2011-2012	-	-	-
2012-2013	25.07.2013	25.08.2020	0.44
2013-2014	-	-	-
2014-2015	-	-	-
2015 -2016	-	-	-
2016 – 2017	-	-	-
2017 – 2018	-	-	-
<b>Total</b>			<b>0.44</b>

(For the Board of Directors)

Chennai  
May 25, 2019

**N GOPALARATNAM**  
Chairman

**ANNEXURE - 2 TO BOARD'S REPORT**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March 2019

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014

**I. Registration and other details:**

i)	CIN	L36999TN1961PLC004606
ii)	Registration Date	27.09.1961
iii)	Name of the Company	HIGH ENERGY BATTERIES (INDIA) LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company - Limited by shares
v)	Address of the Registered office and contact details	Esvin House, 13, Old Mahabalipuram Road, Perungudi, Chennai 600 096 Tamil Nadu Phone: 91-44-24960335 / 39279318 / 43063545 Fax: 91-44-24961785 Email: hebcnn@highenergy.co.in Web: www.highenergy.co.in
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Cameo Corporate Services Limited, "Subramanian Building", 5 <sup>th</sup> Floor No.1, Club House Road, Chennai 600 002. Phone: 044-28460390 Fax: 044-28460129 Email: investor@cameoindia.com Web: www.cameoindia.com

**II. Principal Business Activities of the Company**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product/ Service	% to total turnover of the company
1	Aerospace, Naval and Power System Batteries Silver Zinc, Silver Chloride Magnesium and Nickel Cadmium Batteries	27201	97.65
2	Lead Acid Storage Batteries	27201	2.35

**III. Particulars of Holding, Subsidiary and Associate Companies**

S I . No.	Name and Address of the company	CIN	Holding /Subsidiary/ Associate	% of shares held	Applicable-Section
NIL					

## ANNEXURE - 2 TO BOARD'S REPORT

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year - 01.04.2018			No. of shares held at the end of the year - 31.03.2019			% change during the year	
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A.</b>	<b>Promoters</b>								
<b>(1)</b>	<b>Indian</b>								
(a)	Individual/HUF	14932	-	14932	0.83	14932	-	14932	0.83
(b)	Central Govt	-	-	-	-	-	-	-	-
(c)	State Govt(s)	-	-	-	-	-	-	-	-
(d)	Bodies Corp.	639595	-	639595	35.68	639595	-	639595	35.68
(e)	Banks / FI	-	-	-	-	-	-	-	-
(f)	Any Other	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(1)</b>	<b>654527</b>	<b>-</b>	<b>654527</b>	<b>36.51</b>	<b>654527</b>	<b>-</b>	<b>654527</b>	<b>36.51</b>
<b>(2)</b>	<b>Foreign</b>								
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-
(c)	Bodies Corp.	80000	-	80000	4.46	80000	-	80000	4.46
(d)	Banks / FI	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-
	<b>Sub-Total (A)(2)</b>	<b>80000</b>	<b>-</b>	<b>80000</b>	<b>4.46</b>	<b>80000</b>	<b>-</b>	<b>80000</b>	<b>4.46</b>
	<b>Total shareholding of Promoters (A)= (A)(1)+(A)(2)</b>	<b>734527</b>	<b>-</b>	<b>734527</b>	<b>40.97</b>	<b>734527</b>	<b>-</b>	<b>734527</b>	<b>40.97</b>
<b>B.</b>	<b>Public Shareholding</b>								
<b>(1)</b>	<b>Institutions</b>								
(a)	Mutual Funds	-	-	-	-	-	-	-	-
(b)	Banks / FI	239100	-	239100	13.34	239100	-	239100	13.34
(c)	Central Govt	-	-	-	-	-	-	-	-
(d)	State Govt(s)	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-

## ANNEXURE - 2 TO BOARD'S REPORT

Sl. No.	Category of Shareholders	No. of shares held at the beginning of the year - 01.04.2018				No. of shares held at the end of the year - 31.03.2019				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(i)	Any Other	-	-	-	-	-	-	-	-	-
	Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
	<b>Sub- Total (B)(1)</b>	<b>239100</b>	-	<b>239100</b>	<b>13.34</b>	<b>239100</b>	-	<b>239100</b>	<b>13.34</b>	<b>0.00</b>
<b>2.</b>	<b>Non- Institutions</b>									
(a)	Bodies Corporate	59833	691	60524	3.38	34766	691	35457	1.98	-1.40
(b)	Individuals									
i	Individual shareholders holding nominal shares capital up to ₹ 1 lakh	384502	59934	444436	24.79	398240	52902	451142	25.16	0.37
ii	Individual shareholders holding nominal shares capital in excess of ₹ 1 lakh	247349	-	247349	13.80	267683	-	267683	14.93	1.13
(c)	Others (specify)									
	Non-Resident Indians	15743	200	15943	0.88	17066	200	17266	0.96	0.08
	Hindu Undivided Family	48321	-	48321	2.70	46215	-	46215	2.58	-0.12
	Clearing Members	2368	-	2368	0.13	1178	-	1178	0.07	-0.06
	Trusts	200	-	200	0.01	200	-	200	0.01	0.00
	<b>Sub- Total (B)(2)</b>	<b>758316</b>	<b>60825</b>	<b>819141</b>	<b>45.69</b>	<b>765348</b>	<b>53793</b>	<b>819141</b>	<b>45.69</b>	<b>0.00</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>997416</b>	<b>60825</b>	<b>1058241</b>	<b>59.03</b>	<b>1004448</b>	<b>53793</b>	<b>1792768</b>	<b>100.00</b>	<b>0.00</b>
<b>C</b>	<b>Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>1731943</b>	<b>60825</b>	<b>1792768</b>	<b>100.00</b>	<b>1738975</b>	<b>53793</b>	<b>1792768</b>	<b>100.00</b>	<b>0.00</b>

## ANNEXURE - 2 TO BOARD'S REPORT

### (ii) Shareholding of promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1	Seshasayee Paper and Boards Limited	282911	15.78	-	282911	15.78	-	0.00
2	Time Square Investments (P) Ltd	165463	9.23	-	165463	9.23	-	0.00
3	Ponni Sugars (Erode) Limited	100000	5.58	-	100000	5.58	-	0.00
4	Synergy Investments Pte Ltd	80000	4.46	-	80000	4.46	-	0.00
5	Ultra Investments and Leasing Company Pvt. Ltd.	70200	3.91	-	70200	3.91	-	0.00
6	Dhanashree Investments Private Limited	21021	1.17	-	21021	1.17	-	0.00
7	N Gopalaratnam	10200	0.57	-	10200	0.57	-	0.00
8	R Vaidyanathan	2500	0.14	-	2500	0.14	-	0.00
9	S Sridharan	1932	0.11	-	1932	0.11	-	0.00
10	D Jayaraman	200	0.01	-	200	0.01	-	0.00
11	G A Pathanjali	100	0.01	-	100	0.01	-	0.00
	<b>Total</b>	<b>734527</b>	<b>40.97</b>	<b>-</b>	<b>734527</b>	<b>40.97</b>	<b>-</b>	<b>0.00</b>

**ANNEXURE - 2 TO BOARD'S REPORT**

**III. Change in Promoters' Shareholding**

Sl No	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Promoters' total holding				
	At the beginning of the year 01-Apr-2018	734527	40.97	-	-
	Purchase / Sale during the year	-	-	-	-
	At the end of the year 31-Mar-2019	-	-	734527	40.97

There is no change in the total Shareholding of Promoters during the year 2018-19.

**IV. Shareholding Pattern of top ten Shareholders (other than Promoters and Directors):**

Sl No	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Life Insurance Corporation of India At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	239000	13.33	239000	13.33
2	Srikanth C At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	49754	2.78	49754	2.78
3	Balram Bharwani JT1 : Poonam Bharwani At the beginning of the year 01-Apr-2018 Sale 27-Apr-2018 Sale 17-Aug-2018 Sale 29-Sep-2018 Sale 21-Dec-2018 At the end of the Year 31-Mar-2019	41712 -412 -276 -44 -80	2.33 0.02 0.02 0.00 0.01	41300 41024 40980 40900 40900	2.30 2.29 2.29 2.28 2.28
4	Minal Bharat Patel At the beginning of the year 01-Apr-2018 Purchase 15-Jun-18 At the end of the year 31-Mar-2019	0 31684	0.00 1.77	31684 31684	1.77 1.77
5	Ruchit Bharat Patel Jt1 : Hardik Bharat Patel At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	30336	1.69	30336	1.69
6	Hardik B Patel At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	24544	1.37	24544	1.37

**ANNEXURE -2 TO BOARD'S REPORT**

SI No	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
7	Sathyamoorthi Devarajulu At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	20000	1.12	20000	1.12
8	F L Dadabhoy JT1 : P F Dadabhoy At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	18000	1.00	18000	1.00
9	Bhavna Govindbhai Desai At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019 Having same pan	16000	0.89	16000	0.89
	Bhavna Govindbhai Desai At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	2247	0.13	2247	0.13
10	Sitharaman G JT1 : Janaki S At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	13720	0.77	13720	0.77

**V. Shareholding of Directors and Key Managerial Personnel:**

SI No	Name	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	N Gopalaratnam At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	10200	0.57	10200	0.57
2	R Vaidyanathan At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	2500	0.14	2500	0.14
3	G A PATHANJALI At the beginning of the year 01-Apr-2018 At the end of the year 31-Mar-2019	100	0.01	100	0.01
4	S V RAJU At the beginning of the year 01-Apr-2018 Sale 23-Nov-2018 At the end of the year 31-Mar-2019	100 -100	0.01 0.0055	0 0	0 0



**ANNEXURE -2 TO BOARD'S REPORT**

**VI. Indebtedness:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2592.14	752.00	-	3344.14
ii) Interest due but not paid	-	168.89	-	168.89
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2592.14</b>	<b>920.89</b>	-	<b>3513.03</b>
Change in Indebtedness during the financial year				
A. Principal				
- Addition	-	100.00	-	100.00
- Reduction	29.13	9.43	-	38.56
B. Interest				
- Addition	-	91.05	-	91.05
- Reduction	-	5.16	-	5.16
<b>Net Change</b>	<b>29.13</b>	<b>176.46</b>	-	<b>147.33</b>
Indebtedness at the end of the financial year				
i) Principal Amount	2563.01	842.57	-	3405.58
ii) Interest due but not paid	-	254.78	-	254.78
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2563.01</b>	<b>1097.35</b>	-	<b>3660.36</b>

**VII. Remuneration Of Directors And Key Managerial Personnel:**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD Dr. G.A. Pathanjali	Total Amount (₹ in lakhs)
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	20.40	20.40
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961.	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	-	-
	- others, specify	9.00	9.00
5	Others – Retired benefits	4.89	4.89
	<b>Total (A)</b>	<b>34.29</b>	<b>34.29</b>
	Ceiling as per the Act	42.00	42.00

## ANNEXURE - 2 TO BOARD'S REPORT

### B. Remuneration to other directors

Sl No	Particulars of Remuneration	Name of Directors				Total Amount (in ₹)
		Mr. A L Somayaji	Cmdr. R P Premkumar	Mr. M Natarajan	Mrs. Lalitha Lakshmanan	
1		<b>Independent Directors</b>				
	- Fee for attending Board Committee Meetings	60000	60000	40000	65000	225000
	- Commission	-	-	-	-	-
	- Others Please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>60000</b>	<b>60000</b>	<b>40000</b>	<b>65000</b>	<b>225000</b>
2		<b>(Non Executive Directors)</b>				
		Mr. N Gopalratnam		Mr. R Vaidyanathan	Mr. Rajeev Chaturvedi	Total Amount (in ₹)
	- Fee for attending Board Committee Meetings	45000		20000	20000	85000
	- Commission	-		-	-	-
	- Others Please specify	-		-	-	-
	<b>Total (2)</b>	<b>45000</b>		<b>20000</b>	<b>20000</b>	<b>85000</b>
3		<b>(Non Executive Directors)</b>				
		Mrs Jayashree Ajit Shankar		Mr. Vijayamohan K Pillai		Total Amount (in ₹)
	- Fee for attending Board Committee Meetings	5000		5000		10000
	- Commission	-		-		-
	- Others Please specify	-		-		-
	<b>Total (3)</b>	<b>5000</b>		<b>5000</b>		<b>10000</b>
	<b>Total (B) = (1+2+3)</b>					<b>320000</b>
	Overall ceiling as per the Act					*

\* Minimum Remuneration for Managing Director  
Only Sitting Fee for others

**ANNEXURE - 2 TO BOARD'S REPORT**

**C. Remuneration to Key Managerial Personnel Other than MD / WTD / Manager**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. S V Raju Company Secretary	Mr. R Swaminathan CFO	Total Amount (₹ in lakhs)
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.80	4.04	5.84
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2.40	6.68	9.08
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961.	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others – Retired benefits	-	-	-
	<b>Total</b>	<b>4.20</b>	<b>10.72</b>	<b>14.92</b>

**VIII. Penalties/Punishment/Compounding Offences**

There were no penalties, punishments, compounding of offences against the Company, its Directors or other Officers in Default for Non-compliance / violation by the Company of any provisions of the Companies Act, 2013 during the year.

(For the Board of Directors)

Chennai  
May 25, 2019

**N GOPALARATNAM**  
Chairman

**ANNEXURE -3 TO BOARD'S REPORT**

**DISCLOSURE IN TERMS OF SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014.**

**A. CONSERVATION OF ENERGY**

Steps taken on conservation of energy:

- Timer provision for Air Conditioners and Dehumidifier.
- Switching over to LED bulbs from conventional tube lights.
- Reduction in heat loss in melting furnace by modifying internal structure.
- Modification in chiller plant (from water cooler to Air Cooler system).
- Switching over to CFL instead of Sodium Lamp for street lighting.

- Upgradation of technology to match the advancement in developed countries.
- Indigenisation and self reliance in the critical field of batteries for strategic defence applications.
- "Make in India" concept fully implemented over three decades.

**3 Future Plan of Action**

To continue Research and Development in the areas mentioned in Para B1.

**4 Expenditure on R & D during the year**

(₹ in lakhs)

	As At 31.03.2019	As At 31.03.2018
Capital	-	-
Recurring	56.20	60.60
<b>Total</b>	<b>56.20</b>	<b>60.60</b>

**B. TECHNOLOGY ABSORPTION**

**1 Research and Development (Totally in-house)**

- Development of Primary activated Reserve Type Silver Zinc Batteries for Aero Space applications.
- Development of Cuprous Chloride Batteries.
- Development and Production of PEM Fuel Cells.
- Development and production of Electro – catalyst for Fuel Cells.
- Research on Nano materials and Nano composites.
- Research on Vanadium based Flow Battery materials.

**2 Benefits derived as a result of above R & D**

- The batteries developed have eliminated imports in their respective categories and thus they have saved substantial foreign exchange outgo.
- The batteries developed in-house were also exported and thus earned foreign exchange.

**5 Technology Absorption and Adoption**

During the year under review, no overseas technology was acquired.

**6 Foreign Exchange Earnings and Outgo**

(₹ in lakhs)

	As At 31.03.2019	As At 31.03.2018
Earnings	135.43	30.02
Outgo	536.86	145.63

(For the Board of Directors)

Chennai  
May 25, 2019

**N GOPALARATNAM**  
Chairman

**ANNEXURE - 4 TO BOARD'S REPORT**

**Disclosure under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Statement of particulars of remuneration as per Rule 5(1)

Sl No.	Description			
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Managing Director (MD)	5:1	Note 1
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	MD	Nil	Note 1 & 2
		Company Secretary	Nil	
		CFO	23%	
3	The percentage increase in the median remuneration of employees in the financial year	7%		
4	The number of permanent employees on the rolls of company	126		
5	Affirmation that the remuneration is as per the remuneration policy of the company	Yes. Remuneration is as per the remuneration policy of the company.		

**Notes:**

- All other directors (Non-Executive Directors) are paid only sitting fee for attending the meetings of the Board and Committee thereof. Ratio of remuneration and percentage increase are provided only for executive director, since such data would not be meaningful in the case of non executive directors.
- Remuneration is as per the remuneration policy of the company. MD remuneration is normally re-determined on reappointment once in 3 years.

(For the Board of Directors)

Chennai  
May 25, 2019

**N GOPALARATNAM**  
Chairman

**ANNEXURE -5 TO BOARD'S REPORT**

**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

**The Members**

**M/s. High Energy Batteries (India) Limited**  
**"Esvin House", 13, Old Mahabalipuram Road,**  
**Perungudi, Chennai - 600 096.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. High Energy Batteries (India) Limited, Chennai - 600 096 (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by M/s. High Energy Batteries (India) Limited (the Company) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31<sup>st</sup> March 2019, according to the

provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (v) Other Laws applicable specifically to the Company:
  - a. The Batteries (Management and Handling) Rules, 2001;
  - b. Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989;
  - c. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
  - d. Environmental (Protection) Act, 1986;

**ANNEXURE - 5 TO BOARD'S REPORT**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to the meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the year under report, the Company did not attract the provisions of:

- (i) 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;
- (ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

**WE FURTHER REPORT THAT:**

The Board of Directors of the Company is duly constituted with proper balance of Executive

Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice with agenda items supported by detailed notes thereon is given to all Directors to schedule the Board Meetings and Committee meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meetings and for meaningful participation at the meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. But there were no dissenting views during the year under report.

**We further report that** there are 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.

**We further report that** during the audit period the Company had no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc., referred to above.

**FOR B.K. SUNDARAM & ASSOCIATES**  
COMPANY SECRETARIES

**(B.KALYANASUNDARAM)**  
COMPANY SECRETARY  
ACS NO. A672. CP. NO. 2209

Place : Trichy  
Date : 20-05-2019

**Note:** This report has to be read along with the Annexure which forms an integral part of this report.

**ANNEXURE -5 TO BOARD'S REPORT**

**ANNEXURE TO SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019  
OF  
M/S. HIGH ENERGY BATTERIES (INDIA) LIMITED**

1. Maintenance of secretarial records with reference to the provisions of the Companies Act, 2013 & the Rules thereunder and the maintenance of records with reference to other applicable laws is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our audit.
2. We have followed the audit practices and procedures as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. 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 Secretarial Audit. The verifications were done on a random test basis to ensure that correctness of the facts reflected in the records.
3. We have obtained the Management representation about the compliance of Laws, Rules and Regulations and occurrence of events. As per the Management Representation given by the Company Secretary of the Company there is no law exclusively applicable for the Company except those stated in Point (V) of the Secretarial Audit Report.

**FOR B.K. SUNDARAM & ASSOCIATES**  
COMPANY SECRETARIES

**(B.KALYANASUNDARAM)**  
COMPANY SECRETARY  
ACS NO. A672. CP. NO. 2209

Place : Trichy  
Date : 20-05-2019



**MAHARAJ N R SURESH AND CO.**  
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
M/s. HIGH ENERGY BATTERIES (INDIA) LIMITED**

**Report on the audit of Standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone Financial Statements of **HIGH ENERGY BATTERIES (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information hereinafter referred to as 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 ("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, 2019, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 financial statements under the provisions of the Act 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 financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of 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.



Sl.No.	Key Audit Matters	Our Response
1	<p>Testing For Impairment provision Lead Acid Battery Plant (LAB)</p> <p>The LAB unit is making continuous losses and operates at very low capacity levels and had to be tested for impairment provision. Please refer note no to financial Statements.</p> <p>This being a significant management judgment involving estimates is considered a key audit matter</p>	<p>The management appointed Independent Chartered Engineers firm (approved Valuer) to ascertain the realizable value of LAB plant since the Value in Use determination by cash flow method is not reflective of the realizable value as the plant is underutilized.</p> <p>The independent valuer has valued the LAB plant assets at ₹1317 Lakhs</p> <p>We have compared the values with the carrying value as per books and Fixed asset Register and found that the realizable value is more than the carrying value and the management judgment that no impairment loss is required to be recognized is reasonable.</p>
2	<p><b>Inventories</b></p> <p>As on 31st March,2019, the carrying value inventories is ₹ 2,492.92 lakhs and is valued at lower of cost and net realisable value.</p> <p>We considered the value of inventories as key audit matter considering the relative size of it in the financial statements.</p>	<p>We have verified and tested the design and operating effectiveness of controls with regard to receipt, issues and valuation of inventories.</p> <p>We have also applied our standard audit procedures and substantive procedures with respect to year end physical verification of inventories.</p> <p>We have also verified the valuation sheets for the quantities and the rates adopted.</p> <p>Based on our audit procedures we find that the value of inventories is properly stated in the financial statements.</p>

### Management Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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 (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. 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 implementation and maintenance of 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 Financial Statements, management 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 management 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 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 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system 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 Financial Statements, including the disclosures, and whether the 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 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) to evaluate the effect of any identified misstatements in the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

1. 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 (including Other Comprehensive Income), the 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 the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2019 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 over financial reporting of the Company, 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 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.

- h) With respect to the other matters to be included in the Auditors' 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 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.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M/s. **MAHARAJ N R SURESH AND CO.**  
Chartered Accountants  
Firm Regn. No. 001931S

**N R Suresh**  
Partner  
Membership No. 021661

Place : Chennai  
Date : May 25, 2019

**ANNEXURE “A” TOTHE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON  
THE STANDALONE IND AS FINANCIAL STATEMENTS OF  
HIGH ENERGY BATTERIES (INDIA) LIMITED.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the  
Companies Act, 2013 (“the Act”).**

We have audited the Internal Financial Controls over Financial Reporting of **HIGH ENERGY BATTERIES (INDIA) LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting 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 (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 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 over Financial Reporting 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. 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 over Financial Reporting was 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 over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, 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 Auditors’ 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 System over Financial Reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's Internal Financial Control over Financial Reporting 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 over Financial Reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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
- (iii) 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 over Financial Reporting**

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, 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 over Financial Reporting to future periods are subject to the risk that the Internal Financial Control over Financial Reporting 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, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at March 31, 2019, based on the Internal Control over Financial Reporting 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 ICAI.

For M/s. **MAHARAJ N R SURESH AND CO.**  
Chartered Accountants  
Firm Regn. No. 001931S

**N R Suresh**  
Partner  
Membership No. 021661

Place : Chennai  
Date : May 25, 2019



**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF HIGH ENERGY BATTERIES (INDIA) LIMITED.**

The Annexure referred to in Paragraph 2 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our Report of even date:

- (i) In respect of its fixed assets:
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) The Company has not granted any loans to any party covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013, in respect of investments, provided by the Company. The Company has not provided any guarantee or security to any company covered under Section 185.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed maintenance of Cost Records under Sub-section (1) of Section 148 of the Companies Act, 2013 and such accounts and records have been made and maintained.
- (vii) According to the information and explanations given to us in respect of Statutory dues :
  - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, and any other Statutory Dues to the appropriate authorities except Income Tax deductions of ₹10.95 Lakhs for the months of June and February and delay in remittance of Goods and Service Tax were noticed. However, there are no undisputed amounts payable which were in arrears as at 31<sup>st</sup> March, 2019 for a period of more than six months from the date they became payable.
  - (b) There are no dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, Cess and Goods and Service Tax have not been deposited as on 31<sup>st</sup> March, 2019 on account of disputes
- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank and Government.



- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) The Company has not noticed any fraud by the Company or any fraud on the Company by its Officers or employees or reported during the year.
- (xi) The managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197, read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- (xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M/s. **MAHARAJ N R SURESH AND CO.**  
Chartered Accountants  
Firm Regn. No. 001931S

**N R Suresh**  
Partner  
Membership No. 021661

Place : Chennai  
Date : May 25, 2019



## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2019

₹ in lakhs

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
<b>I ASSETS</b>			
<b>1 Non Current Assets</b>			
a) Property Plant and Equipment	2	3174.20	3281.67
b) Financial Assets			
(i) Investments	3	101.29	93.97
(ii) Loans	4	24.07	18.43
c) Deferred Tax Asset (Net)	5	271.06	278.88
d) Other Non Current Assets	6	53.41	53.06
		<b>3624.03</b>	<b>3726.01</b>
<b>2 Current Assets</b>			
a) Inventories	7	2492.92	2583.91
b) Financial Assets			
(i) Trade Receivables	8	1662.27	1464.27
(ii) Cash and Cash Equivalents	9	61.79	279.85
(iii) Bank Balances	10	86.15	81.13
(iv) Loans	11	16.90	17.70
(v) Others	12	15.75	0.03
c) Current Tax Assets (Net)	13	14.70	24.32
d) Other Current Assets	14	328.36	194.78
		<b>4678.84</b>	<b>4645.99</b>
<b>Total</b>		<b>8302.87</b>	<b>8372.00</b>
<b>EQUITY AND LIABILITIES</b>			
<b>II EQUITY</b>			
a) Equity Share Capital	15	179.28	179.28
b) Other Equity	16	1682.70	1646.11
<b>III LIABILITIES</b>			
<b>Non Current liabilities</b>			
a) Financial Liabilities			
i) Long Term Borrowings	17	947.69	875.15
b) Provisions	18	28.29	37.39
c) Other Non Current Liabilities	19	173.48	670.18
		<b>3011.44</b>	<b>3408.11</b>
<b>Current Liabilities</b>			
a) Financial Liabilities			
i) Short Term Borrowings	20	2858.01	3107.14
ii) Trade Payables	21	1410.76	1438.35
iii) Other Current Liabilities	22	271.93	147.90
b) Other Current Liabilities	23	715.03	230.37
c) Provisions	24	35.70	40.13
		<b>5291.43</b>	<b>4963.89</b>
<b>Total</b>		<b>8302.87</b>	<b>8372.00</b>

Notes to Financial Statements 1 to 45

**G.A. PATHANJALI**  
Managing Director

**N. GOPALARATNAM**  
Cmde. R.P. PREM KUMAR, VSM (Retd.)  
LALITHA LAKSHMANAN

**Directors**

**A.L. SOMAYAJI**  
**M. NATARAJAN**  
JAYASHREE AJIT SHANKAR

Vide our Report of even date attached  
For M/s. Maharaj N R Suresh and Co.,  
Chartered Accountants  
Firm Reg No: 001931S

**R. SWAMINATHAN**  
Chief Financial Officer

**S.V. RAJU**  
Secretary

**N.R. SURESH**  
Partner

Chennai  
May 25, 2019

Membership No.: 021661

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2019**

₹ in lakhs

S No	Particulars	Note No	Year ended 31.03.2019	Year ended 31.03.2018
<b>I</b>	<b>Revenue from Operations</b>			
	Revenue from Sale of Products	25a	4585.42	5905.84
	Other Operating Revenues	25b	76.27	63.47
<b>II</b>	<b>Other Income</b>	26	13.34	13.82
<b>III</b>	<b>Total Revenue (I+II)</b>		<b>4675.03</b>	<b>5983.13</b>
<b>IV</b>	<b>Expenses</b>			
	Cost of materials and components consumed	27	2179.94	3280.65
	Changes in Inventories	28	(86.90)	(474.98)
	Excise duty	29	-	32.20
	Employee Benefits Expense	30	1027.54	952.08
	Finance Cost	31	552.58	590.27
	Provision for impairment of loss - Investments		0.15	0.08
	Depreciation	2	123.63	128.64
	Other Expenses	32	821.53	1011.16
	<b>Total Expenses (IV)</b>		<b>4618.47</b>	<b>5520.10</b>
<b>V</b>	<b>Profit / (Loss) Before Exceptional Items and Tax (III-IV)</b>		<b>56.56</b>	<b>463.03</b>
<b>VI</b>	<b>Exceptional Items</b>		-	-
<b>VII</b>	<b>Profit Before Tax</b>		<b>56.56</b>	<b>463.03</b>
<b>VIII</b>	<b>Tax Expenses</b>	33		
	Current Tax		-	16.13
	Income Tax relating to previous years		-	17.32
	Deferred Tax Liability/(Asset)		12.93	101.12
	<b>Total Tax Expenses (VIII)</b>		<b>12.93</b>	<b>134.57</b>
<b>IX</b>	<b>Profit / (Loss) After Tax and Exceptional Item (VII-VIII)</b>		<b>43.63</b>	<b>328.46</b>
<b>X</b>	<b>Other Comprehensive Income</b>			
	A. Items that will not be reclassified to Statement of Profit and Loss			
	(i) Remeasurement benefit of the defined benefit plans		(19.61)	6.51
	(ii) Income tax expense on remeasurement benefit of the defined benefit plans		5.10	(1.68)
	(iii) Net fair value gain/(loss) on investment in equity instruments through OCI		7.47	7.86
	(iv) Income Tax Expenses on gain on Fair valuation of investment in equity instruments through OCI		-	-
	<b>Other Comprehensive Income for the year</b>		<b>(7.04)</b>	<b>12.69</b>
	B. Items that will be reclassified to Statement of Profit and loss		-	-
	<b>Total Comprehensive income for the period (IX + X)</b>		<b>36.59</b>	<b>341.16</b>
	<b>Earning per Equity Share (Of Face Value ₹ 10 each)</b>			
	Basic and Diluted		2.43	18.32
	<b>Notes to Financial Statements 1 to 45</b>			

**G.A. PATHANJALI**  
Managing Director

**N. GOPALARATNAM**  
Cmde. R.P. PREM KUMAR, VSM (Retd.)  
**LALITHA LAKSHMANAN**

Directors

**A.L. SOMAYAJI**  
**M. NATARAJAN**  
**JAYASHREE AJIT SHANKAR**

Vide our Report of even date attached  
For M/s. Maharaj N R Suresh and Co.,  
Chartered Accountants  
Firm Reg No: 001931S

**R. SWAMINATHAN**  
Chief Financial Officer

**S.V. RAJU**  
Secretary

**N.R. SURESH**  
Partner  
Membership No.: 021661

Chennai  
May 25, 2019

**STATEMENT OF CHANGES IN EQUITY**

**Equity Share Capital**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Balance at the beginning of the reporting year	179.28	179.28
Changes in Equity Share capital during the year	-	-
Balance at the end of the reporting year	179.28	179.28

**Statement of Changes in Equity**

₹ in lakhs

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained Earnings		
<b>Balance as on 1<sup>st</sup> April, 2016</b>	<b>3.00</b>	<b>783.35</b>	<b>200.00</b>	<b>327.97</b>	<b>23.78</b>	<b>1338.10</b>
Add:						
Profit for the year	-	-	-	(86.05)	-	(86.05)
Net gain/(loss) on remeasurement of defined benefit plans (Net of tax)	-	-	-	(3.36)	-	(3.36)
Net gain/(loss) on fair valuation of investments in equity shares	-	-	-	-	56.26	56.26
<b>Balance as on 31<sup>st</sup> March, 2017</b>	<b>3.00</b>	<b>783.35</b>	<b>200.00</b>	<b>238.56</b>	<b>80.04</b>	<b>1304.95</b>
Add:						
Profit for the year	-	-	-	328.46	-	328.46
Net gain/(loss) on remeasurement of defined benefit plans	-	-	-	4.84	-	4.84
Net gain/(loss) on fair valuation of investments in equity shares	-	-	-	-	7.86	7.86
<b>Balance as on 1<sup>st</sup> April, 2018</b>	<b>3.00</b>	<b>783.35</b>	<b>200.00</b>	<b>571.86</b>	<b>87.90</b>	<b>1646.11</b>
Add:						
Profit/(Loss) for the year	-	-	-	43.63	-	43.63
Net gain/(loss) on remeasurement of defined benefit plans	-	-	-	(14.51)	-	(14.51)
Net gain/(loss) on fair valuation of investments in equity shares	-	-	-	-	7.47	7.47
Income Tax Expenses on Fair valuation of investment in equity instruments through OCI	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March, 2019</b>	<b>3.00</b>	<b>783.35</b>	<b>200.00</b>	<b>600.98</b>	<b>95.37</b>	<b>1682.70</b>

**Directors**

**G.A. PATHANJALI**  
Managing Director

**N. GOPALARATNAM**  
Cmde. R.P. PREM KUMAR, VSM (Retd.)  
**LALITHA LAKSHMANAN**

**A.L. SOMAYAJI**  
**M. NATARAJAN**  
**JAYASHREE AJIT SHANKAR**

Vide our Report of even date attached  
For M/s. Maharaj N R Suresh and Co.,  
Chartered Accountants  
Firm Reg No: 001931S

**R. SWAMINATHAN**  
Chief Financial Officer

**S.V. RAJU**  
Secretary

**N.R. SURESH**  
Partner

Membership No.: 021661

Chennai  
May 25, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019**

₹ in lakhs

Description	Year Ended 31.03.2019		Year Ended 31.03.2018	
<b>A. Cash flow from Operating Activities:</b>				
Profit before tax		56.56		463.03
<b>Adjustments for:</b>				
Depreciation	123.63		128.64	
Interest	540.86		483.33	
Dividend	(1.55)		(1.04)	
Impairment of Investment Provisions measured through FVTOCI	0.15		0.08	
Assets discarded	-	663.08	-	611.01
<b>Operating Profit before working capital changes</b>		<b>719.64</b>		<b>1074.04</b>
<b>Adjustments for:</b>				
Trade and Other Receivables	(198.00)		(66.87)	
Inventories	90.98		(177.29)	
Other current assets	(154.14)		13.04	
Provisions	(33.14)		(56.75)	
Other liabilities	(496.70)		25.42	
Trade and other payables	581.10	(209.89)	(533.37)	(795.82)
Cash generated from operations		<b>509.75</b>		<b>278.22</b>
Direct Tax paid net of refund		9.26		(17.89)
<b>Net cash from operating activities (A)</b>		<b>519.01</b>		<b>260.33</b>
<b>B. Cash flow from Investing Activities:</b>				
Purchase / Acquisition of fixed assets		(16.16)		(29.09)
Change in CWIP		-		(14.20)
Sale of Fixed Assets		-		-
Interest received		11.72		7.57
Dividend received		1.55		1.04
<b>Net cash used in investing activities (B)</b>		<b>(2.88)</b>		<b>(34.68)</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

₹ in lakhs

Description	Year Ended 31.03.2019		Year Ended 31.03.2018	
<b>C. Cash flow from Financing Activities:</b>				
Long term bank deposit		(5.01)		(5.16)
Unsecured loan received during the year		72.54		146.31
Working Capital Loan		(249.14)		402.16
Interest Paid		(552.58)		(490.89)
Dividend plus Tax paid		-		-
<b>Net cash used in financing activities (C)</b>		<b>(734.19)</b>		<b>52.42</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>(218.06)</b>		<b>278.07</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>279.85</b>		<b>1.78</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>61.79</b>		<b>279.85</b>

**G.A. PATHANJALI**  
Managing Director

**N. GOPALARATNAM**  
Cmde. R.P. PREM KUMAR, VSM (Retd.)  
LALITHA LAKSHMANAN

Directors

**A.L. SOMAYAJI**  
**M. NATARAJAN**  
**JAYASHREE AJIT SHANKAR**

Vide our Report of even date attached  
For M/s. Maharaj N R Suresh and Co.,  
Chartered Accountants  
Firm Reg No: 001931S

**R. SWAMINATHAN**  
Chief Financial Officer

**S.V. RAJU**  
Secretary

**N.R. SURESH**  
Partner  
Membership No.: 021661

Chennai  
May 25, 2019

## **Company Overview**

High Energy Batteries (India) Limited is a Public Limited Company. The Company is incorporated under The Companies Act, 1956 and is domiciled in India. Its Registered Office is located at 'Esvin House', No. 13, Old Mahabalipuram Road, Seevaram Village, Perungudi, Chennai – 600 096. The Company is a battery manufacturer with its factory located at Mathur, Trichy. The batteries are manufactured for use in Indian Army, Navy, Air Force and Launch Vehicles and also manufactures commercial batteries for auto and standby VRLA Applications. The company's shares are listed in BSE Ltd.

### **A. Significant Accounting Policies and Key Accounting Estimates and Judgements**

#### **1. Significant Accounting Policies**

##### **1.1 Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

##### **1.2 Basis of Preparation and Compliance**

The financial statements are prepared in accordance with the historical cost convention except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. The financial statements are prepared on a "going concern" basis using accrual concept except for the cash flow information.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS-2 inventories or value in use in Ind AS 36 – Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described hereunder:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Level 3 - Unobservable inputs for the asset or liability.

Transactions and balances with values below the rounding off norm adopted by the company have been reflected as "--" in these financial statements.

**1.3 Current / Non-Current Classification**

An asset or liability is classified as current if it satisfies any of the following conditions:

- (i) the asset / liability is expected to be realized / settled in the Company's normal operating cycle;
- (ii) the asset is intended for sale or consumption;
- (iii) the asset / liability is held primarily for the purpose of trading;
- (iv) the asset / liability is expected to be realized / settled within twelve months after the reporting period;
- (v) the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;
- (vi) in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

For the purpose of current / non-current classification, the Company has reckoned its normal operating cycle as twelve months based on the nature of products and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

Deferred tax assets and liabilities are classified as non-current.

**1.4 Recent Accounting Pronouncements**

**Leases**

On March 30, 2019 Ministry of Corporate Affairs has notified "Ind AS 116, Leases" replacing the existing "Ind AS 17 Leases" and related interpretations. This new standard is applicable for accounting periods commencing on or after 01-04-2019 and hence not applicable for the financial statements for the year ended 31-03-2019. However, application of this standard from 01-04-2019 does not have any significant impact for the Company.

**Uncertainty over Income Tax Treatments**

On March 30, 2019, Ministry of Corporate Affairs has notified Appendix C to Ind AS 12 - Uncertainty over Income Tax Treatments. This is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12.

According to the appendix, the Company needs to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the Company has used or



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

plans to use in its income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effective date for adoption of Appendix C to Ind AS 12 is in respect of accounting period beginning on or after April 1, 2019 and the Company will adopt the same accordingly.

**1.5 Property, Plant and Equipment (PPE)**

Property, plant and equipment are tangible items that:

- (a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- (b) are expected to be used during more than one period.

The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

(i) An item of PPE that qualifies for recognition as an asset is measured on initial recognition at cost. Following initial recognition, PPEs are carried at its cost less accumulated depreciation and accumulated impairment losses.

(i)(a) For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognized as of April 1, 2016 (transition date) measured as per the previous IGAAP as its deemed cost as on the transition date except land, which has been measured at fair value as deemed cost on the transition date.

(ii) The cost of an item of PPE comprises purchase price, taxes and duties net of input tax credit entitlement and other items directly attributable to the cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates are deducted. Cost includes cost of replacing a part of a PPE if the recognition criteria are met. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria are met. Expenditure related to plans, designs and drawings of buildings or plant and machinery is capitalized under relevant heads of PPE if the recognition criteria are met.

(iii) The Company identifies and determines the cost of each part of an item of PPE separately, if the part has a cost which is significant to the total cost of that item of PPE and has useful life that is materially different from that of the remaining item.

(iv) Items such as spare parts, stand-by equipment and servicing equipment that meet the definition of PPE are capitalized at cost. Costs in nature of repairs and maintenance are recognized in the statement of Profit and Loss as and when incurred. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits. Borrowing Costs (net of interest earned on temporary investments of those borrowings) directly attributable to acquisition, construction or production of qualifying assets are capitalized as part of the cost of the assets till the asset is ready for its intended use.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

(v) Capital advances and capital work-in-progress

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets. Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work-in-progress. Such properties are classified to the appropriate categories of PPE when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use which is generally on commissioning.

(vi) Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each reporting period and changes, if any, are treated as changes in accounting estimate. The useful lives are based on technical estimates and the management believes that the useful lives are realistic and fair approximation over the period of which the assets are likely to be used.

(vii) Estimated useful lives of the assets are as follows:

<b>Asset</b>	<b>Years</b>
Factory Buildings	30
Buildings (other than factory buildings)	10
Plant and Equipment – Main Plant	10
Plant and Equipment – Lead Acid Battery Plant	15
Furniture and Fixtures	10
Vehicles	8-10
Office Equipment	5

Assets costing ₹ 5,000/- and below are depreciated in full within the Financial Year.

The useful lives are based on the technical estimates made by the management which in the opinion of the management are realistic and fair approximation over the period over which assets are likely to be used.

**1.6 Intangible assets**

**a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life is reviewed annually with the effect of any changes in estimate being accounted for on a prospective basis.

**b. Useful lives of intangible assets**

Intangible assets are amortized equally over the estimated useful life.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**1.7 De-recognition of tangible and intangible assets**

An item of tangible and intangible asset is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of tangible and intangible assets is determined as the difference between the sales proceeds if any and the carrying amount of the asset and is recognized in the statement of profit or loss.

**1.8 Impairment of tangible and intangible assets**

The Company annually reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**1.9 Revenue Recognition**

**Revenue from contract with customers**

Effective from 1st April 2018, the company has applied IND AS-115- Revenue from contracts with customers. Application of the standard does not have any significant impact with revenue recognition and measurements.

**a. Revenue Recognition**

Revenue on sale of Goods is recognized at a point in time on transfer of control of the products to the customer in an amount that reflects the consideration the company expects to receive in exchange for those products pursuant to the contract with the Customer.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**Transfer of control**

In respect of Aero space, Naval and power system batteries on issue of Inspection Note by the customer and delivery to the common carrier.

In respect of Lead Acid Batteries when the goods are delivered to the common carrier.

**Development-cum-supply contracts**

- a) Revenue is recognized over a period of time based on output method and mile stones achieved when the performance obligations in respect of the development work is distinct and independent from supply of goods.
- b) Revenue is recognized over a period of time under the input method and mile stones achieved where developmental work and the supplies are inter-related or inter-dependent
- c) When substantial portion of the developmental work has not been completed, the amount of expenditure incurred on the development work such as employees benefit expenses, materials and other direct expenses are carried forward as '**Work in progress**'.

**Significant financing component**

Payment terms in Defense contracts are standardized and generally uniform across all customers. Typical payment terms are by way of advances, milestones achieved and 5%/10% payment on submission of BG or on the expiry of the warranty period.

The timing of the transfer of the goods is as specified by the customer in the contract. Advance from customers is for procuring specific materials having a long lead delivery time and specific to the products in nature and therefore the advances are not considered to have any significant financing component.

5% / 10% payments are in the nature of retention towards performance warranty and do not carry any financing element and are moneys retained for reasons other than provision of finance. The retention moneys are payable on submission of bank guarantees and are classified as current.

**Contract Assets:**

Materials receivable from the customer in respect of products already supplied as per the terms of the contract is recognized and is disclosed as non-financial assets - other current assets.

**Contract liabilities** – Cash Advance from Customers are disclosed under Current/ Non Current based on the delivery period as per the contract as amended from time to time.

Advances in the form of materials from Customer are secured by Bank Guarantees and are netted off against the Inventory carried as the advance is to be adjusted by supply of products and is disclosed in the notes to accounts.

**Impairment of Trade Receivables**

Receivables from Government Departments are generally treated as fully recoverable based on past experience. However, in respect of other customers, impairment on account of expected credit loss is assessed on a case to case basis in respect of dues outstanding for a significant period of time.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**b. Dividend and interest income**

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and using effective interest rate method.

**c. Insurance Claims**

Insurance claims are recognized on the basis of claims admitted/ expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**1.10 Inventories**

Inventories are valued at lower of cost and net realizable value. Materials and other items intended for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. Cost includes taxes and duties, net of input tax credit entitlement. Cost of raw materials, consumables, stores and spares is determined on weighted average basis and includes inward freight and other direct expenses. Net realizable value is the estimated selling price less estimated costs for completion and sale.

Obsolete, slow moving and defective inventories are periodically identified and provision is made where necessary.

**1.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the Statement of profit or loss in the period in which they are incurred.

**1.12 Employee Benefits**

**(a) Short term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**(b) Post-employment benefits**

**(i) Defined Contribution Plans**

Contribution to Provident Fund(Defined Contribution Plan) as per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is recognised as expense in the Statement of Profit and Loss and remitted to the Provident Fund Commissioner. The contribution to the Superannuation Fund (Defined Contribution Plan) is recognised as expense and funded with Life Insurance Corporation of India.

**(ii) Defined Benefit Plans**

The company operates the Defined Benefit Gratuity Plan for employees. The cost of providing defined benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability/ (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liabilities / asset) are recognized in other comprehensive income and taken to retained earnings. Such re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

The entire liability towards gratuity is considered as current as the company will contribute this amount to the gratuity fund within the next twelve months.

**(c) Other Long-term Employee Benefits (Unfunded)**

Entitlement to annual leave is recognized when they accrue to employees. Annual leave can be availed or encashed either during service or on retirement subject to a restriction on the maximum number of accumulation of leave. The company determines the liability for such accumulated leave using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date.

**1.13 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**1.14 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**1.15 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

**a. Classification of financial assets**

- Debt instruments that meet the following conditions are subsequently measured at amortized cost. The debt instruments carried at amortised cost include Deposits, Loans and advances recoverable in cash.
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

**b. Effective interest method (EIR)**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of profit or loss.

**c. Investments in equity instruments at FVTOCI**

The company has irrevocably designated to carry investment in equity instruments at Fair value through other comprehensive income. On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. On derecognition of such Financial Assets, cumulative gain or loss previously reported in OCI is not reclassified from Equity to statement of Profit and Loss. However, the company may transfer such cumulative gain or loss into retained earnings within equity.

The Company has equity investments which are not held for trading. The Company has elected the FVTOCI irrevocable option for these investments (see note 3). Fair value is determined in the manner described in note 1.2.

Dividends on these investments in equity instruments are recognised in the statement of profit or loss when the Company's right to receive same is established, it is probable that the economic benefits associated with the dividend will flow to the company, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**d. Impairment of Financial Assets**

In accordance with Ind AS 109, the Company uses "Expected Credit Loss" (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date);  
or
- Full lifetime expected credit losses (expected credit losses that result from all possible defaults events over the life of the financial instrument).

For trade receivable, Company applies 'simplified approach' which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For other assets, the Company uses 12 months ECL to provide for impairment loss where there is no significant increase in credit risk, if there is significant increase in credit risk full lifetime ECL is used.



**e. De-recognition of Financial Assets:**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109, A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires

Concomitantly, if the asset is one that is measured at:

- (a) Amortised cost, the gain or loss is recognized in the Statement of Profit and Loss.
- (b) Fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the Statement of Profit and Loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

**1.16 Financial liabilities and equity instruments**

**a. Classification as debt or equity**

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b. Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received, net of direct issue costs.

**c. Financial liabilities**

All financial liabilities are initially recognized at the value of respective contractual obligations. Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized as part of costs of an asset is included in the 'Finance costs' line item.

**d. Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

**1.17 Foreign Currency Transactions**

**a. Initial Recognition**

On initial recognition, transactions in foreign currencies are recorded in the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

**b. Measurement of foreign currency items at reporting date**

Foreign currency monetary items are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

**c. Recognition of exchange difference**

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

**1.18 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**1.19 Taxes on Income**

Taxes on income comprise of current tax and deferred tax.

**a. Current tax**

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' 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 never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates and tax laws enacted during the reporting period together with any adjustment to tax in payable in respect of previous years..

**b. Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the accounting profit nor the taxable profit, deferred tax liabilities are not recognized.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Deferred tax assets are recognized for all deductible temporary differences to the extent it is probable that future taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

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 the benefits of part or all of such deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

MAT Credit Entitlement are in the form of unused tax credits and are accordingly grouped under Deferred Tax Assets.

**c. Current and deferred tax for the year**

Current and deferred tax are recognised in the 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.

**1.20 Events after reporting period**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size of nature are only disclosed.

**1.21 Segment Reporting**

Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) of the company. The CODM is responsible for allocating resource and assessing performance of the operating segments of the company. The MD is identified as the CODM.

Segment accounting policies are in line with the accounting policies of the company. In addition, the specific accounting policies have been followed for segment reporting as under:

The Company has identified two business segments viz. Aerospace, Naval and Power System Batteries and Lead Acid Batteries. Revenue and expenses have been identified to respective segments on the basis of operating activities of the enterprise. Revenue and expenses which relate to the enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as unallocable revenue and expenses.

Segment assets and liabilities represent assets and liabilities in respective segments. Other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as unallocable assets and liabilities.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Inter segment revenue / expenditure – Not Applicable.

Geographical segment –Not Applicable.

**1.22 Earnings Per Share (EPS)**

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

**B. Key Accounting estimates and judgments**

**1.1 Use of Estimates**

The preparation of financial statements in conformity with IndAS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**1.2 Key sources of estimation uncertainty**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as given below.

**a. Fair value measurement and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

**b. Useful life of Property, Plant and Equipments**

The Company reviews the estimated useful lives of Property, plant and equipment at the end of each reporting period. During the current year, there has been no change in useful life considered for the assets.

**d. Actuarial valuation**

The determination of Company's liability towards defined benefit obligation to employees is made through independent actuarial valuation including determination of amounts to be recognised in the Statement of Profit and Loss and in other comprehensive income. Such valuation depend upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to the financial statements.

**e. Claims, Provisions and Contingent Liabilities**

The Company has ongoing litigations with various tax and regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019

### Note No.2 Property Plant and Equipment

₹ in lakhs

Description	Gross Carrying Value			Depreciation			Net Block		
	As at 01.04.2018	Additions during the year	Deletions/ Adjustment	As at 31.03.2019	As at 01.04.2018	Additions during the year	Deletions/ Adjustment	As at 31.03.2019	As at 31.03.2018
Land	1987.82	-	-	1987.82	-	-	-	1987.82	1987.82
Building	346.95	1.49	-	348.44	29.47	15.04	-	303.93	317.48
Plant & Equipment	1155.64	6.12	-	1161.76	208.71	95.11	-	857.94	946.93
Electrical Installation	26.93	-	-	26.93	12.58	6.29	-	8.06	14.35
Office Equipment	9.08	8.55	-	17.63	4.03	2.10	-	11.50	5.05
Furniture & Fixtures	1.07	-	-	1.07	0.29	0.13	-	0.65	0.78
Vehicles	14.83	-	-	14.83	5.57	4.96	-	4.30	9.26
<b>TOTAL</b>	<b>3542.32</b>	<b>16.16</b>	-	<b>3558.48</b>	<b>260.65</b>	<b>123.63</b>	-	<b>384.28</b>	<b>3281.67</b>

(i) All the above assets are owned by the company.

(ii) Paripassu first charge on all immovable fixed assets of the company excepting those pertaining to Lead Acid Battery Facility and Paripassu second charge on all movable and immovable fixed assets of Lead Acid Battery Facility in favour of Banks,

Description	Gross Carrying Value			Depreciation			Net Block		
	As at 01.04.2017	Additions during the year	Deletions/ Adjustment	As at 31.03.2018	As at 01.04.2017	Additions during the year	Deletions/ Adjustment	As at 31.03.2018	As at 31.03.2017
Land	1987.82	-	-	1987.82	-	-	-	1987.82	1987.82
Building	336.87	10.08	-	346.95	14.54	14.93	-	317.48	322.33
Plant & Equipment	1149.76	5.88	-	1155.64	107.81	100.90	-	946.93	1041.95
Electrical Installation	26.93	-	-	26.93	6.30	6.29	-	14.34	20.63
Office Equipment	7.71	1.37	-	9.08	2.60	1.43	-	5.05	5.11
Furniture & Fixtures	1.07	-	-	1.07	0.15	0.14	-	0.78	0.92
Vehicles	3.08	11.75	-	14.83	0.61	4.95	-	9.27	2.47
<b>TOTAL</b>	<b>3513.24</b>	<b>29.08</b>	-	<b>3542.32</b>	<b>132.01</b>	<b>128.64</b>	-	<b>260.65</b>	<b>3381.23</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**3 Investments**

₹ in lakhs

Particulars	No. of Shares	Face Value	As at 31.03.2019	As at 31.03.2018
<b>Non Current Investments</b>				
<b>A. Investments in Equity Instruments - at Fair Value through Other Comprehensive Income</b>				
Quoted Equity Shares:				
Ponni Sugars (Erode) Limited	382	10	0.51	0.54
Seshasayee Paper and Boards Limited	10329	10	96.27	88.77
<b>Unquoted Equity Shares:</b>				
SPB Projects and Consultancy Limited	45000	10	4.51	4.51
GPC Technologies Limited	1500	10	-	0.15
Esvin Advanced Technologies Limited	830	10	-	-
<b>Total</b>			<b>101.29</b>	<b>93.97</b>
Aggregate amount of Quoted investments - at Cost			1.33	1.33
Aggregate amount of Quoted Investments - at Market Value			96.78	89.31
Aggregate amount of Unquoted Investments - at Cost			4.74	4.74

**4 Loans**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Unsecured - Considered good</b>		
Electricity Deposits	24.07	18.43
<b>Total</b>	<b>24.07</b>	<b>18.43</b>

**5 Deferred Tax Liabilities/(Asset)**

₹ in lakhs

Particulars	Balance as on 01.04.2018	Recognised in P&L during the year	OCI 2018-19	Balance as on 31.03.2019
<b>Deferred Tax Liability on account of:</b>				
Differences in WDV of PPE as per Books and Income Tax	203.08	(11.24)	-	191.84
Loans from Companies measured at amortised cost	4.80	4.61	-	9.41
Fair Value of Land adopted as deemed cost	395.79	3.44	-	399.22
DTL on gain on fair valuation of Investments	-	-	-	-
<b>Total Deferred Tax Liability</b>	<b>603.67</b>	<b>(3.19)</b>	<b>-</b>	<b>600.47</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

<b>Deferred Tax Asset on account of:</b>				
Disallowances under Sec. 43B and Other Disallowances	13.51	1.15	-	14.66
Unabsorbed Losses and allowances under Income tax Act 1961	729.58	(22.37)	-	707.21
Provision for Impairment of trade receivables	123.84	5.10	-	128.94
Remeasurement of defined benefit plans	(0.51)	-	5.10	4.59
MAT Credit Entitlement	16.13	-	-	16.13
DTA on Loss for the period	-	-	-	-
<b>Total Deferred Tax Asset</b>	<b>882.55</b>	<b>(16.12)</b>	<b>5.10</b>	<b>871.53</b>
<b>Net Deferred Tax Asset</b>	<b>(278.88)</b>	<b>12.93</b>	<b>(5.10)</b>	<b>(271.06)</b>

**6 Other Non Current Assets**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Capital Advance	14.20	14.20
Deposit - Export Credit Guarantee Corporation	1.21	1.21
Advance Income Tax (Net of provision)	38.00	37.65
<b>Total</b>	<b>53.41</b>	<b>53.06</b>

**7 Inventories**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Raw Materials and Components	1155.17	1302.87
Work In progress *	1121.56	1003.32
Finished Goods	137.57	168.91
Stores and Spares	68.03	91.24
Loose Tools	10.59	17.57
<b>Total</b>	<b>2492.92</b>	<b>2583.91</b>
<b>Details of Finished goods</b>		
Aero Space, Naval and Power System Batteries	122.67	150.87
Lead Acid Storage Batteries	14.90	18.04
<b>Total</b>	<b>137.57</b>	<b>168.91</b>

Refer Note No.1.10 for basis of valuation

\* Work in Progress includes cost of development work for customer ₹ 52.32 lakhs



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**8 Trade Receivables**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Unsecured</b>		
a) Considered good	1662.27	1464.27
b) With significant increase in Credit risk but considered good	-	-
c) Doubtful	506.48	485.16
	<b>2168.75</b>	<b>1949.43</b>
Allowance for doubtful receivables	506.48	485.16
<b>Total</b>	<b>1662.27</b>	<b>1464.27</b>

**9 Cash and Cash Equivalents**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Cash and Cash Equivalents</b>		
Balance with Banks	0.35	3.46
Cash in hand	1.44	1.39
In Deposit accounts with original maturity of less than 3 months	60.00	275.00
<b>Total</b>	<b>61.79</b>	<b>279.85</b>

**10 Bank Balances other than cash and cash equivalents**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Financial Assets - Bank Balances other than Cash and cash Equivalents		
Fixed Deposits with Banks		
Deposits with original maturity for more than 12 months *	85.70	80.68
Unpaid Dividend	0.45	0.45
<b>Total</b>	<b>86.15</b>	<b>81.13</b>

\*Deposits with banks held as a security taken from banks - ₹ 85.70 Lakhs. Principal ₹ 50.00 Lakhs.

**11. Loans**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Unsecured and considered good</b>		
Telephone Deposits	0.28	0.28
Deposit - Others	4.41	4.86
Rental Deposit	12.21	12.56
<b>Total</b>	<b>16.90</b>	<b>17.70</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**12. Current Financial Assets - Others**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Interest Receivable	2.86	0.03
Duty Draw Back Receivable from Customs	12.89	-
<b>Total</b>	<b>15.75</b>	<b>0.03</b>

**13. Advance Income Tax (Net of provision)**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Unsecured Considered Good</b>		
Advance Income Tax (Net of provision)	14.70	24.32
<b>Total</b>	<b>14.70</b>	<b>24.32</b>

**14. Non Financial Assets - Other Current Assets**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Unsecured Considered Good</b>		
Advances to Suppliers and Services	190.61	176.99
Balance with Central Excise, Customs etc.	0.03	1.36
GST receivable/Cenvat/Service tax	11.23	1.12
VAT Paid	15.00	15.31
Material Receivable from Customers	111.49	-
<b>Total</b>	<b>328.36</b>	<b>194.78</b>

**15. Share Capital**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Authorised Capital</b>		
7500000 (31.03.2018- 7500000) Equity Shares of ₹ 10 each	750.00	750.00
<b>Issued,Subscribed and Fully paid up shares</b>		
1792768 (31.03.2018 - 1792768) Equity shares of ₹ 10 each	179.28	179.28
<b>Total</b>	<b>179.28</b>	<b>179.28</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**a) Reconciliation of Shares outstanding at the beginning and at the end of the reporting period**  
Equity shares ₹ in lakhs

Particulars	As at 31.03.2019		As at 31.03.2018	
	Nos.	Value	Nos.	Value
At the beginning of the year	1792768	179.28	1792768	179.28
Issued during the year	-	-	-	-
Outstanding at the end of the year	1792768	179.28	1792768	179.28

**b Terms / rights attached to Equity Shares:**

The Equity shares of the company having par value of ₹ 10 per share rank pari passu in all respects including voting rights, dividend entitlement and repayment of capital.

**c Details of Shareholders holding more than 5% of shares**

Name of Shareholder	As at 31.03.2019		As at 31.03.2018	
	Number of Shares	Percentage holding	Number of Shares	Percentage holding
Seshasayee Paper and Boards Limited	282911	15.78	282911	15.78
Life Insurance Corporation of India	239000	13.33	239000	13.33
Time Square Investments (P) Limited	165463	9.23	165463	9.23
Ponni Sugars (Erode) Limited	100000	5.58	100000	5.58

**d Capital Management**

The Company follows conservative capital management with the objective of maximising shareholders' value. For the purpose of company capital management, capital includes issued capital and all other equity reserves attributable to the share holders of the company. The Company has been funding its growth and working capital requirements through a balanced approach of internal accruals and external debt from the banks and long term loans from companies. The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt component of the Company.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Equity	1861.99	1825.39
Debt	3805.70	3982.29
Cash and Cash Equivalents	147.94	360.98
Net debt	3657.76	3621.31
Total Capital + Debt	5519.75	5446.70
Net debt to Capital Ratio	0.66	0.66

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**16. Other Equity**

₹ in lakhs

Particulars	Reserves and Surplus				Equity Instruments through Other Comprehensive Income	Total
	Capital Redemption Reserve	Securities Premium Account	General Reserve	Retained Earnings		
<b>Balance as on 1<sup>st</sup> April, 2018</b>	<b>3.00</b>	<b>783.35</b>	<b>200.00</b>	<b>571.86</b>	<b>87.90</b>	<b>1646.11</b>
Add:						
Profit for the year	-	-	-	43.63	-	43.63
Net gain/(loss) on remeasurement of defined benefit plans (Net of tax)	-	-	-	(14.51)	-	(14.51)
Net gain/(loss) on fair valuation of investments in equity shares	-	-	-	-	7.47	7.47
Income Tax Expenses on Fair valuation of investment in equity instruments through OCI					-	-
<b>Balance as on 31<sup>st</sup> March, 2019</b>	<b>3.00</b>	<b>783.35</b>	<b>200.00</b>	<b>600.98</b>	<b>95.37</b>	<b>1682.70</b>

**Capital Redemption Reserve**

This represents the Reserves created on redemption of preferential shares and can be utilized for issue of Bonus shares.

**Securities Premium:**

This represents the premium collected on issue of Equity shares and can be utilized for the purposes stated under Section- 52 of the Company's Act 2013.

**General Reserve:**

This Reserve is created from time to time by transferring profits from the retained earnings and this being a free reserve enhances the net worth of the company.

**17. Long Term Borrowings**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Unsecured:</b>		
Loans from Others	542.60	574.63
Loans from Related Parties	405.09	300.52
<b>Total</b>	<b>947.69</b>	<b>875.15</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**Terms of Repayment**

The long term borrowings from companies is repayable at the end of 5 years from the date of receipt along with interest at the rate of 12% p.a.

**Repayment Schedule:**

₹ in lakhs

Year of Repayment	Principal	Interest	Total Repayment
2019 - 2020	70.00	42.00	112.00
2020 - 2021	12.00	7.20	19.20
2021 - 2022	590.00	348.97	938.97
2022 - 2023	80.00	48.00	128.00
2023 - 2024	100.00	60.00	160.00
<b>Total</b>	<b>852.00</b>	<b>506.17</b>	<b>1358.17</b>

The amortised cost of the borrowings is taken at fair value on the date of transition to Ind AS and thereafter interest accounted at the EIR of 10%.

**18. Provisions**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Provision for Warranty*	10.77	10.77
Provision for Leave Benefits	17.52	26.62
<b>Total</b>	<b>28.29</b>	<b>37.39</b>

\*Based on the experience in the past and the data available, it is estimated that no further provision for warranty is required.

**19. Other Non Current Liabilities**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Advances from Customers	173.48	670.18
<b>Total</b>	<b>173.48</b>	<b>670.18</b>

**20. Short Term Borrowings**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Secured Loans</b>		
<b>Working Capital Borrowings from Banks</b>		
Cash Credit Loan	2563.01	2592.14
Bills Purchased	295.00	515.00
<b>Total</b>	<b>2858.01</b>	<b>3107.14</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

Working Capital Borrowings from Banks are secured by :

- Paripassu first charge on all stocks of Raw Materials, Finished Goods, Stock in Process, Stores, Spares and Moveable assets of the Company.
- Paripassu first charge on all Immovable Fixed Assets of the Company, excepting those pertaining to the Lead Acid Battery Facility.
- Paripassu Second charge on the Moveable and Immovable Fixed Assets of Lead Acid Battery Facility.
- Lien on Fixed Deposits (including interest) aggregating to ₹ 85.70 Lakhs.

**21. Trade Payables**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
a) Total Outstanding dues of micro enterprise and Small enterprise	299.20	182.23
b) Total Outstanding dues of creditors other than micro enterprise and small enterprise	1111.56	1256.12
<b>Total</b>	<b>1410.76</b>	<b>1438.35</b>

Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined to the extent such parties have been identified on the basis of information available with the company. There are no over dues to such parties, on account of Principal amount and/or interest and accordingly no additional disclosures have been made.

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
i) Principal amount remaining unpaid but not due as at year end to micro, small and medium enterprises	273.17	163.11
ii) Interest due thereon as at year end	26.03	19.12
iii) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006	6.91	-
iv) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
v) Interest accrued and remaining unpaid as at year end	-	-
vi) Further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise	26.03	17.52

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**22. Other Current Liabilities**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Current Maturities of Long term borrowings	95.79	-
Employee benefits payable	147.01	88.92
Interest accrued and due	27.08	27.03
Unpaid Dividends *	0.45	0.45
Others	1.60	31.50
<b>Total</b>	<b>271.93</b>	<b>147.90</b>

\* No amount is due and outstanding to be credited to Investor Education and Protection fund.

**23. Non Financial Liability - Other Current Liabilities**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Advance received from customers	670.84	103.91
GST/Vat	25.19	115.88
Tax Deducted at Source	15.20	9.43
Statutory Liabilities	2.90	-
Others	0.90	1.15
<b>Total</b>	<b>715.03</b>	<b>230.37</b>

**24. Short Term Provisions**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Provision for Leave Benefits	26.73	9.04
Provision for Warranty	8.97	8.97
Provision for Liquidated Damages	-	22.12
<b>Total</b>	<b>35.70</b>	<b>40.13</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**25a. Revenue from Sale of Products**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Aerospace, Naval and Power System Batteries</b>		
Silver Zinc Batteries & Cells	4071.91	4809.79
Nickel Cadmium Cells	405.60	232.80
<b>Lead Acid Batteries</b>		
Lead Acid Batteries	107.91	863.25
<b>Total</b>	<b>4585.42</b>	<b>5905.84</b>
<b>Disclosures relating to Revenue from Contract with Customers</b>		
Gross Revenue from Customers	4595.09	5905.84
Less: Liquidated Damages	9.67	-
<b>Revenue as per Statement of Profit and Loss</b>	<b>4585.42</b>	<b>5905.84</b>
a) Geographical Region		
Domestic	4394.30	5875.82
Export	191.12	30.02
<b>Total</b>	<b>4585.42</b>	<b>5905.84</b>
b) Type of Customers		
Government / Government Undertaking	3784.35	4522.09
Others	801.07	1383.75
<b>Total</b>	<b>4585.42</b>	<b>5905.84</b>

**25b. Other Operating Revenues**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Other Operating Revenues	76.27	63.47
<b>Total</b>	<b>76.27</b>	<b>63.47</b>

**26. Other Income**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Interest Income		
- Bank Deposits	8.70	5.64
- Others	3.02	1.93
Dividend Income from Equity Investments measured at FVTOCI	1.55	1.04
Income from Testing	-	0.50
Exchange Difference (Net)	-	2.80
Miscellaneous Income	0.07	1.91
<b>Total</b>	<b>13.34</b>	<b>13.82</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**27. Cost of Materials consumed**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Silver	614.90	1231.34
Copper	18.85	56.93
Lead	75.69	626.40
Others	393.66	325.56
Components of Various Descriptions	1076.84	1040.42
<b>Total</b>	<b>2179.94</b>	<b>3280.65</b>

**28. Changes in Inventories of Finished Goods and Work in Progress**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Inventory at the end of the year		
- Work In progress	1121.56	1003.32
- Finished Goods	137.57	168.91
	<b>1259.13</b>	<b>1172.23</b>
Inventory at the beginning of the year		
- Work In progress	1003.32	653.83
- Finished Goods	168.91	43.42
	<b>1172.23</b>	<b>697.25</b>
<b>(Increase) / Decrease in Inventory</b>	<b>(86.90)</b>	<b>(474.98)</b>

**29. Excise Duty**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Silver Zinc Batteries	-	10.41
Nickel Cadmium Cells	-	6.35
Lead Acid Batteries	-	15.44
<b>Total</b>	<b>-</b>	<b>32.20</b>

**30. Employee Benefits**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Salaries, wages and Bonus	915.48	819.67
Contribution to Provident and Other Funds (Refer Note 1.12)	44.23	53.97
Staff welfare Expenses	67.83	78.44
<b>Total</b>	<b>1027.54</b>	<b>952.08</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**31. Finance cost**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Interest on Borrowings (EIR)	456.38	490.47
Other Borrowing cost	90.29	99.37
Interest on delayed payment of Statutory dues	5.91	0.43
<b>Total</b>	<b>552.58</b>	<b>590.27</b>

**32. Other Expenses**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Consumption of Stores and Spares	54.87	65.09
Power and Fuel	106.10	140.35
Repairs and Maintenance		
- Plant and Machinery	17.57	15.24
- Buildings	8.66	11.04
- Others	31.81	38.20
Selling expenses	96.08	209.32
Expenditure on scientific Research	56.20	60.60
Travelling and Conveyance	83.20	83.32
Payment to Auditors (Refer Note: 34)	19.54	13.14
Professional and Legal Charges	106.67	66.68
Testing Charges	44.21	42.42
Miscellaneous Expenses	167.73	141.20
Provision for Bad/Doubtful debts	10.00	-
Claims and Liquidated Damages	16.06	124.56
Exchange Loss	2.83	-
<b>Total</b>	<b>821.53</b>	<b>1011.16</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**33. Tax Expense**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
<b>(A) The major components of Income Tax expense for the year are as under:</b>		
<b>Tax expenses recognised in the statement of Profit and Loss</b>		
<b>(a) Current Tax</b>		
Current tax on the Taxable income for the year - Minimum Alternate Tax	-	16.13
<b>Total (a)</b>	<b>-</b>	<b>16.13</b>
<b>(b) Income Tax relating to Previous Years</b>		
Income Tax relating to AY 2012-13	-	17.32
<b>Total (b)</b>	<b>-</b>	<b>17.32</b>
<b>(c) Deferred Tax comprises:</b>		
Deferred Tax Liability on account of depreciation	(11.24)	(14.71)
Deferred Tax Asset on Sec 43B Disallowances and other Temporary difference	53.62	245.97
Deferred Tax Asset of Carry Forward of Losses	(29.45)	(114.01)
MAT Credit Entitlement	-	(16.13)
<b>Total (c)</b>	<b>12.93</b>	<b>101.12</b>
<b>Total Tax Expense (a)+(b)+(c)</b>	<b>12.93</b>	<b>134.57</b>

**34. Payment to Auditors**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
Audit Fees	8.00	8.00
Limited Review Fees	6.50	1.50
Tax Audit Fees	3.00	1.00
Reimbursement of Expenses	2.04	2.64
<b>Total</b>	<b>19.54</b>	<b>13.14</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**35. Contingent Liabilities and Commitments**

₹ in lakhs

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Counter Guarantees and Commitments on Letters of Credit *	2893.47	2898.87
(b) Claims against the company not acknowledged as Debts	-	28.00
(c) Estimated amount of contracts remaining to be executed on capital accounts not provided for	9.91	27.36
(d) Tamil Nadu VAT under Dispute	-	82.36
(e) Claims made by the customers not recognised by the company	3.56	10.64

\*Silver supplied by Government ₹ 265.80 lakhs is secured by Bank Guarantees ₹ 425.39 lakhs is not included In Inventories.

**36 (A) : Category - wise classification of Financial Instruments**

₹ in lakhs

Particulars	Refer Note	Non Current		Current	
		As on 31.03.2019	As on 31.03.2018	As on 31.03.2019	As on 31.03.2018
Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)					
Investments in Quoted Equity Shares	3	96.78	89.31	-	-
Investments in Unquoted Equity Shares	3	4.51	4.66	-	-
		<b>101.29</b>	<b>93.97</b>	-	-
Financial Assets measured at amortised cost					
Security Deposit	4 & 11	24.07	18.43	16.90	17.70
Trade Receivables	8	-	-	1662.27	1464.27
Cash and Cash Equivalents	9	-	-	61.79	279.85
Other Balances with Banks	10	-	-	86.16	81.13
Interest Receivable	12	-	-	15.75	0.03
		<b>24.07</b>	<b>18.43</b>	<b>1842.87</b>	<b>1842.98</b>
Financial Liabilities measured at amortised cost					
Long term Borrowings	17	947.69	875.15	-	-
Loans repayable on demand - Cash Credit	20	-	-	2858.01	3107.14
Trade Payables	21	-	-	1410.76	1438.35
Unpaid/Unclaimed Dividend	22	-	-	0.45	0.45
Others	22	-	-	271.48	147.45
		<b>947.69</b>	<b>875.15</b>	<b>4540.70</b>	<b>4693.39</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

1. The fair value of quoted investment in quoted equity shares measured at quoted price on the reporting date.
2. In case of trade receivables, cash and cash equivalents, trade payables, short term borrowings and other financial assets and liabilities it is assessed that the fair values approximate their carrying amounts largely due to the short-term maturities of these instruments.
3. The fair values of the financial assets and financial liabilities included above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

**36 (B) : Fair value Measurements**

- (i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities:

**As at 31st March, 2019**

₹ in lakhs

Financial Assets / Financial Liabilities	Fair value as at 31.03.2019	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value through other comprehensive income</b>				
Investments in quoted equity shares (Refer Note 3)	96.78	96.78	-	-
Investments in unquoted equity shares - Other Entities (Refer Note 3)	4.51	-	-	4.51

**As at 31st March, 2018**

₹ in lakhs

Financial Assets / Financial Liabilities	Fair value as at 31.03.2018	Fair value hierarchy		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value through other comprehensive income</b>				
Investments in quoted equity shares (Refer Note 3)	89.31	89.31	-	-
Investments in unquoted equity shares - Other Entities (Refer Note 3)	4.66	-	-	4.66

- (ii) Financial Instrument measured at Amortised Cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**36 C : Financial Risk Management- Objectives and Policies**

The company's financial liabilities comprise mainly of viz., working capital borrowings from banks, bills payable, inter corporate loans from companies, trade payables and other payables. The company's financial asset comprises mainly cash equivalents, other balances with banks, trade receivables, other receivables and investments.

The Company has financial risk exposure in the form of viz., market risk, credit risk and liquidity risk. The risk management policies of the Company are monitored by the Board of Directors. The present disclosure made by the Company summarizes the exposure to the financial risks.

**1) Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price comprises three types of risk: Currency risk and other price risk. The financial instruments affected by market risk include rupee term loan and loans & advance.

**a) Interest Rate Risk exposure**

The Company does not have any Long Term Loans from Financial Institutions. The Company is having Working Capital facility limit of ₹ 2575 lakhs facility with Banks. The company also discounts its receivables to meet its short term fund requirements. The interest rate is @ 11.25% depending upon the change in MCRL Rate. Interest on loans from companies is at a fixed rate of 12% and hence there is no interest risk on the loan.

**Interest Rate Sensitivity analysis**

The Company considering the economic environment in which it operates has determined the interest rate sensitivity analysis (interest exposure at the end of the reporting period). The interest rates for the Company are floating rate and hence the analysis is prepared assuming the amount of the borrowings outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points +/- 0.50% fluctuation in interest rate is used for disclosing the sensitivity analysis.

₹ in lakhs

<b>Particulars</b>	<b>Impact on Profit before tax</b>
Interest rates – increased by 50 basis points	(12.87)
Interest rates - decreased by 50 basis points	12.87

The interest rate sensitivity analysis is done holding on the assumption that all other variables remaining constant.

The increase/decrease in interest expense is chiefly attributable to the Company's exposure to interest rates on is variable rate of borrowings.

**b) Foreign currency risk exposure**

The Company imports Silver Bullion, Silver Foil, Magnesium Sheets, other raw materials and Stores and spares for which payables are denominated in foreign currency. The Company is exposed to foreign currency risk on these transactions. The Company is having outstanding of US\$ 279523 is equivalent to Indian ₹193.62 lakhs as on 31.03.2019.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

In respect of batteries, exports are made against advances received or against confirmed LCs of usance period not exceeding 30 days. Hence, the Company is not exposed to any significant foreign currency risk in respect of its exports.

**2) Credit Risk**

The credit risk refers to risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, bank balances, other balances with banks other receivables.

The credit risk arising from the exposure of investing in other balances with banks and bank balances is limited and there is no collateral held against these because the counterparties are public sector banks.

The Company sells its products of Aerospace Naval and Power System Batteries to Defence Customers where the payment terms are definite. The Defense Organisation of Government of India and payments are all received as per the terms of the contracts. The risk is restricted to the Liquidated damages clause for late supplies as per the contract terms and there is no irrevocable credit loss risk.

The Lead Acid Batteries Division is sells its products through Private Labeling arrangements. Customer pays 70% of its order value through opening LC for procuring raw materials. Balance 30% payments received after 90 days of credit and it is also protected to the extent of raw materials received.

**3) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly to meet obligations when due. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company manages the liquidity risk by -

- (i) maintaining adequate and sufficient cash and cash equivalents including investments in mutual funds, and
- (ii) making available the funds from realizing timely maturities of financial assets to meet the obligations when due.

The management monitors rolling forecast of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. Also, the company manages the liquidity risk by projecting cash flows considering the level of liquid assets necessary to meet the obligations by matching the maturity profiles of financial assets and financial liabilities and monitoring balance sheet liquidity ratios. Further, liquidity risk management involves matching the maturity profiles of financial assets and financial liabilities.

**37 Impairment Assessment of PPE**

Considering the suboptimal operations of the LAB Plant, fair valuation of assets was obtained from an Independent Chartered Valuer who have assessed the value of LAB plant as ₹ 1317 Lakhs. As the carrying value is less than the Recoverable Value no impairment provision is considered necessary.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**38 Deferred Tax Assets**

Based on the orders on hand for Aero Space, Naval and Power System Batteries as well as increased defense procurements expected in the opinion of the management, it is probable that the company will have sufficient profits against which the unused tax losses can be utilized and accordingly deferred tax assets on account of unused tax losses are carried in the Balance Sheet.

**39 Information on Related party Transactions As Required by Ind AS 24 - Related Party Disclosure for the year ended 31st March 2019**

Terms and Conditions of transactions with related parties:

The company has obtained loan from Time Square Investments for ₹ 367 Lakhs which is repayable at the end of 5 years in 2023 along with Interest at the rate of 12%.

₹ in lakhs

Particulars	Year 2018-19	Year 2017-18
Loan Received during the year	100.00	80.00
Interest for the year	38.09	24.39
Loan Outstanding	367.00	260.00
Interest Payable on Inter Corporate Loans	73.15	40.88

₹ in lakhs

Repayment year	Principal	Interest	Total Repayment
2019-2020	30.00	18.00	48.00
2020-2021	7.00	4.20	11.20
2021-2022	150.00	90.00	240.00
2022-2023	80.00	48.00	128.00
2023-2024	100.00	60.00	160.00
<b>Total</b>	<b>367.00</b>	<b>220.20</b>	<b>587.20</b>

A.	Key Managerial Personnel	Designation
i.	Dr. G A Pathanjali	Managing Director
ii.	Mr. S V Raju	Company Secretary
iii.	Mr. R Swaminathan	Chief Financial Officer

iv.	Board of Directors	
	Name	Designation
	Mr. N Gopalaratnam	Chairman
	Mr. R Vaidyanathan	Director (upto 03/11/2018)
	Mr. A L Somayaji	Director
	Cmde. R P Prem Kumar	Director
	Mr. M Natarajan	Director
	Mrs. Lalitha Lakshmanan	Director
	Mr. Rajeev Chaturvedi	Director (Nominee of LIC) (Upto 22.03.2019)
	Mrs. Jayashree Ajit Shankar	Director (Nominee of LIC) (Appointed on 22.03.2019)
	Dr. Vijayamohan K Pillai	Additional Director (Appointed on 22.03.2019)



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**B. Related Party as per Companies Act, 2013**

Name	Relationship
Time Square Investments Private Limited	As per Sec.2(76) of Companies Act, 2013

**(a) Remuneration to Managing Director and Key Managerial Personnel :**

₹ in lakhs

Current Year 2018-19	Dr. G A Pathanjali	Mr. R Swaminathan	Mr. S V Raju
Short term employee benefits	29.40	10.44	4.20
Post Employee benefits (Gratuity) & Long term benefits (Superannuation fund)	2.74	-	-
Contribution to Provident Fund	2.16	0.28	-
<b>Total</b>	<b>34.30</b>	<b>10.72</b>	<b>4.20</b>
Previous Year 2017-18	Dr. G A Pathanjali	Mr. R Swaminathan	Mr. S V Raju
Short term employee benefits	29.40	8.44	4.20
Post Employee benefits (Gratuity) & Long term benefits (Superannuation fund)	2.72	-	-
Contribution to Provident Fund	2.16	0.27	-
<b>Total</b>	<b>34.28</b>	<b>8.71</b>	<b>4.20</b>

**(b) Sitting Fees to Directors:**

₹ in lakhs

Particulars	Year 2018-19	Year 2017-18
Sitting fees	3.20	3.28
<b>Total</b>	<b>3.20</b>	<b>3.28</b>

**40. Earnings per Share**

₹ in lakhs

Particulars	Year 2018-19	Year 2017-18
Profit after Tax	43.63	328.46
Weighted average no of Shares	17.93	17.93
Basic earnings per share (₹)	2.43	18.32
Diluted earnings per Share (₹)	2.43	18.32

**41. Offsetting of Financial Assets and Financial Liabilities**

₹ in lakhs

Particulars	Year 2018-19	Year 2017-18
Trade Payable to MSMED Vendor	54.83	47.92
Deposits in lien to MSMED Vendor	35.00	35.00
<b>Net Liability in Sundry Creditors - MSMED</b>	<b>19.83</b>	<b>12.92</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

**42. Disclosures relating to Provisions**

₹ in lakhs

Particulars	Provisions for Warranties		Provision for Liquidated Damages	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Opening Balance	19.74	19.74	22.12	77.76
Additions	-	-	-	-
Utilisations	-	-	-	-
Reversals	-	-	22.12	55.64
<b>Closing Balance</b>	<b>19.74</b>	<b>19.74</b>	<b>-</b>	<b>22.12</b>

**43. Employee Benefits**

**(i) Defined Contribution Plans:**

The Company makes Provident Fund and Superannuation Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 28.58 Lakhs (Year ended March 31, 2018 ₹ 29.75 Lakhs) for Provident Fund contributions and ₹ 2.97 Lakhs (Year ended March 31, 2018 ₹ 12.96 Lakhs) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**(ii) Defined Benefit Plans:**

Gratuity (Funded)

In respect of Gratuity, the most recent actuarial valuation of the plan assets and in respect of Gratuity, the present value of the defined benefit obligation were carried out by actuarial valuation. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit cost method. The following table sets forth the status of the Gratuity Plan and the benefit Scheme of the Company and the amount recognised in the Balance Sheet and Statement of Profit and Loss. The Company provides the gratuity benefit and through annual contributions to the funds managed by the Life Insurance Corporation of India.

The Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest Rate risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Investment Risk :** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**Salary Escalation Risk :** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future, based on past experience. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk :** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out adverse compared to the assumptions.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

₹ in lakhs

Particulars	Post Employment Benefit - Funded plan	
	As at 31/03/2019	As at 31/03/2018
<b>(i) Changes in Defined Benefit Obligation</b>		
Present Value of Opening Balance	167.75	178.73
Current Service Cost	9.92	6.88
Interest Cost	11.76	11.50
Actuarial (Gain)/Loss	18.46	(5.17)
Benefits paid	(25.23)	(24.18)
Present Value - Closing Balance	182.67	167.75
<b>(ii) Changes in the Fair Value of Plan Assets</b>		
Opening Balance	192.54	187.85
Expected Return	15.32	12.64
Actuarial (Gain)/Loss	(1.15)	1.34
Contributions by employer	30.21	14.89
Benefits paid	(25.23)	(24.18)
Closing Balance	211.69	192.54
<b>(iii) Amounts recognised in the Balance Sheet (as at year end)</b>		
Present Value of Obligations	182.67	167.75
Fair Value of Plan Assets	211.69	192.54
Net Asset /(Liability) recognised	29.02	24.79
<b>(iv) Expenses recognised in the Profit and Loss account statement.</b>		
Current Service Cost	9.92	6.88
Interest on obligation	(3.56)	(1.14)
Actuarial (Gain)/Loss recognised during the period	-	-
Total included in "Employee benefit expense"	6.36	5.74
<b>(v) Expenses recognized in Other Comprehensive Income</b>		
Remeasurement on the net defined benefit liability		
- Actuarial Gain and Losses arising from changes in demographic adjustment	(0.13)	-
- Actuarial Gain and Losses arising from changes in financial Assumption	(0.10)	(5.17)
- Actuarial Gain and Losses arising from changes in experience adjustment	18.69	-
Return on plan assets	(1.15)	(1.34)
Net cost in Other Comprehensive Income	19.61	(6.51)
Asset information		
- Insurer managed	100%	100%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

<b>Principal actuarial assumptions</b>		
<b>Mortality</b>	<b>Indian assured Lives Mortality (2012-2014)</b>	
Discount rate (%)	7.59%	7.58%
Future Salary increase (%)	5%	5%
Expected Rate of return of plan assets (%)	7.80%	7.58%
Expected average remaining working lives of employees (years)	9.00	8.70
Expected contribution	10.00	20.00

The Company pays contributions to the insurer as determined by them. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds and Money Market Instruments. The expected rate of return on plan assets based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation. Significant actuarial assumptions for the determination of the defined benefit obligation are as discussed above.

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 results of sensitivity analysis is given below:

<b>Particulars</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Discount Rate		
- 0.5% Increase	178.40	163.30
- 0.5% Decrease	187.66	172.42
Salary Growth Rate		
- 0.5% Increase	187.09	172.59
- 0.5% Decrease	178.50	163.09

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

The Company's best estimate of the contribution expected to be paid to the plan during the next year is ₹ 10.00 Lakhs ( Previous year 2018 ₹ 30.00 Lakhs).

**44. Segment Reporting**

Factors used to identify Reporting Segments:

The company has the following reporting segments, which are its reporting segments. These segments offer different types of batteries to different types of customers and are managed separately because they require different technology and production process. Operating segment disclosures are consistent with the information provided to and reviewed by the Chief Operating Decision Maker.

Reportable Segment	Products offered
Aerospace, Naval and Power System Batteries	Silver Zinc Batteries are manufactured in this segment, the customers being the defence ministry of Indian Government
Lead Acid Batteries	Batteries for commercial application is manufactured in this segment

The measurement principles of segment are consistent with those used in Significant Accounting Policies.

There is no Inter-Segment transfer.

₹ in lakhs

	Particulars	Year 2018-19			Year 2017-18		
		Main Plant	LAB	Total	Main Plant	LAB	Total
A.	<b>Segment Revenue</b>	4534.68	127.01	4661.69	5067.38	901.93	5969.31
B.	<b>Segment Results</b>	900.49	(281.62)	618.87	1240.99	(179.91)	1061.08
C.	<b>Specified Amounts included in Segment Results</b>						
	(i) Depreciation	35.44	88.19	123.63	40.13	88.51	128.64
D.	<b>Reconciliation of Segment Result with Profit After Tax</b>						
	<b>Segment Results</b>	900.49	(281.62)	618.87	1240.99	(179.91)	1061.08
	Add/Less:						
	Interest Income			11.72			7.57
	Finance Cost			(552.58)			(590.27)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

	Particulars	Year 2018-19			Year 2017-18		
		Main Plant	LAB	Total	Main Plant	LAB	Total
	Dividend Received			1.55			1.04
	Income Tax Expenses			(12.93)			(134.57)
	Other Unallocable Expenses net of Unallocable Income			(23.00)			(16.39)
	<b>Total of Unallocable Items</b>			<b>(575.24)</b>			<b>(732.62)</b>
	<b>Profit after tax as per Statement of Profit and Loss</b>			<b>43.63</b>			<b>328.46</b>

	Particulars	As at 31.03.2019			As at 31.03.2018		
		Main Plant	LAB	Total	Main Plant	LAB	Total
E.	Other Information						
	Segment Assets	6728.13	1091.55	7819.68	6619.16	1218.62	7837.78
	Unallocable Assets			483.19			534.22
	<b>Total Assets</b>			<b>8302.87</b>			<b>8372.00</b>
	Segment Liabilities	6264.91	69.39	6334.30	6222.49	107.60	6330.09
	Unallocable Liabilities			106.58			216.51
	<b>Total Liabilities</b>			<b>6440.88</b>			<b>6546.60</b>

**F. Revenue from External Customers:**

Three customers contribute to more than 10% of the revenue of Aerospace, Naval and Power Systems Segment and One customer contributes to more than 10% of the revenue of Lead Acid Batteries Segment.

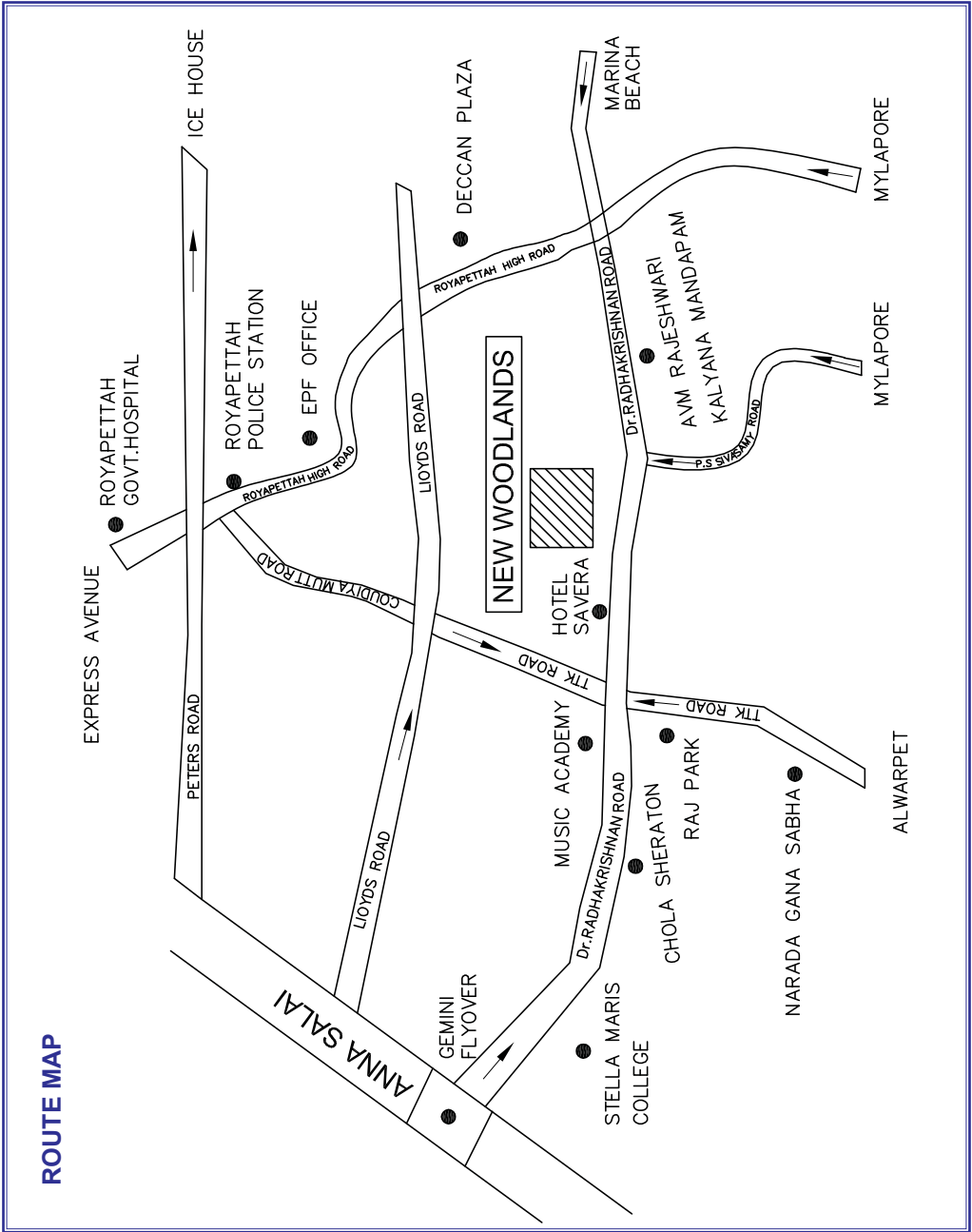
**45 Authorisation for issue of Financials**

The financial statements have been authorised for issue by the Board of Directors at the Board Meeting held on 25<sup>th</sup> May, 2019 .

## Financial Highlights – Ten Years at a Glance

₹ in Lakhs

For the Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Income	2772.29	3691.08	5611.85	6674.73	3164.77	3281.88	2294.71	4817.86	5983.13	4675.03
Total Expenditure	2602.63	3347.67	4903.15	6021.40	3409.67	3580.24	2927.36	4154.17	4801.19	3942.26
PBIDT	169.66	343.41	708.70	653.33	(244.89)	(298.36)	(632.65)	663.69	1181.94	732.77
Finance Cost	304.12	316.71	489.05	441.24	582.38	616.91	547.85	417.40	590.27	552.58
Depreciation	139.95	169.86	165.02	160.98	150.49	153.69	122.23	132.01	128.64	123.63
Profit before exceptional items	-	-	-	-	-	(1068.96)	(1302.74)	114.28	463.03	56.56
Exceptional items	-	-	-	-	-	639.69	242.59	-	-	-
PBT	(274.41)	(143.16)	54.63	51.11	(977.77)	(429.27)	(1060.15)	114.28	463.03	56.56
Tax	(93.61)	(98.96)	(15.52)	(14.51)	(355.23)	(148.13)	(403.85)	(200.32)	134.57	12.93
PAT	(180.80)	(44.19)	39.11	36.60	(622.54)	(281.14)	(687.98)	(86.05)	328.46	43.63
Other Comprehensive Income	-	-	-	-	-	-	-	52.90	12.69	(7.04)
Total Comprehensive Income	-	-	-	-	-	-	-	(33.15)	341.16	36.59
EPS (₹)	(11.09)	(2.47)	2.18	2.04	(34.73)	(15.68)	(38.38)	(4.80)	18.32	2.43
Cash EPS (₹)	(2.28)	7.01	11.38	11.02	(26.32)	(7.11)	(31.56)	5.51	25.50	9.33
Dividend %	-	-	-	10	-	-	-	-	-	-
<b>As at year end</b>										
Gross Block	3553.79	3546.23	3577.14	3600.08	3638.12	3591.81	3596.08	5572.15	5601.24	5617.39
Net Block	2384.07	2212.10	2090.57	1954.96	1842.51	1655.12	1537.16	3381.23	3107.14	2858.01
Loan Funds	2595.29	2605.68	2457.73	3040.49	3744.34	3719.48	2775.20	2704.95	2592.14	2563.01
Net Worth	1824.74	1780.55	1819.66	1835.28	1212.75	915.03	227.06	1484.23	1825.39	1861.98
Book Value per Share	101.78	99.32	101.50	102.37	67.65	51.04	12.67	14.56	101.82	103.86









# HIGH ENERGY BATTERIES (INDIA) LIMITED

CIN : L36999TN1961PLC004606

Regd. Office: "ESVIN HOUSE", 13, Old Mahabalipuram Road, Perungudi, Chennai - 600 096.

## ATTENDANCE SLIP

Folio No	DPID*	Client ID*	No of Shares

\*Applicable to Members holding shares in Electronic Form

I, \_\_\_\_\_ (Name of the Shareholder /Proxy) hereby record my presence at the 58<sup>th</sup> Annual General Meeting of the Company held on Saturday, the 3<sup>rd</sup> August, 2019 at 11.00 A.M. at New Woodlands Hotel Pvt Ltd., 72-75, Dr. Radhakrishnan Road, Mylapore, Chennai 600 004.

Signature of Shareholder / Proxy

Note:

1. Please complete this attendance slip and hand it over at the entrance of the meeting hall.
2. Only shareholders of the Company or their Proxies will be allowed to attend the meeting on production of the attendance slip duly completed and signed.



# HIGH ENERGY BATTERIES (INDIA) LIMITED

CIN : L36999TN1961PLC004606

Regd. Office: "ESVIN HOUSE", 13, Old Mahabalipuram Road, Perungudi, Chennai - 600 096.

## PROXY FORM

Name of the member(s)		Email ID	
Registered Address		Folio	
		DP ID / Client ID	

I / We, being the member (s) holding \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name :

Address:

Email id:

Signature:

(, or failing him)

2. Name :

Address:

Email id:

Signature:

(, or failing him)

3. Name :

Address:

Email id:

Signature:

as my/ our proxy to attend and vote (on a poll) for me/us and on my/ our behalf at the 58<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 3<sup>rd</sup> August, 2019 at 11.00 A.M. at New Woodlands Hotel Pvt Ltd., 72-75, Dr. Radhakrishnan Road, Mylapore, Chennai 600 004 and at any adjournment thereof in respect of such resolutions as are indicated overleaf.



Resolution No	Business	Vote (Optional see Note 4) (Please mention no of shares)		
		For	Against	Abstain
1	Adoption of Financial Statements for the FY 2018-19			
2	Reappointment of Mr. N Gopalaratnam, who retires by rotation			
3	Appointment of Dr. Vijayamohanan K Pillai as an Independent Director			
4	Appointment of Mr. M Ignatius as Whole time Director			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder

Signature of Proxy holder (s)

**Note:**

**1. Proxy**

**A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a Member of the company.**

**Deposit of Proxy**

Proxies in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the meeting or in the case of poll not less than 24 hours before the time appointed for the taking of the poll.

2. A person can act as a Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such persons shall not act as a proxy for any other person or shareholder.
3. In case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.
4. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Affix ₹ 1  
Revenue  
Stamp



**High Power Silver Zinc Battery for Underwater Application.**