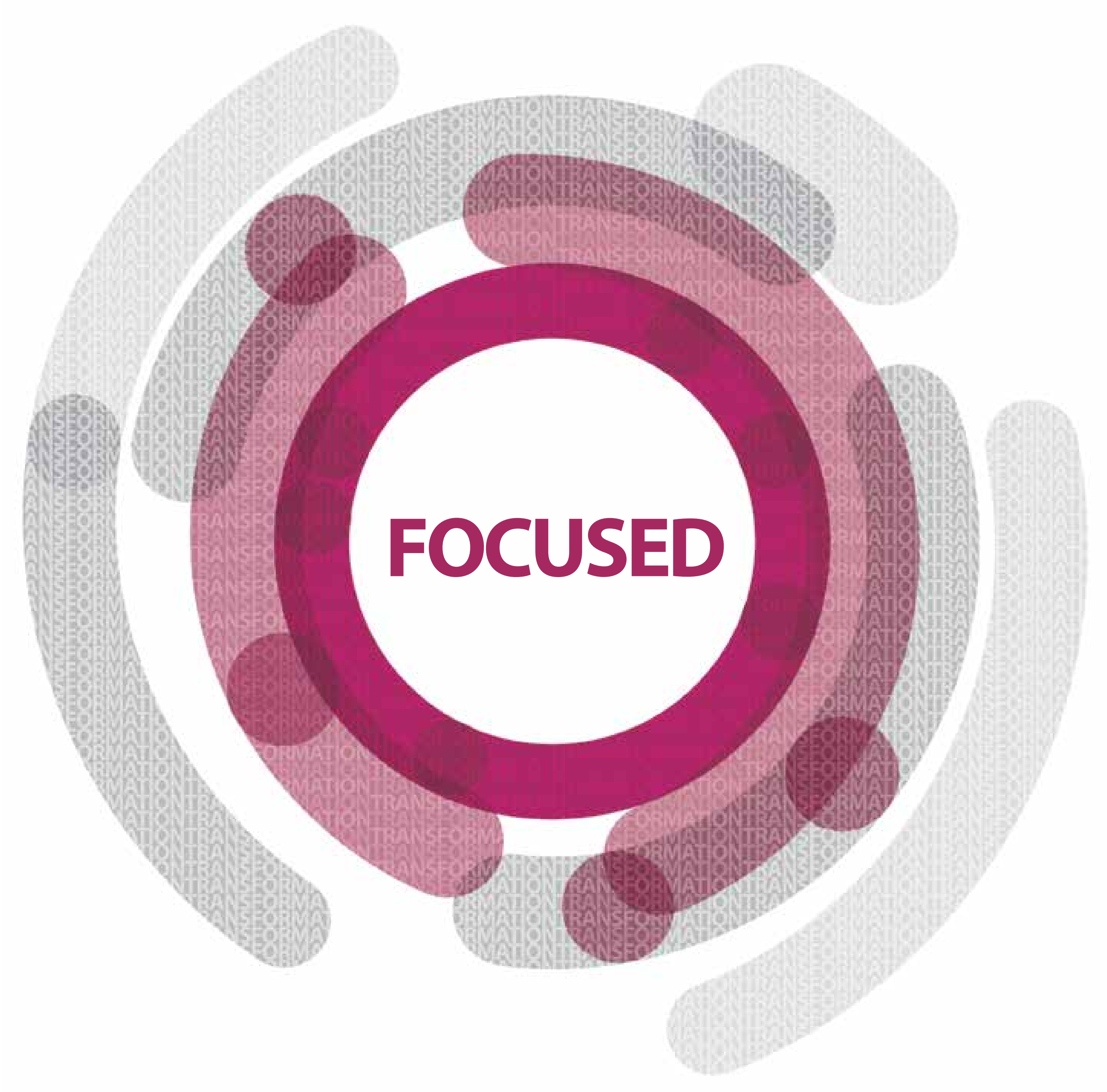


HBL Power Systems Limited

Annual Report 2016-17

"When the **WHY** is clear, the **HOW** is easy."

Contents

Forward-looking statements

This document contains statements about expected future events and financial and operating results of HBL Power Systems Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the HBL Power Systems Limited annual report 2016-17

In today's highly competitive and increasingly dynamic business environment, transformation is no longer a 'once and done' initiative.

Successful transformation necessitates a multi-faceted change - fundamental business model change, cultural change and operational change.

And for this to transpire, an organisation must create an encouraging internal environment and multiple mechanisms to continuously evolve and respond to the external environment.

Hence, transformation at the start is a painful prospect, yet very satisfying in retrospect.

At HBL, we have made meaningful progress in this journey.

We are unlearning the old and imbibing the new.

We are implementing changes, small and large, in pockets and organisation-wide.

We are celebrating learnings from successes and failures alike.

While we realise that our ongoing efforts are yet to deliver the desired returns, we remain passionately committed to achieve the change we envisaged at the start.

At HBL, the operative phrase now is…. being focused – on the chosen transformation journey.

Living the **'Make in India'** purpose for the last four decades

HBL, incorporated in the year 1977, is the original "Make in India" story. Dr. A.J. Prasad, who completed a doctoral thesis in 1976 from Columbia University, New York, titled "Export of technology from India", founded the organisation with this purpose.

HBL Power Systems Limited (HBL) specialises in developing and manufacturing products and solutions for industrial, railways and defence applications. Having successfully developed aircraft batteries as its first product, the Company currently offers the country's widest range of batteries with diverse applications.

Based out of Hyderabad, (India) the Company has five fully integrated manufacturing units with 2,25,000 sq. mtrs built-up area that houses diverse batteries, electronics and engineered products, which are all in-house developed

The Company has leveraged its engineering knowledge and technological expertise to extend its business horizon, beyond batteries, into challenging niche business verticals namely railway electronics, defence electronics, industrial power electronics and other engineered products. The Company's operations are managed by an enthusiastic team with an average age of 37 years – representing a prudent mix of experience and energy.

HBL's products are marketed in India and 80+ countries. The exports are managed through its wholly-owned subsidiaries (in Germany and North America), agents, distributors and re-sellers.

The Company's shares were listed in 1992 and are traded on the Bombay Stock Exchange and National Stock Exchange.

Vision

To organise India's engineering talent into a globally competitive business, whether in manufacturing or services. Our choice is to be in businesses with technological challenges / engineering intensity.

Values

- Fairness to all
- Innovative spirit
- Craftsmanship
- Entrepreneurial opportunism
- Development of individuals
- Harmonious co-existence

Did you know?

HBL is the only company in India to offer all battery technologies used in industrial applications under one roof

HBL is the world's second largest manufacturer of Nickel Cadmium batteries with Pocket Plate, Sintered Plate and Fibre Plate technologies

40
Years in business

2,100+
Team size

500+
Engineers

1,530
Revenue, 2016-17 (₹ crore)

50
Profit Before Tax, 2016-17 (₹ crore)

1,077
Market capitalisation, March 31, 2017 (₹ crore)

Distinctiveness

India's second largest supplier of telecom batteries	Only Indian entity to possess Pure Lead Tin (PLT) battery technology	Major domestic supplier of varied defence batteries
Supplier of batteries for aviation – fighter and civil aircrafts, helicopters and UAVs	Approved by FAA and EASA for supply of batteries to OEMs – Boeing and Airbus	Pioneered a Train Collision Avoidance System for Indian Railways
Developed Train Management System for Railways	Developed grid tie inverters for solar application	Developing permanent magnet machines for various applications

“Our transformation journey, which commenced in the year 2015-16, has gained traction within the organisation.”

Dear shareholders,

We are happy to report that the journey we embarked on in the previous year – one of business and organisational transformation – has made encouraging progress during the year under review.

Our satisfaction stems from the business and profitability growth achieved over the previous year. While income grew by about 10% over the previous year, net profit leapfrogged. And this is a heartening achievement considering the challenging external environment that prevailed during the year under review – consolidation and disruptive offerings in the telecom segment and a subdued industrial and manufacturing sector.

This motivating performance is the outcome of the team's unwavering focus on meeting the near-term goals despite all odds. We grew market share for our existing products – telecom batteries being a case in point, where we significantly reduced the gap with our peer. We are improving shop floor metrics by altering and fine tuning operational systems and processes. We are focusing on refurbishing the facilities to support our growth trajectory. We continue to explore possibilities of monetising surplus assets to improve cash-flows. We successfully completed the reverse merger, which helped significantly to reduce the debt and improve debt-equity ratio.

This gives us the confidence that our transformation journey, which commenced in the year 2015-16, has gained traction within the organisation.

The core of our transformation journey is pivoted on a single objective – a ROR (Return on Resource) focus. This has emerged as the critical prism through which we will filter emerging opportunities, business strategies and operational realignments.

Having made a heartening beginning, we continue to remain focused on working towards our medium-term goals – sustaining profitable business growth over the foreseeable future.

In this endeavor, we expect our growth and profitability drivers to undergo complete transformation even as we continue to live by our core ethos of filling in technology gaps prevalent in India with our expertise and energy.

Currently our batteries vertical is the critical catalyst for revenue growth and profitability. In the medium term, this would change. For we expect our technology-solutions verticals – railway electronics and defence – to emerge as future vehicles for shifting the organisation into a higher orbit.

This optimism is based on important realities. In our railway electronics vertical, we are readying ourselves for the commercial installation of our TCAS and TMS systems, which have been successfully inspected and approved by the end user – Indian Railways. This will open up a large market over the coming years.

Having demonstrated our capability in successfully delivering cutting-edge solutions to the Indian defence forces, we have positioned ourselves as a dependable supplier to the armed forces. Further, we have made significant headway in establishing ourselves as the partner of choice for key components (such as inverters and batteries) to organisations focused on garnering a sizeable share of India's large solar power opportunity.

To succeed in these high-value high-growth businesses, which, we expect will take off in the next 18-24 months, we are planning to enhance our investments. For this, we will need to augment cash flows and strengthen our people capability.

With this focus, we are moving up the battery value chain – into uncluttered space – with considerable success. We have successfully secured approvals for submarine battery variants and established ourselves as an approved battery supplier to the aerospace sector with a product approval from Bombardier.

We are getting into new opportunity spaces with customised products as well. We have developed superior batteries customised for large Data Centre applications and vehicles used by the Indian army at high altitude and low temperature terrains. We are working on establishing a meaningful presence in the e-mobility space in the current year. We have re-engineered products for improved performance suited for UPS applications targeted at the BFSI and IT-ITES sectors.

In addition, we are working on building markets for existing products. We are expanding our channel network for a wider and deeper penetration into the domestic market even as our international business development team continues to focus on widening our global footprint.

These factors should scale revenues and strengthen cash flow from operations which will be prudently deployed in building our future businesses.

We understand that the difference between success and failure of business strategy is people – the key differentiator in today's highly competitive business environment – for intellectual capital is the key resource that can transform well-thought out business strategies into successful on-ground realities.

It gives us great satisfaction to note that our first step towards people empowerment – creating strategic business units to be headed by professional leaders – has paid rich dividends. In keeping with our resolve to empower our team, we will continue to invest in the intellectual capital of our team – through engagement and internal training - which will strengthen their capability in undertaking more challenging assignments.

Currently our batteries vertical is the critical catalyst for revenue growth and profitability. In the medium term, this would change. For we expect our technology-solutions verticals – railway electronics and defence – to emerge as future vehicles for shifting the organisation into a higher orbit.

Message to shareholders

At HBL, we look forward to exciting times. Investment-inducing and business-strengthening Government policies promise to open a plethora of growth opportunities. We have aligned our business strategies with national priorities; growth, we believe, will be a natural corollary. In view of this, we are confident of delivering significant value for our stakeholders over the foreseeable future.

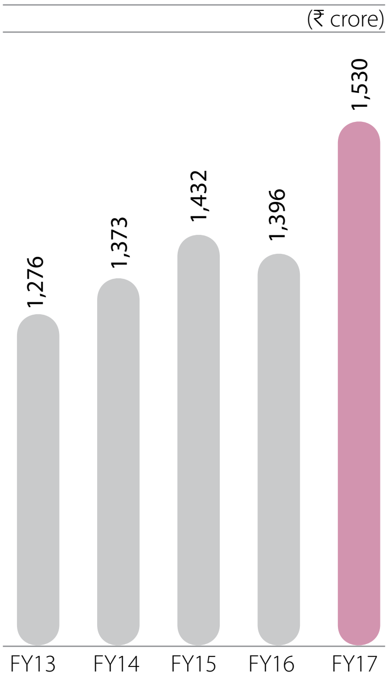
On behalf of the Company, we take this opportunity to convey our sincere appreciation to all stakeholders, governments and shareholders for their unstinted support in taking the Company forward.

Warm regards,

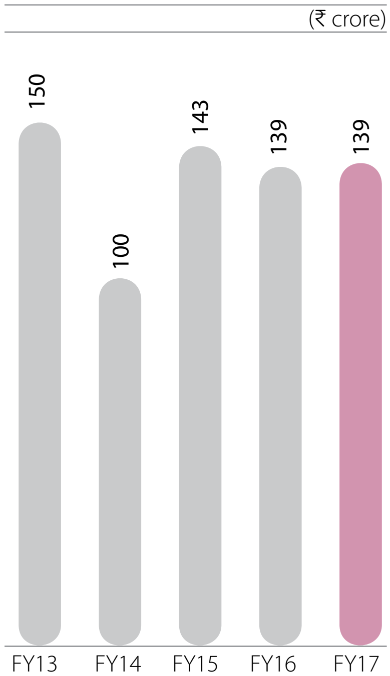
The management team

The **progress** made so far…

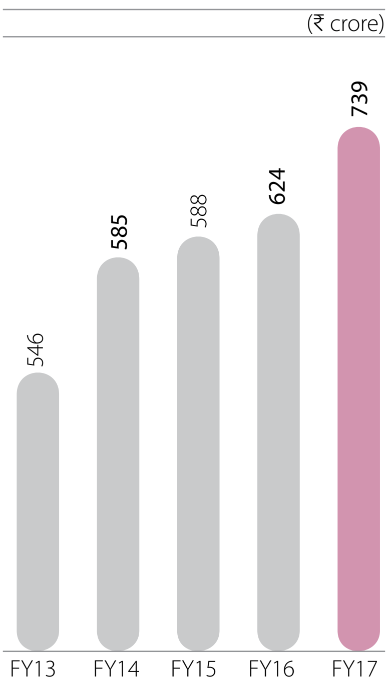
(Numbers of standalone metrics)



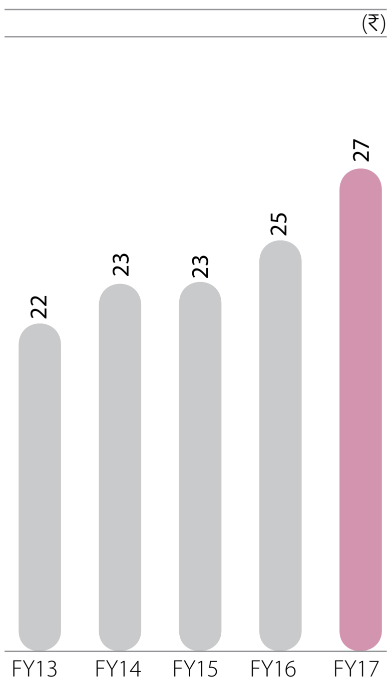
Gross Revenue



EBITDA*



Networth



Book value / share

* EBITDA excludes profit/loss on sale of investments and impairment in value of investments

Highlights, 2016-17

Corporate

- Gross income grew by ~10% from ₹1,408 crore to ₹1,547 crore
- Improved profit before tax significantly from ₹20 crore to ₹50 crore
- Reduced net debt from ₹489 crore to ₹433 crore; debt-equity ratio strengthened from 0.78 to 0.59
- Completed the reverse merger with the holding company

Batteries

- Secured UL certification for 2V-VRLA batteries
- Introduced improved punched grid profile for few variants of PLT batteries
- Received original fitment business from Bombardier for Ni-Cd aircraft batteries
- Associated with a reputed aircraft battery company in North America for securing approval from American Airworthiness Authority and marketing aircraft batteries
- Improved the battery manufacturing infrastructure through refurbishment and commissioning of imported equipment

Electronics

- Shipped the first consignment of power-backup systems to Siemens Germany for a rail project in Germany
- Secured safety integrity level 4 certification for TCAS from Italcertifer, Italy
- Completed assessment for conformity to safety integrity level 4 for Electronic Interlocking System by Italcertifer, Italy
- Completed designs for 30 KW alternator for use in LHB coaches and 300 KW motor for torpedoes propulsion

Defence

- Obtained approval for Scorpene-class submarine battery from Indian Navy
- Received approval for PLT battery for use in BAE Hawk aircrafts from Indian Air Force
- Achieved 100% indigenisation of electronic fuzes for artillery guns.

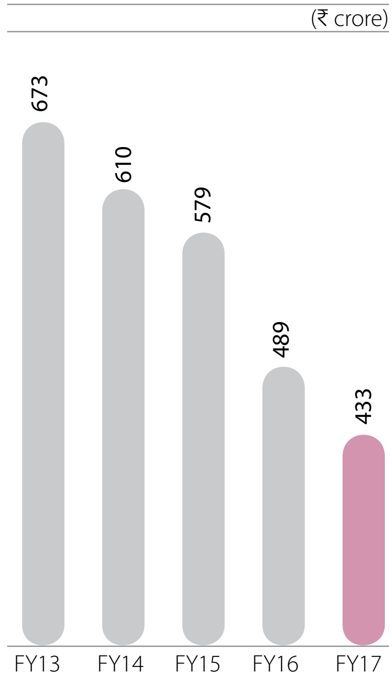
The **reverse** merger

On March 23, 2016, the Board of Directors approved a scheme of arrangement for amalgamation of Beaver Engineering and Holdings Private Limited ("Beaver") and HBL Power Systems Limited ("HBL"), effective April 1st, 2016 (appointed date). This was approved by Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench on May 9, 2017. SBI Capital Markets Limited, an independent merchant banker, had evaluated the scheme and provided a fairness opinion.

Beaver was the holding company of HBL with equity holding of about 59%. Beaver had supported HBL with an interest free unsecured loan of ₹138 crore for furtherance of its business in FY13.

The rationale behind the merger was to enable shareholders (larger investors and promoters) of Beaver to hold listed shares of HBL (a listed entity), simplify the Group structure, de-leverage the financial statements and enhance floating stock of shares (public holding increased from 26% to 44%), which would facilitate increase in shareholder value over the medium term.

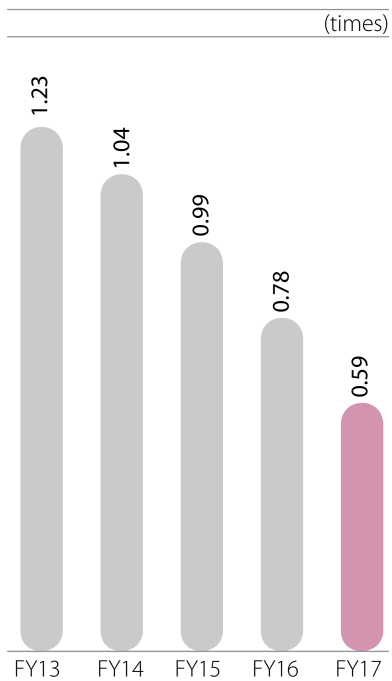
In exchange for equity shares held and conversion of debt given by Beaver to HBL, equity shares of HBL were allotted, which resulted in net increase in equity shares by 2,41,94,946.



Net Debt

HBL Power Systems Limited	No. of shares
Equity shares – ₹1/- each (before amalgamation)	25,30,00,000

Issues to shareholders of Beaver consequent to scheme of amalgamation	No. of shares (₹1/- each)
3,883 shares against 10 Equity shares of ₹10/- each	11,83,25,104
3,753 shares against 10 Compulsory Convertible Preference Shares of ₹10/- each	2,89,59,273
3,901 shares against 10 Optionally Convertible Redeemable Preference Shares of ₹20/-each	2,68,10,012
Total shares issued to shareholders of Beaver	**17,40,94,389**
Less: Cross holding of shares (promoters)	(14,98,99,443)
Net Share Capital after the scheme	**27,71,94,946**



Debt : Equity

Management
discussion and analysis

Economic overview

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). Favourable government reforms and stringent fiscal regime have supported the accelerated growth of the Indian economy since 2014. Despite few short-term disruptive policy initiatives and geo-political issues in large global economies, India's GDP grew by 7.1% in fiscal 2016-17 demonstrating the fact that India's economic fundamentals continue to be strong.

The growth momentum is expected to rise, driven by the Government's focus on Make-in-India and Digital India initiatives; growth simulation through investments in infrastructure; providing affordable housing to economically weaker sections; employment generation etc. This growth momentum will be ably assisted by the Government's policy initiatives in areas such as simplification of taxation (GST), attracting foreign direct investment (FDI), and the ease of doing business, among others.

Other major factors helping India stay as a bright spot in the global economic landscape include the subdued global oil price that is expected to have a positive impact on the country's import bill, a well-regulated monetary policy by the Reserve Bank to stabilise prices and an improving fiscal condition. The Government's endeavour to drive a bigger as well as cleaner GDP is expected to augur well for the economy in the medium and long terms.

However, the key concern for the country is the health of the banking system, which continues to battle with rising bad loans and heightened corporate vulnerabilities in certain key sectors of the economy. Besides, the firming up of crude oil prices, reduced commodity exports and almost stagnant non-commodity exports could impact trade and current account deficits.

Outlook

India is expected to be the third largest consumer economy, as its consumption may triple to US$ 4 trillion by 2025, owing to a shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by Pricewaterhouse Coopers. Also, the Prime Minister, Mr Narendra Modi has stated that India has become the world's fastest growing large economy, and is expected to grow five-fold by 2040, owing to a series of policy measures.

Business overview

HBL Power Systems Ltd is a listed Indian company, in business since 1977, with a focus on engineered products and services. The Company's business selection strategy has been pivoted on the ability to identify technology gaps in India which could be filled in by it through 'indigenous efforts' – truly living up to the Make in India drive, since four decades.

The first products selected and successfully developed were Aircraft batteries - eventually leading to HBL offering the world's widest range of specialised batteries. The Company leveraged the expertise gained in the battery business to capitalise on new opportunities. In doing so, the Company moved into new businesses and markets that use its batteries, such as industrial electronics, defense electronics, and railway electronics.

HBL re-organised its business into strategic business units – Batteries, Electronics and Defence. Battery revenues accounted for 80% of overall revenues in 2016-17.

Business verticals

+/- Batteries

Lead Acid
- Telecom
- Railways
- UPS
- Power & Solar
- DG starting

Nickel Cadmium (Ni-Cd)
- Oil & Gas
- Power
- Railways
- Aviation

Electronics
- Industrial electronics
- Rail signaling
- SPV electronics
- Defence electronics
- Permanent magnet machines

Defence
- Batteries
- Ammunition

SBU-1

Batteries

Manufacturing facilities

NANDIGAON, Near Hyderabad, Telangana

Product line: 12V Monobloc – AGM, PLT, Gel and Flooded variants and SPV modules

Certifications: ISO 9001:2008; EMS and OHSAS

VIZIANAGARAM, Near Visakhapatnam, Andhra Pradesh

Product line: 2V – AGM VRLA and Tubular Gel

Certifications: ISO 9001:2008; EMS and OHSAS

SHAMIRPET, Hyderabad, Telangana

Product line: Ni-Cd batteries

Certifications: ISO 9001:2008; EMS; OHSAS; IRIS and EASA

SPECIAL ECONOMIC ZONE, Visakhapatnam

Product line: Ni-Cd batteries

Certifications: ISO 9001:2008; EMS and OHSAS

HBL has, by leveraging in-house developed technologies over its four decade journey, created one of the widest arrays of specialised batteries in the country that provide power back-up for niche applications. The batteries are manufactured at its fully-integrated facilities. The batteries that find application in telecom and railway sectors are the highest revenue generators in this Business Group. The Company has appropriately segregated its battery business into various product verticals, including manufacturing infrastructure, for focused business management and development

Telecom

HBL is the second largest supplier of batteries to the Indian telecom sector. Its 2V-VRLA batteries, designed for harsh cyclic application, enjoy the preferred battery status among telecom operators, tower companies and switching OEMs. Even as the product continued to experience patronage from all leading telecom companies in

Domestic business

India, the Company successfully further improvised the product performance. In addition, the Company focused on strengthening the service quotient for minimising the service turnaround time – it achieved 100% pan-India service TAT of 72 hours.

These initiatives have resulted in robust volume growth during recent years. In 2016-17 the Company's product received approval from a leading telecom tower company operating in India, which would result in sustaining the growth momentum over the coming years. While the volume growth in current financial year is quite evident, the margins are expected to be under strain due to intense competition in the industry and enhanced negotiating power of the customers.

Railways

HBL enjoys a preferred supplier status with the Indian Railways and metro rail operators. Its batteries are used for varied applications namely air-conditioned coaches, train lighting, electric locomotives, diesel locomotive cranking and signaling applications. Even as sales revenue increased over the previous year, the Indian Railways' decision to switch over (completely) to VRLA from LMLA batteries for train lighting application – a relatively uncluttered space – could help the Company improve its market share in the current financial year.

UPS

Having initiated a presence in this application segment only in 2015-16, HBL made a heartening progress in establishing a foothold in the UPS space. During 2016-17, the Company received approvals for its products from leading banks and insurance companies operating in India. It also entered into contractual arrangements with certain banks. Besides, it partnered with OEMs in the UPS segment that enjoys national and regional presence. These initiatives hold the promise of robust growth over the coming years.

Solar

HBL is respected in the solar battery space for its diverse product range (MNRE approved) and high quality products that offer reliability. Although the tubular flooded batteries are the key revenue spinner in this space, the Company is focused on creating awareness for the tubular gel variants for its reliability and long life. During the year, the Company made a promising headway towards capitalising on the tubular gel opportunities provided by the solar business – it initiated supplies to Solar Power generating System integrators. And, while the Company is working towards a stronger presence in the first-fitment phase, the team remains keen to participate in the replacement opportunity when it emerges.

PLT (Pure-Lead-Tin) batteries

These specialty batteries, specifically designed to deliver high current for a short time-period are perfectly suited for large Data Centre applications and for DG and engine cranking purposes (large vehicles and battle tanks). The Company has been supplying its PLT batteries to Cummins for its DG sets under white label program – an association that has grown each year for over a decade. In 2016-17, business with Cummins increased by 25% over the previous year. The Company remains focused on making an entry into defence space for these batteries for heavy vehicle applications – its products are currently undergoing the approval process. In addition, the Company is redesigning its product specifically for Data Centre applications – a huge opportunity in the horizon. This should open a high-value, high growth opportunity space for the Company over the coming years.

Ni-Cd batteries

HBL manufactures Ni-Cd batteries leveraging diverse technologies namely pocket plate, sintered plate and fibre plate - enabling it to create a complete basket of products serving critical applications in diverse sectors namely oil & gas, power, utilities, aviation, railways and defence. During the year, revenue from this vertical increased by about 30%. The Company focused on increasing their market share with OEMs in the process industry. In addition, the Company developed and launched a premium (ultra-low maintenance) Ni-Cd pocket plate ("Vent Pro") battery which was well received by the customers – which should make a meaningful contribution to revenue growth from this product vertical going forward.

Channel business

This retail presence strengthens the Company's domestic business model. Initiated in 2015-16, this vertical has made considerable headway in establishing a strong presence in the domestic market – revenue from this vertical leapfrogged by 90% over the previous year albeit on a small base. This channel markets SPV roof-top kits, solar batteries, small and medium UPS batteries, inverter batteries and is gearing up to market DG batteries and e-rickshaw batteries as well. The Company upgraded its UPS batteries to suit the enhanced warranty requirement of the market, and trial tested E-Rickshaw batteries in aftermarket in 2016-17, the feedback on which is being incorporated into the product through redesign and re-engineering. Besides, the Company widened the channel network by more than 50% to further entrench its presence into demand pockets spreading pan-India.

To meet the demands of the steep rise in data usage and to deal with increasing complaints of call drops, telecom companies are investing in telecom infrastructure as it is the backbone for facilitating connectivity. This infrastructure includes both electronics and back-up power, hence larger potential for batteries

Optimism

The Company expects to strengthen business growth in its major revenue verticals under this business segment over the coming years. This optimism stems from the following factors:

Telecom

India is on the cusp of a formidable growth in mobile broadband technologies. Rapid network expansion of 4G, drop in prices of devices and data tariff are fueling the growth of mobile broadband in the country. Uptake of new-age technologies such as Internet-of-things (IoT), evolving concepts such as smart cities, and new devices offering virtual reality experiences will all enhance data usage.

To meet the demands of the steep rise in data usage and to deal with increasing complaints of call drops, telecom companies are investing in telecom infrastructure as it is the backbone for facilitating connectivity. This infrastructure includes both electronics and back-up power, hence larger potential for batteries.

According to Cisco's latest Visual Networking Index (VNI) report, India's Internet user base will touch 829 million (59% penetration) in 2021 from the base of 373 million as of 2016. Additionally, the number of connected devices is expected to go up to 2 billion in 2021, from 1.4 billion devices in 2016. And data usage on Internet is expected to grow 4x times at a CAGR of 30% to 6.5 Exabytes per month in 2021, up from 1.7 Exabytes per month as of 2016.

Besides, the Government's thrust on digitisation (Digital India) and communication is expected to catalyse data consumption in India – the Government's Bharat Net program under USOF for expanding rural and tribal communication is a case in point.

UPS

The number of ATMs has grown at a rapid pace over the years. As per the Financial Access Survey conducted by the International Monetary Fund (IMF), the number of ATMs per 100,000 adults in India increased from 8.85 at the end of 2011, 17.80 at the end of 2014 to 19.71 in 2015. The momentum is only expected to continue as the Government focuses on getting an increasing number of citizens into the formal banking purview – the Jan Dhan Yojna is one such initiative towards this end.

Interestingly, India is pushing electronic payment in a big way – especially post demonetisation initiative – which could transform the position of the standby battery for the UPS application from necessary to critical, thereby accelerating demand.

Rising number of government initiatives to support development in IT/ITES, BFSI, education, healthcare, retail and residential sectors in the country is expected to have a positive impact on the country's UPS market in the coming years. Growing demand for continuous power supply even in Tier II and Tier III cities, coupled with major government initiatives such as, "Make in India" and "Digital India", are anticipated to drive UPS market in the years to come.

HBL's exports are spearheaded by Nickel Cadmium batteries – this product accounts for more than 70% of the export sales. The Company is working on creating export markets for its other batteries – namely 2V-VRLA, 12V-VRLA and PLT batteries.

Exports

HBL enjoys a global presence across 80+ nations – represented by its subsidiaries (HBL, America and HBL, Germany - equipped with stocking and servicing capabilities) and agents, distributors and resellers in more than 25 countries.

The Company's exports are spearheaded by Nickel Cadmium (Ni-Cd) batteries catering to the Oil & Gas, Power and Utility, Railways segments – this product accounts for more than 70% of the export sales. Even as sluggishness prevailed in the global oil & gas sector in 2016-17, the Company was able to garner a robust order book primarily on account of securing additional product approvals, fortifying stronger ties with UPS OEMs and renewing its focus on the emerging markets for this product. As a result, export revenue for Ni-Cd batteries improved by 20% over the previous year.

To de-risk its global presence from an overdependence on Ni-Cd batteries, the Company is working on creating a market for its other batteries – namely 2V-VRLA, 12V-VRLA and PLT batteries. As a first step towards this goal, the Company has secured UL approval for its 2V-VRLA variant even as seismic certification is under process. The Company is in the process of identifying suitable markets and securing approvals for its 12V lead acid products.

Aircraft batteries: A new opportunity window

HBL is the largest aircraft battery manufacturer in India and one of the few in the world. Its product range comprises batteries in Ni-Cd Sintered Plate, Sealed Lead Acid and Silver Oxide Zinc technologies that find application in defence and commercial aircrafts.

The Company is a major supplier to Indian Air Force and is an approved source for UAV OEMs. The Company has been supplying sealed lead acid aircraft batteries for Russian origin military aircrafts and helicopters. The Silver oxide Zinc / Ni-Cd Sintered Plate batteries are being supplied to several air forces across the world.

Fiscal 2016-17 was a significant milestone for the aircraft battery vertical as the Company received OEM business from Bombardier Aerospace for Lear 85 and Global 7000 Business Jet Aircrafts. In addition, the Company has recently signed an agreement with an American company to obtain necessary approvals with the American Airworthiness Authority, which will allow HBL to sell its aircraft batteries to airlines in the US and across the globe.

Optimism

- The overall aircraft battery market is estimated to increase from US$160 million in 2016 to US$200 million in 2022 *(Source: Stratview Research)*.
- The market for Ni-Cd Sintered Plate batteries for civil and military aircrafts is estimated at around US$100 million in 2018.

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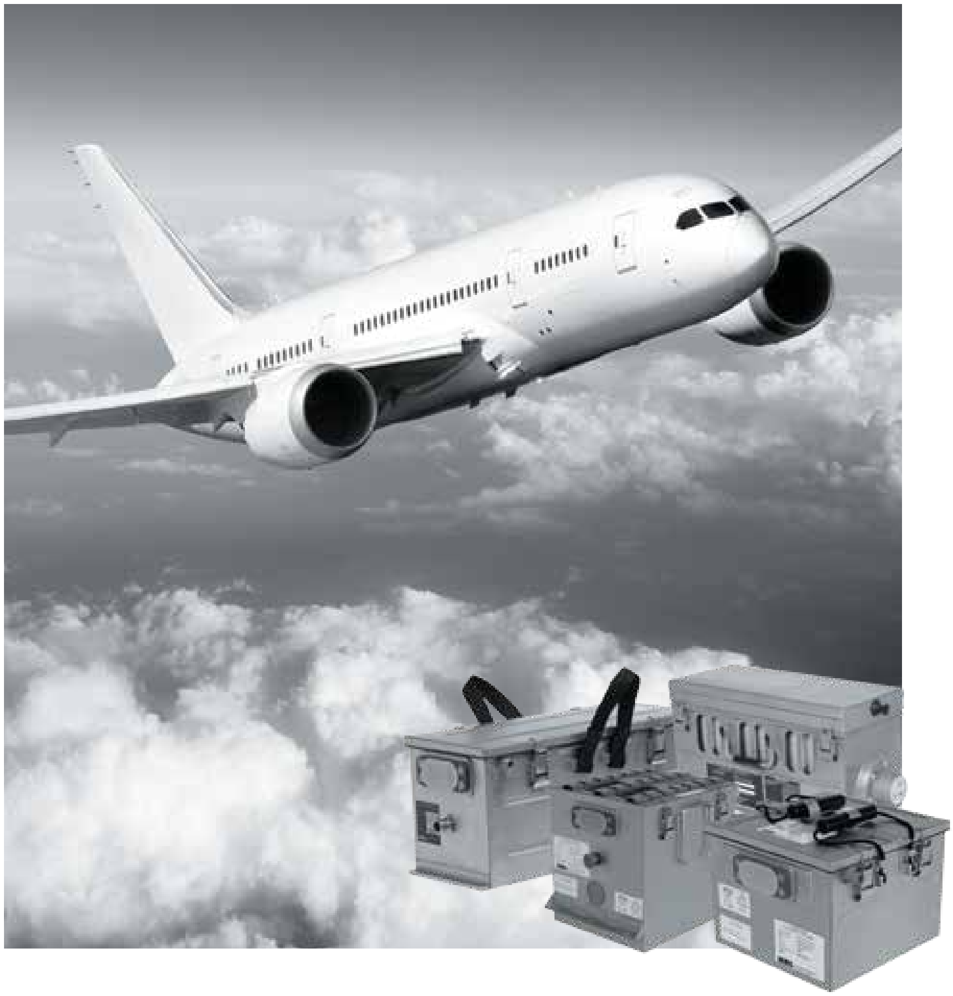


- Ni-Cd batteries are projected to remain the preferred and largest battery technology in the global aerospace and defence industry, while lithium-ion is likely to be the fastest growing battery technology.
- There are very few major manufacturers of Ni-Cd aircraft batteries. However the penetration will be slow, as the customers are very cautious in inducting new makes.

Focus areas for the current year

- Improve market share in telecom space by consolidating business with newly acquired customers
- Improve service TAT from 72 hrs to 48 hrs in telecom sector
- Fortify battery sales in solar segment directly and also through Solar Power Generating System integrators
- Launch new PLT batteries for data centers and process industries (high rate discharge applications)
- Pursue approval of batteries for army vehicles operating at high altitude
- Enhance production capacities for UPS batteries to meet increasing demand
- Focus on replacement potential for Ni-Cd pocket plate batteries catering to the Power and Oil & Gas segments
- Enhance sales of premium Ni-Cd pocket plate batteries ("Vent Pro")
- Increase production capacity of Advanced VRLA batteries at VZM factory to meet peak demands
- Widen the channel network and launch upgraded version of e-rickshaw batteries
- Explore emerging opportunities in Energy Storage Solutions and finalise business blueprint
- Enhance share of business with global OEMs for Ni-Cd pocket plate batteries
- Improve visibility of lead acid batteries among major users in target export markets.

SBU-2

Electronics

Manufacturing facilities

SHAMIRPET, Hyderabad, Telangana

Product line: Electronics

Certifications: ISO 9001:2008; EMS; OHSAS; IRIS and EASA

THUMKUNTA, Hyderabad, Telangana

Product line: Electronics

Certifications: ISO 9001:2008; EMS and OHSAS

The Electronics Group of HBL is organised into three divisions – Railway Electronics, Industrial Electronics and Defence Electronics. In view of the identified opportunities and the need to augment specialised capability, defence electronics was moved from the Defence Group to the Electronics Group. The solar division has been merged into the Industrial Electronics Division.

Railway Electronics Division

HBL offers a wide range of signaling products and solutions, designed & developed in house, to the Indian Railways.

HBL's signaling products comprehensively meet applicable RDSO specifications and CENELEC standards. HBL is recognised as a reputed supplier of signaling equipment and solutions, built over many years of experience. Some of the key technology offerings include:

Train Collision Avoidance System (TCAS)

TCAS is an automated system which protects trains from various types of collisions, monitors and applies speed restrictions as well as provides in-cab signal aspect display. In the year 2010, HBL initiated TCAS development and

Estimate of three years market potential from 2018-19, for TCAS, EIS, TMS and DAC from the Indian Railways is about ₹3000 crore

demonstrated the first version of solution to the Indian Railways in 2012. The trial version was installed in South Central Railway in 2015-16, over a 50km route. Extensive interoperability field trials, with equipment supplied by two other Indian companies, will be completed by September, 2017.

During 2016-17, RDSO improved the specification for TCAS for better reliability, safety and user experience. The final specification, based on trial experience, was released in May 2017, in preparation for rolling out TCAS over a 1,427 km stretch in South Central Railway. The tenders are expected to be finalised during the second half of 2017-18.

HBL's TCAS system is approved for Safety Integrity Level IV, by ItalCertifer, a reputed safety assessing agency in Italy.

Train Management System (TMS)

TMS is an integrated real-time traffic management system that offers monitoring and control of train movement. TMS acquires the signaling information like Signals, Track Circuits and Points etc. from the station interlocking system on a real time basis. TMS also gets the train/rake identification details from the originating point of the TMS zone/territory. This information is processed and used to monitor movement of trains and facilitates timely decision making for the operators in regulating train movement, diversion of trains, induction of trains, withdrawal of trains and planning reversal of trains in the TMS zone/territory. TMS helps to significantly increase the traffic throughput over existing infrastructure, with considerably less investment.

HBL's TMS is the only indigenous solution available and has already been commissioned in Kolkata Metro and in a 50-station area of Eastern Railway in Howrah Division. The Indian Railways has made a budget provision of ₹136 crore in fiscal 2018 to expand TMS coverage in Eastern and Southern Railway. Any competition will be foreign.

Electronic Interlocking System (EIS)

Located at railway stations, this fail-safe, automated system controls the movement of trains through multiple tracks in the station and prevents unsafe movements. This state of the art product was offered for testing by RDSO. This new system will be approved in the current fiscal year. Certification by ItalCertifer, Italy, for conformity with Safety Integrity Level 4, has been recently completed for EIS.

Digital Axle Counter (DAC)

DAC counts the number of axles between specified entry and exit points on a given section of the track. If the two numbers match exactly, it signifies a vacant track and therefore permits the next train to go through.

HBL's DAC system is assessed and certified by Bureau Veritas, Italy, for compliance with the stringent CENELEC standards for Safety Integrity Level 4, and is undergoing field trials for approval by RDSO. The approval will be in place by end of the current fiscal year.

Integrated Power Supply (IPS) System

IPS is a centralised power management solution that receives AC power from

HBL developed Grid Tie String Inverter(s) for on-grid solar application. These inverters convert the DC power into AC power to be fed into the grid for downstream usage. Field trials and seed marketing will be the focus in fiscal year 2017-18.

the grid, converts it into AC and DC power of different voltages to replace multiple systems earlier used to operate the various electronics and signaling equipment at a railway station.

HBL is a Part 1 (preferred) supplier to the Indian Railways for this solution. The Company is witnessing significant revenue growth every year for the past three years, with about ₹50 crore revenue targeted in fiscal 2018.

Optimism

The Indian Railways is among the world's largest rail networks. The Indian Railways network is spread over 115,000 km, with 12,617 passenger trains and 7,421 freight trains each day from 7,172 stations. The Indian Railways is focused on reducing the number of accidents and improved safety and signaling is an important tool to this end. The Government has committed to create a fund named "Rashtriya Rail Sanraksha Kosh" worth ₹100,000 crore (US$ 15 billion), which will be directed towards passenger safety. The signaling share of such safety budgets varies from 5% to 10%. Though safety and signaling has been a high priority, the progress so far has been slow due to the exorbitant and unaffordable costs of imported electronic systems. Thus Indigenous solutions will be affordable and will have a good market.

Industrial Electronics Division

Industrial Electronics division has three business units – Battery Chargers, Electronics for Solar Power and Permanent Magnet Machines.

Battery Chargers

HBL has been manufacturing and supplying analog thyristor controlled battery chargers for more than 25 years. In fiscal 2018, this product line will be expanded to include digitally controlled thyristor chargers with advanced communication and remote monitoring and control features. HBL is also working on the development of IGBT controlled battery chargers, which give higher efficiency and are smaller in footprint. With new models of advanced technology being introduced in fiscal 2018 and 2019, revenues from the business unit are expected to grow in fiscal 2019.

Solar Electronics

HBL developed Grid Tie String Inverter(s) for on-grid solar application. These inverters convert the DC power into AC power to be fed into the grid for downstream usage. Connected in parallel, inverter(s) can be used for up to 200 KW SPV power plants. Field trials and seed marketing will be the focus in fiscal 2018.

HBL has also developed solar pump controllers that convert the DC power into AC power, which can be used to run water pumps. These are available in 3, 5 and 7.5 HP ratings with various pump heads.

Revenue in fiscal 2018 from the above products is targeted at ₹30 crore.

Design of 30 KW alternator required by the Railways for achieving self-generation in LHB coaches has been completed. Prototype approval by the Indian Railways is expected to be completed in fiscal year 2017-18.

Optimism

The Government of India is taking numerous initiatives to augment renewable energy capacity, including a 10-year tax exemption for solar energy projects. Renewable energy capacity has gone up from 27.5 GW in 2013 to about 50 GW in 2017. The country's renewable energy capacity target is 175 GW by 2022 and 275GW by 2027. The solar power cost is becoming cheaper by the year, and is well below the cost of thermal power.

In 2017, the solar energy sector is likely to add nearly 9 GW of capacity, doubling to 18 GW. The Ministry of New and Renewable Energy has pledged to achieve 100 GW of solar energy capacity by 2022. The predominant part of generation will be on-grid. As per Company estimate, the cost of inverter(s) accounts for 8% of total project cost – offering enormous potential for Grid Tie Inverter(s).

Permanent Magnet Machines

There is a substantial technology gap in India for brushless DC machines, which are more efficient in terms of energy usage, lighter, smaller and easier to control. Such a technology gap attracts the attention of HBL, consistent with it's vision of preferring high value engineered products for demanding customers. The focus is on both motors and alternators.

High efficiency, light weight and compact motors, and associated electronic controllers have been developed for use in electric vehicles, and are completing in house tests. HBL is investing significantly in R&D efforts for development of drive train solutions for e-vehicles, to supply to OEM's. The drive train will include permanent magnet motors, electronic controllers, lithium batteries and battery chargers.

Design of 30 KW alternator required by the Railways for achieving self-generation in LHB coaches has been completed. Prototype approval by the Indian Railways is expected to be completed in fiscal 2018, and field trials will be completed in fiscal 2019.

A 300 KW motor for propulsion of torpedoes is also designed and prototype manufacture is in progress. The Company expects to supply this motor to the customer in fiscal 2019.

The Company expects to see considerable revenue potential from fiscal 2019 from this business unit.

Optimism

The National Electric Mobility Mission Plan 2020 envisages large scale deployment of electric 2-wheelers, 3-wheelers, cars and buses. Going ahead, India is looking at the ambitious plan of having an all-electric car fleet by 2030 with an express objective of lowering the fuel import bill and running cost of vehicles. If India has to achieve this ambitious goal, the country would require more than 10 million electric cars in 2030, compared to the near to 1.3 million on the road worldwide in 2015.

Defense Electronics Division

HBL's deep engineering knowledge, in-house developed cutting-edge technology, sophisticated infrastructure and robust operational systems and processes enable it to support foreign companies to meet their obligations under the offset-clause.

The Company possesses the capabilities of both 'Build to Print' and 'Build to Specification' to support this offset demand.

HBL's ability to partner global defence majors is reflected in the successful completion of a few projects. This is expected to open the doors to many more such profitable growth opportunities over the coming years.

- Successfully partnered with DCNS of France, for producing and supplying IPMS (Integrated Platform Management System) and Steering Consoles for four Scorpene submarines being built at Mazagon Dock Limited.
- Produced and delivered two Fire Control Systems (FCS) for torpedoes used in submarines.
- Partnered with Elbit of Israel, for supplying communication systems for armoured vehicles, and positioned as prime contractor for the large order from the Indian Ministry of Defence. The last phase of supplies will be completed in August 2017.

In fiscal 2018, HBL is introducing an advanced technology headset (hitherto not used in India) for use by Special Forces, which will allow them enhanced situational awareness, while remaining connected with others on a radio communication link. These headsets, based on bone conduction technology, bring hi-fidelity audio performance while being extremely comfortable for the user to wear and operate. The headset will find application in the police forces as well.

Optimism

India ranks among the top 10 countries in the world in terms of its military expenditure and import of defense equipment. Offsets are a provision in the Indian Defence Procurement Policy that require any foreign arms manufacturer securing an order worth more than ₹2000 crore (enhanced from ₹300 crore in the year 2016) from India to source components worth 30% of the value of the order from India.

The offset opportunity is expected to rise from US$ 2.4 billion in 2013-14 to over US$ 10 billion per annum in the next few years, just on the basis of current capital purchase requirements.

Focus areas for the current year

- Secure product approval for Electronic Interlocking System; Digital Axle Counter and 30KW alternator from the Indian Railways
- Complete development of IGBT based chargers
- Leverage seed marketing efforts in building awareness among customers - for HBL's Solar Grid Tie Inverters and Pump controllers
- Roll out advanced hi-fidelity handsets for armed special forces
- Realign manufacturing infrastructure to support scale and production of varied products.
- Commence development of RF seekers for missiles
- Begin development of improved version(s) of TCAS to support operation at higher train speeds.

SBU-3

Defence

Manufacturing facility

SHAMIRPET, Hyderabad, Telangana

Product line: Specialty batteries

Certifications: ISO 9001:2008; EMS; OHSAS; IRIS and EASA

Batteries for various applications

HBL is the largest battery manufacturer in India for defence sector. The Company's in-house developed product basket comprises batteries for diverse applications – fighter aircrafts, helicopters, transport aircrafts, UAVs, submarine propulsion, light weight and heavy weight torpedoes, battle tanks, missiles and artillery fuzes, among others.

The Company has developed and secured approval for high performance batteries meant for Kilo class submarine (in 2015-16) and Scorpene class submarine (in 2016-17) applications. The Company also participated in an Indian Navy tender for supplying batteries for Scorpene class submarines.

These high margin products are expected to result in profitable business growth as they are critical defence components.

HBL is self-sufficient in the design and manufacture of all types of electronic artillery fuzes for different calibers of artillery guns; also exploring opportunities in ammunition space.

Ammunition

Painstaking efforts spanning more than a decade have made HBL self-sufficient in the design and manufacture of all types of electronic artillery fuzes for different calibers of artillery guns. The Company will shortly bid for a ten-year contract for supplying artillery fuzes to the Indian Army. In addition, the Company is also pursuing potential export orders for these fuzes.

HBL is also bidding for contracts for supplying rockets and anti-tank ammunition to the Indian Army. The Company is negotiating with overseas OE manufacturers for technology transfer to enable it to commence manufacturing operations. The Company has acquired requisite land for a dedicated facility and construction of the plant is likely to commence by the end of fiscal 2018.

Optimism

The Ministry of Defence under its 'Make in India' initiative is actively facilitating the participation of private sector players for manufacturing ammunition for the armed forces, an opportunity hitherto reserved for the state-owned ordnance factories. This is expected to open a high-value, high-growth business opportunity for the private sector going forward.

The Indian Ministry of Defence has recently approved key policy changes to give priority to locally made defence equipment and fund Indian private sector research and development in defence. The Defence Acquisition Council (DAC), has approved changes to its Defence Procurement Procedures (DPP) to introduce a new category for indigenously made products. Under the new policy for Indigenously Designed, Developed and Manufactured (IDDM) equipment, it will be mandatory for 60% of the equipment content to be sourced locally.

Focus areas for the current year

- Investment in automation of components production for artillery fuzes, to meet expected bulk demand.
- Secure statutory clearances and create necessary infrastructure for producing ammunition - namely, explosives licenses, industrial licenses, buildings and security arrangements

Responsibility beyond business

HBL's vision of harnessing Indian engineering talent to build a sustainable business goes hand in hand with its purpose of contributing to socio-economic development that improves the quality of life in the communities where it is operating.

HBL has been doing what is now being termed as CSR, even before it had become a statutory obligation. Since inception, HBL had put in place a viable program addressing key societal needs of healthcare, primary education, availability of potable water and sanitation – making an enduring impact on the lives and livelihoods of people around its operations.

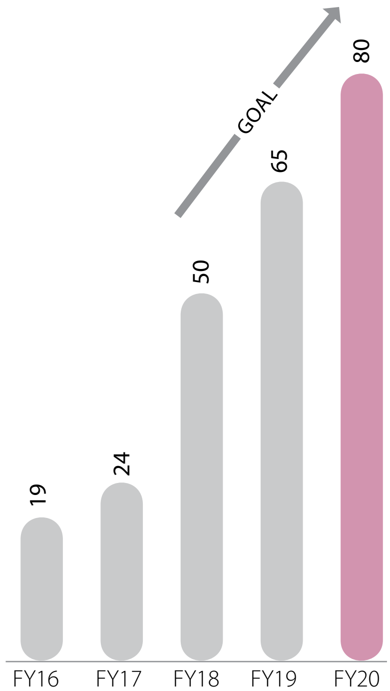
HBL has set itself a clear roadmap with a substantial increase in both the coverage and spend in all of its CSR initiatives. The Company has added a new focus area of Old-Age Homes as a part of its CSR initiatives.

Healthcare: As stated in the 'Convention on the Rights of the Child', nutrition is a crucial and universally-recognised component for a child to grow into a healthy adult. This is especially true for children in the age group of 3-6. Healthy children are harbingers of an enthusiastic and energetic society. In keeping with this belief, HBL supports child welfare centers in local communities by providing safe, nutritious and wholesome meals to children in this age group. The Company has increased its spend in this area by 10% in fiscal 2017 over the previous year.

Education: Girl child education, an often neglected area, has been a pet initiative of HBL for long. HBL continues to passionately support this initiative by providing scholarships to encourage them to pursue higher education. The Company also supports pre-primary and primary education by providing learning aids, sponsoring teachers and creating a joyful school environment, thereby drawing kids to attend school. The Company has increased the coverage of children by 23% and investment by 30% in fiscal 2017 over the previous year.

Potable water: Access to potable water, a basic amenity that every Government promises to provide its citizen, continues to remain a daunting challenge in India. HBL is working with local communities to create facilities

Growing smiles



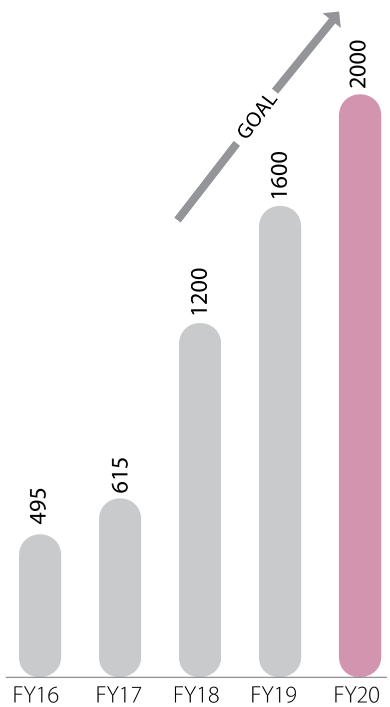
Number of centers

that enable access to safe, potable water to local communities.

Sanitation: Awareness of good sanitation practices is the first step towards adopting them. HBL has been conducting periodic programs and workshops with the local communities to educate them on the benefits of good sanitation practices. As a supplementary activity, HBL has been helping them by devising waste collection and management mechanisms and by providing garbage collection vehicles. These initiatives have resulted in significant improvements in sanitation levels in the local communities.

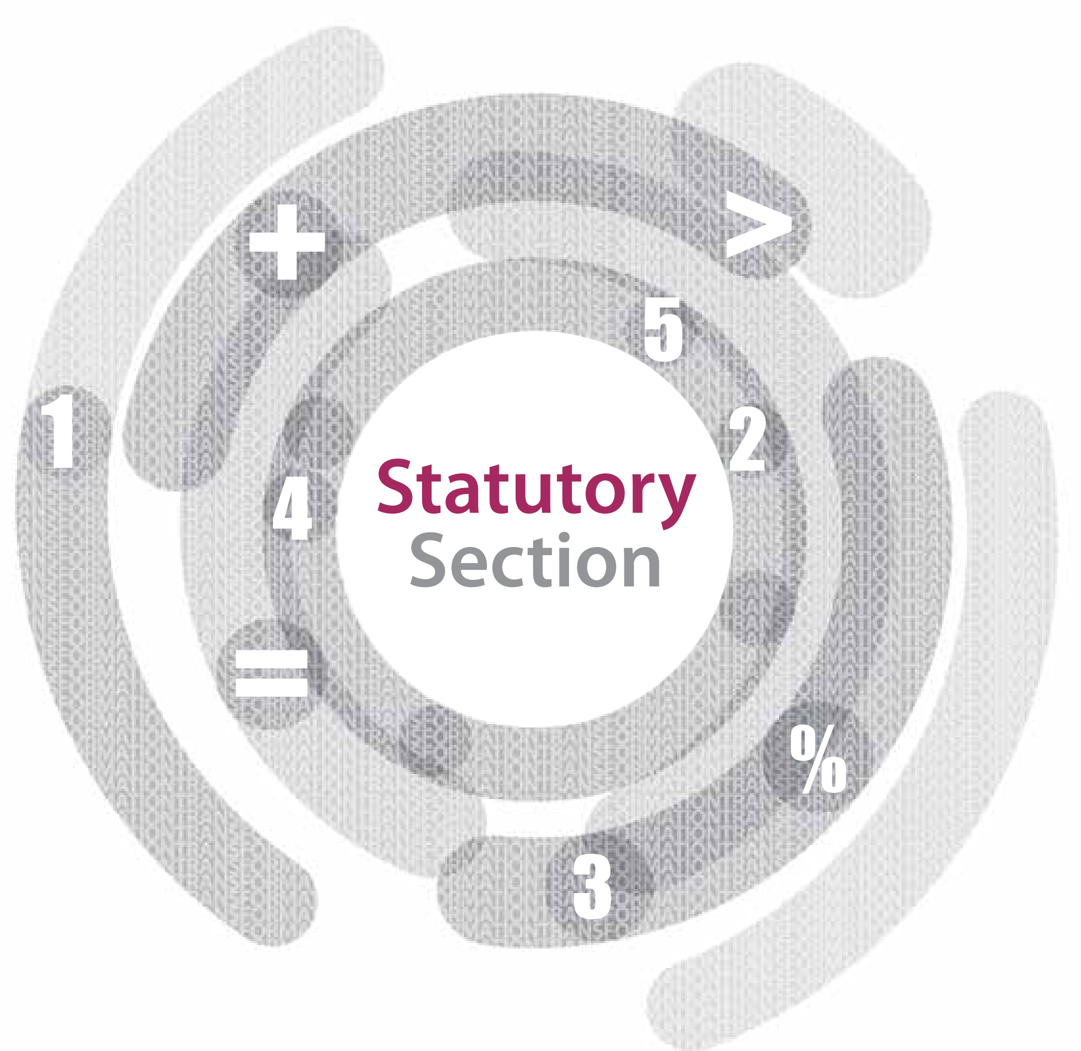
Old Age Homes: Senior Citizens in their sunset years deserve physical and emotional support after having strived for their families. While many senior citizens enjoy this support at home, but a rapidly increasing number lacks this life imperative. These elderly citizens then have to rely on old age homes in their later years. This is a new CSR initiative of HBL and will be pursued in earnest.

Joy of Giving: HBL had organised a joy of giving program for the first time in October 2016. A week long program was successfully conducted across all locations with active participation of the entire staff and workforce. Contributions, collected in cash and kind, were distributed among several needy people – senior citizens and young children. The employees organised medical camps, blood donation camps and Swachh Bharat initiatives as well.



Number of children

Statutory Section



Corporate Information

Board of Directors
Dr. A J Prasad - Chairman & Managing Director

M S S Srinath - Whole Time Director

P Ganapathi Rao - Independent Director

Preeti Khandelwal - Independent Director

Ajay Bhaskar Limaye - Director

Mitin Jain - Director

Audit Committee
P Ganapathi Rao - Chairperson

M S S Srinath - Member

Preeti Khandelwal - Member

Chief Financial Officer
Mrs. Kavita Prasad

Company Secretary
MVSS Kumar

Auditors
M/s. Rao & Kumar

Chartered Accountants

10-19-15, Soudamani, Siripuram

Visakhapatnam-530 003

Cost Auditors
M/s. Narasimha Murthy & Co.

Cost Accountants, Hyderabad - 500 029

Bankers
State Bank of India

IDBI Bank Limited.

Axis Bank Limited

ICICI Bank Limited

HDFC Bank Limited

Registered Office:
8-2-601, Road No 10,

Banjara Hills, Hyderabad – 500 034

CIN: L40109TG1986PLC006745

Phone : +91 40 23355575, Fax: +91 40 23355048

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

Registrar and Share Transfer Agents
M/S Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda, Hyderabad – 500 032.

Tel : +91 040 67161530

e-mail: mailmanager@karvy.com

NOTICE

To the members
HBL Power Systems Limited

NOTICE is hereby given that the thirty-first Annual General Meeting of the members of HBL POWER SYSTEMS LIMITED will be held at KLN Prasad auditorium, Federation of Telangana and Andhra Pradesh Chamber of Commerce and Industry, 11-6-841,Red Hills, Hyderabad 500 004 on Tuesday, September 26, 2017 at 4.00 p.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the company for the financial year ended March 31, 2017 together with the reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend for the year ended March 31, 2017.
3. To appoint a director in place of Mr. Ajay Bhaskar Limaye, who retires by rotation and is eligible for re-appointment.
4. To appoint auditors for the year 2017-18 till the conclusion of the next Annual General Meeting (AGM) and to authorize the Board to fix their remuneration.

"RESOLVED that pursuant to the provisions of Section 139 and any other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, and pursuant to recommendation of the Board of Directors (including Audit Committee of the Board), M/s. Rao & Kumar, Chartered Accountants, Visakhapatnam (ICAI Firm Registration No. 03089S) who were appointed at the 26th Annual General Meeting (AGM) held in 2012 for a period of five years and hold office until the conclusion of ensuing AGM, be and are hereby appointed as independent statutory auditors of the company for a further period of five years to hold office from the conclusion of this AGM till the conclusion of the 36th AGM of the company to be held in the year 2022, subject to ratification by the members at every Annual General Meeting held thereafter, at such remuneration and reimbursement of out of pocket expenses (if any) as may be recommended by the Audit Committee and decided by the Board of Directors of the company in consultation with the auditors."

For and on behalf of the Board

Place: Hyderabad 500 034
Date : August 11, 2017

MVSS Kumar
Company Secretary

CIN: L40109TG1986PLC006745
Regd. Office:
8-2-601, Road No.10
Banjara Hills, Hyderabad-500034
Phone : +91 40 23355575, Fax: +91 40 23355048
E-Mail: contact@hbl.in; investor@hbl.in

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited at the company's registered office, duly completed and signed, not less than 48 hours before the meeting. Proxies submitted on behalf of companies, societies, trusts etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. members/Proxies should bring the attendance slip duly filled in for attending the meeting.

2. The Register of members and Share transfer books of the company shall remain closed from September 20, 2017 to September 26, 2017 (both days inclusive).

3. If the dividend as recommended by the Board of Directors is approved at the AGM, payment of such dividend will be made as under:

   a) To all beneficial owners in respect of shares held in dematerialized form as per the data made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on September 19, 2017;

   b) To all members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the company on or before the close of business hours on September 19, 2017

4. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the company's records which will help the company and the company's Registrars and Transfer Agents, Karvy Computershares Private Limited (Karvy) to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.

5. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those members whose e-mail addresses are registered with the company/Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

6. Members seeking any information with regard to the accounts are requested to write to the company at an early date, so as to enable the Management to keep the information ready at the meeting.

7. To support the 'Green Initiative', the members who have not registered their e-mail addresses are requested to register the same with Karvy / respective depositories.

8. Members who have not so far presented dividend warrant(s) for the Financial Year 2009-10 are requested to seek to issue a duplicate warrant(s) by writing to the company's Registrars and Transfer Agents Karvy, immediately. Members are requested to note that dividends unclaimed within 7 years from the date of transfer to the company's Un-paid Dividend Account will, as per Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund.

9. As per Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (LODR) Regulations, 2015 as amended from time to time, the company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the notice. Necessary arrangements have been made by the company with Karvy to facilitate e-voting. The instructions for e-voting are given hereunder.

   Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

(A) In case a member receives an email from Karvy [for members whose email IDs are registered with the company/ Depository Participants (s)]:

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

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

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

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

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

vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the company"

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

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

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

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

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

xii. Corporate/Institutional members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email kranthisarkar369@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

(B) In case of members receiving physical copy of Notice [for members whose email IDs are not registered with the company/Depository Participants (s)]:

i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.

ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

Voting at AGM: The members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The company will make necessary arrangements in this regard at the AGM Venue. The facility for voting through ballot shall be made available at the meeting. Members who have already cast their votes by remote e-voting are eligible to attend the meeting; however those members are not entitled to cast their vote again in the meeting.

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

OTHER INSTRUCTIONS:

a. In case of any query and/or grievance, in respect of voting by electronic means, members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.karvy.com (Karvy Website) or contact Mr. B Srinivas (Unit: HBL Power Systems Limited) of Karvy at the details provided in corporate information section or at evoting@karvy.com or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on Saturday, September 23, 2017 (09.00 AM IST) and ends on Monday, September 25, 2017 (05.00 PM IST). During this period, members of the company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 19, 2017 may cast their votes electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution(s) is cast by the Member , the Member shall not be allowed to change it subsequently.

d. The voting rights of Member s shall be in proportion to their share of the paid up equity share capital of the company as on the cut-off date i.e. September 19, 2017.

e. In case a person has become a Member of the company after despatch of AGM Notice but on or before the cut-off date for E-voting i.e., September19, 2017, he/she may obtain the User ID and Password in the manner as mentioned below :

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

      Example for NSDL:

      MYEPWD <SPACE> IN12345612345678

      Example for CDSL:

      MYEPWD <SPACE> 1402345612345678

      Example for Physical:

      MYEPWD <SPACE> XXXX1234567890

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

   iii. Member may call Karvy's toll free number 1-800-345 4001.

   iv. Member may send an e-mail request to einward.ris@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

   v. The Board of Directors has appointed CS CN Kranthi Kumar, as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

   vi. The result of E-voting will be declared after the date of Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the company's website www.hbl.in and on the website of Karvy i.e. www.evoting.karvy.com within two days of the passing of the resolutions at the 31st Annual General Meeting of the company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the company are listed.

Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 brief particulars of the Directors proposed for re-appointment/ appointment at the Annual General Meeting are given below

Name of the Directors	Mr. Ajay Bhaskar Limaye
Date of Birth	20.05.1969
Date of first appointment	01.02.2013
Qualification	CFA charter holder with prior qualification as an engineer with an MBA in finance
Expertise in specific functional Area	Vast experience in the investment industry in India. During this period, he has been involved in managing various types of funds inlcuding Private Equity Fund (diversified growth capital), Venture Capital Fund, Technology Fund, Infrastructure Fund and Special Situations Fund, besides listed market investments
Details of other Directorships	Data Patterns (India) Private Limited
Details of Committee and membership status	NIL

Directors' Report

To Dear Members,

Your directors take pleasure in presenting the 31st annual report for the financial year ended on March 31, 2017. The financial performance is presented below (standalone basis as per Ind AS).

₹ in Lakhs

S No.	Particulars	2016-17	2015-16
1	Revenue from operations	152,986.23	139,570.67
2	Other income	1,720.51	1,263.97
3	Total income	154,706.74	140,834.64
4	Total expenditure	139,981.36	126,047.87
5	Earnings before interest, depreciation and tax (EBIDTA)	14725.38	14786.77
6	Finance costs	4,621.68	6,835.66
7	Depreciation and amortization expenses	4,817.75	5,035.40
8	Profit before exceptional items and tax	5,285.95	2,915.71
9	Exceptional items – income / (expenses)	(279.03)	(896.16)
10	Profit before tax (PBT)	5,006.95	2,019.55
11	Provision for tax and deferred tax adjustment	1,445.52	1,237.57
12	Total comprehensive income for the period (PAT)	3,220.38	405.19
13	Earnings per share (basic and diluted EPS of ₹1/- each)	1.16	0.16
14	Proposed dividend (on share of ₹1 each)	25%	25%

Adoption of Indian Accounting Standards (Ind AS)

As notified by the Ministry of Corporate Affairs, your company adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2016. The financial statements of the company for the year have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (as amended). For all the periods up to and including the year ended March 31, 2016, the company prepared its financial statements in accordance with requirement of previous GAAP, which includes Accounting Standards notified under section 133 of the Companies Act, 2013 read together with Companies (Accounting Standards) Rules, 2006. These financial statements for the year ended March 31, 2017 are company's first Ind AS financial statements. Accordingly, the financial statements have been prepared based on Ind AS 101- First time adoption of Indian Accounting Standards with a date of transition to Ind AS as April 1, 2015. Previous year's figures have been regrouped and presented according to Ind AS requirement.

Performance review 2016-17

FY 2016-17 has been a fruitful year for the company. Revenue from operations showed an increase of 9.6% over last year while Profit before Tax (PBT) showed an increase of 247%. Efforts were directed towards strengthening our capabilities as markets became competitively challenging. Improved operational efficiencies coupled with cost savings and reduction in cost of borrowings have resulted in considerable growth in gross margins and profit after tax (PAT). Your company is well prepared to address the challenges posed and is geared up to maintain growth momentum.

Current year's performance

During the year a constitutional amendment paved the way for the long-awaited and transformational Goods and Services Tax (GST). The outlook for 2017-18 remains positive with a favourable domestic economic growth recovery forecast of the Government. Opportunities are expected in both traditional as well as new areas of business which shall enable your company to embark on a growth path. As a leading manufacturer of a variety of industrial batteries and electronics products your company has been adept at transforming itself to address the opportunities in railways and defence business segments. The management discussion and analysis (MDA) section of the annual report presents a detailed business review of the Company.

Dividend

Your directors are pleased to recommend 25% dividend (i.e. ₹0.25 paise per equity share of ₹1 fully paid up share) for the financial year 2016-17 as in the previous year, subject to the approval of the members at the ensuing annual general meeting. The proposed dividend including Dividend Tax will absorb ₹834.07 lakhs.

Subsidiary companies:

The consolidated financial statements of the company and its subsidiaries prepared in accordance with the Companies Act, 2013 and applicable accounting standards, forms part of this annual report. The consolidated financial statements presented by the company include the financial results of its subsidiary companies, associates and joint ventures. (As on March 31, 2017)

Subsidiaries	1. HBL America Inc.
	2. HBL Germany GmbH, Germany
	3. SCIL Infracon Private Limited
	4. HBL Suntech LLP
Associate companies (within the meaning of Section 2(6) of the Companies Act, 2013)	Naval Systems and Technologies Private Limited (NSTL)
	Kairos Engineering Limited (KEL)
Joint Venture Company	Gulf Batteries Co. Ltd (JV in the Kingdom of Saudi Arabia - KSA).

There has been no material change in the nature of the business of the subsidiaries. As per provisions of section 129(3) of the Act, a table containing salient features of the financial statements of the company's subsidiaries in Form AOC-1 is attached.

Pursuant to the provisions of section 136 of the Act, the financial statements of the company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are placed on the website of the company.

Highlights of performance of subsidiaries, associates and joint venture companies and their contribution on overall performance of the company.

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

SUBSIDIARIES

HBL America Inc. (HBLA)

HBL America continues to face challenges in its main sectors of oil and gas. South America continues to face economic and political uncertainty. New approvals in the rail and aviation sector in particular are progressing and will lead to increased future sales. New products are being introduced targeting the data center market.

HBL Germany GmbH (HBLG)

HBL Germany continues to strengthen our base for selling in Europe. The company has seen a steady revenue growth YoY after a lean year in FY 15. While there has been almost a 3 fold increase in revenue from FY 15 to FY 16, there has been a 20% revenue growth from FY 16 to FY 17. The sales team has been enhanced and HBLG is targeting a growth of 10% for FY 18 as compared to FY 17.

SCIL Infracon Private Limited (SIPL)

Shareholders are already aware that SIPL is not in operation since a few years. Some of the assets of SIPL were disposed off during 2015-16 to pay off the liabilities. The loss reported in the year was mainly due to write off of assets not in saleable condition. In a situation of no business operations, SIPL directors are examining various alternatives about the continuity of the company

HBL Suntech LLP

HBL Suntech LLP was incorporated in 2011 to take up trading and sale of monoblock batteries. However, due to continuous losses and unviable business outlook, operations of HBL Suntech LLP were discontinued with effect from April 1, 2014. Only administrative works related to closure of business, follow up on certain statutory matters and realisation of old book debts were conducted in the year under review. The loss reported in the year was mainly due to write off of unrealized receivables.

ASSOCIATE COMPANIES

Naval Systems and Technologies Limited (NSTL)

NSTL is a service provider to foreign original equipment manufacturers (OEMs) mainly operating in the field of marine equipment in Indian Navy. The services provided include installation, trials and commissioning of various equipment, annual maintenance, specialised documentation etc. NSTL has proven expertise in providing technical support, conducting feasibility studies for complex systems, market research and software support. FY 2016-17 was a good performance year for NSTL with an income of ₹638.71 lakhs and a PBT of ₹160.50 lakhs. Barring unforeseen reasons, year 2017-18 may possibly be a very good performance year for NSTL. Your directors believe that NSTL will continue to grow into different niche areas, and maintain its profitability.

Kairos Engineering Limited (KEL)

KEL was primarily engaged in software solutions for railway signaling controls. Some of the products developed earlier are yet to get due recognition from railways for commercial implementation. As result of such delays during the year KEL did not receive any new orders and there was no operational income from sales or service. In a situation of no business operations, KEL directors are examining various alternatives about the continuity of the company.

JOINT VENTURE

Gulf Batteries Co. Ltd (GBC) in the Kingdom of Saudi Arabia (KSA)

Your company holds 40% stake in GBC. Due to low oil prices influencing the economic and business scenario in the KSA operations were below breakeven level and resulted in a loss.

Overall contribution on the performance of the Company

Pursuant to provisions of section 129(3) of the Act, highlights of financial performance and impact of the contribution of subsidiaries, associates and joint venture companies on overall performance of your company are presented in the consolidated financial statements in Form AOC-1 in Notes to accounts.

Scheme of arrangement and amalgamation between Beaver Engineering & Holdings Private Limited and the company

The board of directors of your company at a meeting held on March 23, 2016 have approved a scheme of arrangement and Amalgamation of Beaver Engineering & Holdings Private Limited ('Beaver' or 'Transferor Company') with HBL Power Systems Limited ('HBL' or 'the Transferee Company'). Beaver is a holding company of HBL. The honorable bench of National company Law Tribunal (NCLT) at Hyderabad formally approved the scheme on May 9, 2017. A certified copy of the order of NCLT dated July 7, 2017 was since received by the company on July 13, 2017 and allotment of shares as per exchange ratio approved in the scheme was made at a meeting of the board of directors on July 19, 2017. Necessary steps have been taken to list these shares in BSE and NSE. These shares shall rank pari-passu in all respects with the existing shares including dividend if any declared

Material changes and commitments

No material changes and commitments have occurred after the closure of the FY 2016-17 till the date of this report, which would affect the financial position of your company.

Directors' responsibility statement

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

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

ii. they have selected such accounting policies as per Ind AS and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

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

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

The board wishes to inform that subsequent to approval of the standalone financial statements for the financial year 2016-17 at the board meeting held on May 26, 2017 and submitted to the stock exchanges and published in press subsequently, it was opined by the board of directors to reclassify / regroup certain items in the final print version of standalone financial statements circulated in this annual report.

Such reclassification / regrouping of the figures constitute an overall change of approximately 0.18% of the balance sheet total between that presented at the Board meeting held on May 26, 2017 and the figures in these standalone financial statements. Therefore, as a matter of corporate governance, the board felt it necessary to inform the members and the stakeholders to make note of the same. Adequate disclosure has been made in note no. 45 to accounts in respect of the effect of such reclassification / regrouping.

Directors and key managerial personnel (KMP)

There is no change in the board of the company during the year. Mrs. Kavita Prasad has been appointed as a chief financial officer (CFO) and a KMP with effect from August 11, 2016.

During the year, the non-executive directors of the company had no pecuniary relationship or transactions with the company.

Mr. Ajay Bhaskar Limaye retires by rotation and is eligible for re-appointment. Your board recommends for his reappointment.

Number of meetings of the board

Five meetings of the board were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

Board evaluation

During the year under review as per the guidance note on board evaluation issued by Securities and Exchange Board of India, vide its circular dated 5th January 2017 pursuant to the provisions of the Companies Act and the corporate governance requirements prescribed by SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the board has carried out an annual evaluation of its own performance and that of its committees as well as performance of all the directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the board's functioning such as adequacy of the composition of the board and effectiveness of its committees, execution and performance of specific duties, governance, meaningful and constructive contribution and inputs in meetings etc. Evaluation was carried out based on responses received from the directors. A separate meeting of the independent directors also was held where in performance of non-independent directors, performance of the board as a whole and performance of the chairman and managing director was evaluated. The directors expressed their satisfaction with the evaluation process.

Policy on directors' appointment and remuneration and other details

The company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the directors' report.

Audit committee

The details pertaining to composition of audit committee are included in the report on corporate governance, which forms part of this report. The board of directors has accepted all the recommendations of the audit committee placed at respective meetings.

Statutory auditors

M/s Rao & Kumar, Chartered Accountants (FRN 03089S) Visakhapatnam who are the statutory auditors of the company retire at the conclusion of the ensuing annual general meeting (AGM) and are eligible for reappointment for a further period of five years to hold office from the conclusion of the ensuing AGM till the conclusion of the 36th AGM of the company to be held in the year 2022, subject to ratification by the members at every annual general meeting. Your directors recommend for their reappointment at the AGM.

Risk management

The company has deployed a comprehensive framework to identify, monitor and take all necessary steps towards mitigation of various risk elements which can impact the existence of the company on a periodic basis. All the identified risks are managed through continuous review of business parameters by the management and the board of directors is also informed of the risks and concerns.

Internal financial controls

Pursuant to section 134 of the Companies Act 2013, the directors state that the board, through the operating management has laid down internal financial controls to be followed by the company. Such financial controls are adequate with reference to the size and operations of the company. The internal controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. Based on the results of such assessments carried out by management, no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed. However, the existing controls have further scope for improvement for which necessary steps are being taken to strengthen the scope of internal audit and reviewing SoP's from time to time.

Particulars of loans, guarantees and investments

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

Transactions with related parties

None of the transactions with related parties falls under the scope of section 188(1) of the Act. Information on transactions with related parties pursuant to section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure I** in Form AOC-2 and the same forms part of this report. Related party transactions are in the ordinary course of business and on arm's length basis.

Corporate social responsibility

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

Extract of annual return

Pursuant to section 92(3) of the act, the extract of annual return is given in **Annexure III** in the prescribed Form MGT-9, which forms part of this report.

Particulars of employees

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

Employee Name	Mr. Suresh Kalyan
Total remuneration CTC (₹ lakhs)	₹122.38 lakhs
Designation and Nature of Duties	Chief Operating Officer (COO)
Qualification / Exp.(Yrs)	B.Sc., Chartered Accountant / 26 yrs
Date of commencement of employment	17.11.2014
Age	53
Last employment held before Joining the Company	Amara Raja Batteries Limited, Hyderabad, as President – Finance

a. The ratio of the remuneration of each non-executive director to the median remuneration of the employees of the company for the financial year: Not Applicable as none of the non-executive directors was paid any remuneration.

b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Directors, chief executive officer, chief financial officer and company secretary	% increase in remuneration in the financial year
Dr. A J Prasad, Chairman and Managing Director	42.86
Mr. MSS Srinath, Whole-time Director	38.27
Mrs. Kavita Prasad, Chief Financial Officer	Nil
Mr. MVSS Kumar, Company Secretary	4.30

c. The percentage increase in the median remuneration of employees in the financial year: 8.91%

d. The number of permanent employees on the rolls of company: 2118 (as at March 31, 2017)

e. The explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an annual increase of 8.91%. The individual increments varied from 8% to 30%, based on individual performance. As per the remuneration policy of the company, employees are compensated broadly in comparison with the median of the comparator basket, on the basis of performance, potential and criticality for achieving competitive advantage in the business. Salary increases during the year were in line with your company's performance as well as inflation and motivational factors.

f. Comparison of the remuneration of the key managerial personnel against the performance of the company:

Aggregate remuneration of key managerial personnel (KMP) in 2016-17 (₹ lakhs) including commission on profits to CMD	378.71
Revenue (₹ lakhs)	1,52,986.23
Profit before tax (PBT) (₹ lakhs)	5,006.95
Remuneration of KMPs (as % of revenue)	0.25
Remuneration of KMP (as % of PBT)	7.56

g. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2017	March 31, 2016	% Change
Market capitalisation (₹ crores)	1077.27	919.65	17.88
Price earnings ratio	36.94	47.20	(21.74)

h. Comparison of each remuneration of the key managerial personnel against the performance of the company: ₹ in Lakhs

Particulars	Dr. AJ Prasad	Mr. MSS Srinath	Mrs. Kavita Prasad	Mr. MVSS Kumar	Mr.K Mahidhar
Designation	CMD	Executive director	CFO (wef August 11, 2016)	Company secretary	Vice president, finance
Remuneration in 2016-17	96.00	50.40	16.92	23.99	34.87
Commission on profit	156.53	-	-	-	-
Revenue (net)	152986.23	152986.23	152986.23	152986.23	152986.23
Profit before tax (PBT)	5006.95	5006.95	5006.95	5006.95	5006.95
Remuneration as % of revenue	0.17	0.03	0.01	0.02	0.02
Remuneration (as % of PBT)	5.04	1.01	0.34	0.48	0.70

i. The key parameters for any variable component of remuneration availed by the directors:
   Only commission on net profits was paid to chairman and managing director in addition to the monthly remuneration.

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

Disclosure requirements

The applicable disclosures under chapter IV of the SEBI (LODR) Regulations, 2015, with regard to corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.

Vigil mechanism / whistle blower policy

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

Deposits from public

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

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) read with rule 8(3) of the Companies (Accounts) Rules, 2014 is given in the Annexure hereto.

Corporate governance

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

Cost auditors

Your board has appointed M/s K. Narashima Murthy & Co., Hyderabad, cost accountants as cost auditors of the company for conducting the audit of cost records of the company for the financial year 2016-17. Your board proposes to re-appoint them as cost Auditors for 2017-18 subject to the approval from Central Government.

Secretarial auditors

Your board has appointed Mr. CN Kranthi Kumar (CP No: 13889), practicing company secretary as a secretarial auditor for the financial year 2016-17 and his secretarial audit report is attached to this report. There are no qualifications, adverse comments and observations in the secretarial audit report for the year 2016-17.

Acknowledgements:

Your directors place on record its sincere appreciation towards the company's valued customers, vendors and esteemed shareholders for the support and confidence reposed by them in the management of the company and look forward to the continuance of this mutually supportive relationship in future.

Your directors take this opportunity to thank all the company's bankers and financial Institutions, the concerned Central and State Government Departments and Agencies for their support and co-operation to the company. The board has special appreciation for the employees for their dedicated services and their ability to deliver good results in the future.

For on and behalf of the board

Place : Hyderabad **Dr A J Prasad**
Date : August 11, 2017 Chairman & Managing Director

Conservation of energy, technology absorption, foreign exchange earnings and outgo

(Pursuant to Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014)

A. **Conservation of energy:** Energy saving devices such as re-cycling of heat and use of alternate sources of energy like solar energy/fuel oil are being implemented wherever possible.

B. **Technology absorption:** We have in-house R&D facilities. We may avail the consultancy services from overseas experts for strengthening our technology, as and when needed. We are in the process of absorbing the technology so developed and improved further.

C. **Foreign exchange earnings and outgo:** (₹ in Lakhs)

	Particulars	2016-17	2015-16
1	Value of imports (on CIF basis)		
	Raw materials, components & spares	23026.33	17825.07
	Capital items/ equipment	11.83	-
2	Expenditure in foreign currency		
	Commission	117.05	263.90
	Traveling expenses	191.72	162.83
	Professional charges	505.35	94.52
	Marketing expenses	297.95	467.13
	Others	576.51	374.24
3	Investment in subsidiary	-	99.03
4	Foreign exchange earnings		
	Export sales (on FOB basis)	17393.97	17323.37
	Services	53.86	44.80

For on and behalf of the board

Place : Hyderabad
Date : August 11, 2017

Dr A J Prasad
Chairman & Managing Director

Annexure I

Form No. AOC-2

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

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

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

   The company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during the financial year 2016-17.

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

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

Name of the related party	Nature of relationship
Beaver Engineering and Holdings Private Limited	Holding company of HBL and being merged with HBL promoters/ directors are common.
SCIL Infracon Private Limited	Wholly owned subsidiary
HBL Germany, GmbH	Wholly owned subsidiary
HBL America Inc, USA	Wholly owned subsidiary
Gulf Batteries Company Limited, KSA	Joint venture company.
HBL Suntech LLP	HBL holds 60% as a partner in LLP.
Naval Systems and Technologies Private Limited	Associate company

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

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

   d. Date(s) of approval by the board, if any: for all the above mentioned related parties, necessary approvals have been obtained at the 28th annual general meeting of the company held on December 27, 2014

   e. Amount paid as advances, if any: Nil

For on and behalf of the board

Place : Hyderabad
Date : August 11, 2017

Dr A J Prasad
Chairman & Managing Director

Annexure II

ANNUAL REPORT ON CSR ACTIVITIES

A brief outline of the Company's Corporate Social Responsibility policy, including overview of projects or programs undertaken:

HBL's corporate social responsibility (CSR) policy was initiated well before the statutory mandate. It is aimed to positively contribute towards economic, environmental and social wellbeing and improvement in quality of lives and living of the residents in and around the company's manufacturing facilities through its focus on education and skill development, livelihood based skills through sponsoring or tie-up with institutions, health and wellness, pre-school education for children below six years of age, providing safe drinking water to school children, promoting gender equality, eradication of undernourishment and rehabilitation of the under privileged communities through its CSR agenda. The projects undertaken by the company are within the broad framework of Schedule VII of the Companies Act, 2013 as amended from time to time.

The company sponsored anganwadi centre in Vizianagaram District, Andhra Pradesh was adjudged as a best model anganwadi centre. Apart from this, Company's efforts in managing and maintaining various Anganwadi centres have received commendable appreciation. The Government of Telangana, Department of Women and Child Welfare have offered support service to the anganwadi centres sponsored by the company vide a letter dated 5/5/2017 from Mrs. Viziendira Boyi, IAS, Director.

Composition of CSR committee:

The company has a CSR committee comprising of directors, CA. P Ganapathi Rao, chairman of the committee, Mr. MSS Srinath and Mrs. Preeti Khandelwal are the members.

Prescribed CSR expenditure:

The company has been spending on CSR focused programmes which have been approved by the CSR Committee and the board. A budget of ₹65.00 lakhs for FY 2016-17 was approved by the Committee and the board of directors. Against the approved budget, the company could spend ₹57.69 lakhs during the reporting period as per the statement below, which was higher than the minimum required spending under the Companies Act. (₹ in Lakhs)

Sl. no.	Sectors covered and CSR project	Project area (local or other)	Spent directly	Spent through agencies
1	Health and education : eradicating poverty, hunger, malnutrition, health and pre-school education for children below six years of age	Shameerpet	12.88	1.20
		Bhoothpur	13.59	0.48
		Vizianagaram	16.44	-
2	Water: providing safe drinking water to school children	Bhoothpur	0.90	-
		Nandigaon	0.42	-
		Vizianagaram	0.72	
		Shameerpet	0.10	
3	Health: promoting preventive health care through medical camps	Shameerpet & Tumkunta	0.45	-
		Vizianagaram	0.30	-
		Bhoothpur	0.16	-
		Nandigaon	0.12	
4	Livelihood: providing livelihood enhancing skills, empowering women and youth	Shameerpet & Tumkunta	0.20	-
		Bhoothpur	0.12	-
		Vizianagaram	0.22	
		Nandigaon	0.6	
5	Education: promoting quality of education for children by providing required facilities (soft and hard)	Shamirpet & Tumkunta	1.17	-
		Nandigaon	0.22	-
		Vizianagaram	0.24	

Sl. no.	Sectors covered and CSR project	Project area (local or other)	Spent directly	Spent through agencies
6	Education: promoting education and gender equality through assisting finance to girl child and under privileged children	Shamirpet & Tumkunta	1.30	-
		Vizianagaram	0.47	-
		Bhoothpur	0.12	-
		Nandigaon	0.17	
7	To provide financial assistance to the projects related to setting up old age homes/orphanages and such other facilities for senior citizens.		-	1.20
8	To provide financial assistance to the projects related to skills development for differently abled and livelihood enhancement.		-	1.80
9	Rural development projects - village development		-	2.64
	Grand Total		**50.37**	**7.32**

Responsibility statement of the CSR committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company:

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

For On and behalf of the Board

Place : Hyderabad
Date : August 11, 2017

Dr A J Prasad
Chairman & Managing Director

Annexure III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[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: L40109TG1986PLC006745

ii. Registration Date: 29.08.1986

iii. Name of the Company: HBL POWER SYSTEMS LIMITED

iv. Category / sub-category of the company: company Limited by shares / Indian non-government company

v. Address of the registered office and contact details:
8-2-601, Road No.10, Banjara Hills, Hyderabad-500034, Telangana
Tel: 91 40 2335 5575, Fax: 91 40 2335 5048
Email: contact @hbl.in Website: www.hbl.in

vi. Whether listed company: Yes

vii. Name, address and contact details of registrar and transfer agent, if any
M/S Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032.
Tel : +91 040 67161530
E-mail : mailmanager@karvy.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:-

S. No.	Name and description of main products / services	NIC code of the product / service	% to total turnover of the company
1	Manufacture of batteries	272	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the company	CIN	Holding / subsidiary / associate	% of shares held	Relevant section
1.	Beaver Engineering and Holdings Private Limited 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034 (see note below)	U21011TG1992PLC014050	Holding	59.25	2(46)
2	SCIL Infracon Private Limited Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015	U45400TG2007PTC054295	WOS	100%	2(87)
3	HBL America Inc. USA	Not applicable	WOS	100%	2(87)
4	HBL Germany GmBH, Germany	Not applicable	WOS	100%	2(87)
5	HBL Suntech LLP 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034	AAA-6399	Subsidiary	60%	2(87)
6	Naval Systems and Technologies Pvt Ltd., Plot#563. Road#31, Jubilee Hills Hyderabad-500033	U31403TG2006PTC051006	Associate	41%	2(6)
7	Kairos Engineering Limited	U31400TG1998PLC029359	Associate	23%	2(6)
8	Gulf Batteries Co. Ltd, KSA	Not applicable	Joint Venture	40%	2(6)

Note: Beaver Engineering and Holdings Private Limited (Beaver) is being merged with the company, the appointed dated being April 1, 2016. Since, the Hon'ble Bench of NCLT at Hyderabad had allowed the merger on May 9, 2017, the name of Beaver continued in this report as on March 31, 2017.

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

a. Category-wise Share holding

Category	Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01.04.2016				No. of Shares held at the end of the year i.e. 31.03.2017				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**PROMOTERS**									
1.	**INDIAN**									
a.	Individual/HUF	3,71,48,879	-	3,71,48,879	14.68	1,90,05,556	-	1,90,05,556	7.51	(7.17)
b.	Central Government/ State Government(s)	-	-	-	-					-
c.	Bodies corporate	150393653	-	150393653	59.44	168821740	-	16,88,21,740	66.73	7.29
d.	Financial institutions/ banks									-
e.	Others	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)		**187542532**	**-**	**18,75,42,532**	**74.13**	**18,78,27,296**	**-**	**18,78,27,296**	**74.24**	**0.11**
2.	**FOREIGN**									
a.	Individuals (NRIs/foreign individuals)	-	-	-	-	-	-	-	-	-
b.	Bodies corporate	-	-	-	-	-	-	-	-	-
c.	Institutions	-	-	-	-	-	-	-	-	-
d.	Qualified foreign investor	-	-	-	-	-	-	-	-	-
e.	Others	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of promoter and promoter group (A)		**18,75,42,532**	**-**	**18,75,42,532**	**74.13**	**18,78,27,296**	**-**	**18,78,27,296**	**74.24**	**0.11**
B	**PUBLIC SHAREHOLDING**									
1	Institutions									
a.	Mutual funds /UTI	2,00,06,503	-	2,00,06,503	7.91	2,17,04,656	-	2,17,04,656	8.58	0.67
b.	Financial institutions /banks	4,11,216	4000	4,15,216	0.16	1,84,061	4000	1,88,061	0.07	(0.09)
c.	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
d.	Venture capital funds	-	-	-	-	-	-	-	-	-
e.	Insurance companies	-	-	-	-	-	-	-	-	-
f.	Foreign institutional/ portfolio investors	1,45,690	-	1,45,690	0.06	1,09,960	-	1,09,960	0.04	0.02
g.	Foreign venture capital investors	-	-	-	-	-	-	-	-	-
h.	Qualified foreign investor	-	-	-	-	-	-	-	-	-
i.	Others	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)		**2,05,67,409**	**4000**	**2,05,63,409**	**8.13**	**2,19,98,677**	**4000**	**2,20,02,677**	**8.69**	**0.56**
2	Non- institutions									
a.	Bodies corporate	69,25,970	5010	69,30,980	2.74	51,12,576	-	51,12,576	2.02	-
b.	Individuals									
i.	Individuals holding nominal share capital upto ₹2 lac	28,913,031	40,25,604	3,29,38,635	13.02	2,84,86,302	39,26,934	3,24,13,236	12.81	(0.21)
ii.	Individuals holding nominal share capital in excess of ₹2 lac	32,41,992	-	32,41,992	1.28	25,61,071	-	25,61,071	1.01	(0.27)
c.	Others	17,78,452	-	17,78,452	0.70	30,83,144	-	30,83,144	1.22	0.52
Sub-Total (B) (2)		**4,08,59,445**	**40,30,614**	**4,48,90,059**	**17.74**	**3,92,43,093**	**39,26,934**	**4,31,70,027**	**17.06**	**(0.68)**
Total public shareholding group (B)		**6,14,22,854**	**40,34,614**	**6,54,57,468**	**25.87**	**6,12,41,770**	**39,30,934**	**6,51,72,704**	**25.76**	**(0.11)**
C. Shares held by custodians and against which depository receipts have been issued		-	-	-	-	-	-	-	-	-
Grand Total (A)+(B)+(C)		**24,89,65,386**	**40,34,614**	**25,30,00,000**	**100**	**24,90,69,066**	**39,30,934**	**25,30,00,000**	**100**	**-**

Note: Though the appointed of merger was April 1, 2016, the Hon'ble Bench of NCLT at Hyderabad has approved the petition on May 9, 2017, therefore, pending allotment of shares on March 31, 2017, the shareholding in the above table is of HBL alone.

b. Shareholding of promoters

Sr. No	Shareholder's name	Shareholding at the beginning of the year i.e. 01.04.2016			Shareholding at the end of the year i.e. 31.03.2017			% Change during the year
		No. of Shares	% of total Shares	% of Shares Pledged	No. of Shares	% of total Shares	% of Shares Pledged	
1.	Beaver Engineering and Holdings Private Limited	14,98,99,443	59.25	0.00	14,98,99,443	59.25	0.00	0.00
2.	Dr. A J Prasad	2,08,14,500	8.23	0.00	23,86,413	0.94	0.00	(7.29)
3	Mrs. Kavita Prasad	90,56,332	3.58	0.00	93,41,096	3.69	0.00	0.11
4.	Advay Bhagirath Mikkilineni	39,17,600	1.55	0.00	39,17,600	1.55	0.00	0.00
5.	Mr. MSS Srinath	18,29,260	0.72	0.00	18,29,260	0.72	0.00	0.00
6.	Mikkilineni Deeksha	15,31,187	0.61	0.00	15,31,187	0.61	0.00	0.00
7.	Barclays Wealth Trustees India Private Limited - Trusetee for Aluru Family Private Trust and Mikkilineni Family Private Trust	4,94,210	0.20	0.00	1,89,22,297	7.49	0.00	7.29
	Total	**18,75,42,532**	**74.13**	**0.00**	**18,78,27,296**	**74.24**	**0.00**	**0.11**

c. Change in Promoters' Shareholding

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date and nature of change	Increase/ Decrease in Shareholding		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Dr. A J Prasad	2,08,14,500	8.23	28.03.2017 – gifted	1,84,28,087	(7.29)	23,86,413	0.94
3	Mrs. Kavita Prasad	90,56,332	3.58	Between June 2016 and December 2016 acquired	2,84,764	0.11	93,41,096	3.69
4	Barclays Wealth Trustees India Private Limited - Trustee for Aluru Family Private Trust and Mikkilineni Family Private Trust	4,94,210	0.20	Acquired between 01.09.2015 to 24.02.2016	1,84,28,087	7.29	1,89,22,297	7.49

d. Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs and ADRs):

Sl No	Top 10 shareholders	Shareholding as at 01.04.2016		Cumulative shareholding as at 31.03.2017	
	The shares of the company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	HDFC Trusee Company Limited - HDFC Infrastructure Fund	1,25,11,301	4.95	1,31,11,301	5.27
2.	IDFC Sterling Equity Fund	73,24,677	2.90	74,08,155	2.93
3.	Ajay Upadhyaya	9,00,000	0.36	3,84,131	0.15
4.	Vishanji Shamji Dedhia	5,05,000	0.20	3,05,000	0.12
5.	Kanuri Family Trust	4,92,207	0.19	5,52,207	0.22
6.	ICM Finance Pvt Ltd	4,00,000	0.16	0	0
7.	Jainam Share Consultants Pvt Ltd	3,74,817	0.15	3,364	0.00
8.	Pankaj Jawaharlal Razdan	3,50,000	0.14	0	0
9.	VC Corporate Advisors Private Limited	3,12,756	0.12	1,69,749	0.07
10.	ICICI Bank Limited	3,00,716	0.12	78,988	0.03

e. Shareholding of Directors and Key Managerial Personnel:

Sr. no.	Beneficiary account no	Name of the shareholder	Date	Shareholding as at 01.04.2016		Cumulative shareholding as at 31.03.2017	
				No. of shares	% of total shares	No. of shares	% of total shares of the company
1	IN303559-10011800 and	Dr. A J Prasad	01.04.2016	2,08,14,500	8.23		
	IN301305-70030772		31.03.2017			23,86,413	0.94
2	IN303559-10001640	Mr. MSS Srinath	01.04.2016	18,26,010	0.72		
			31.03.2017			18,29,260	0.72
3	IN303559-10001666	Mrs. Kavita Prasad	01.04.2016	90,56,332	3.58		
			31.03.2017			93,41,096	3.69

f. Indebtedness: Indebtedness of the company including interest outstanding / accrued but not due for payment as at 31.03.2017

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness ~ In lakhs
Indebtedness at the beginning of the financial year				
i. Principal amount	5,159.97	9741.01	-	14,900.98
ii. Interest due but not paid				
iii. Interest accrued but not due	37.70	-	-	37.70
Total (i+ii+iii)	5,197.67	9741.01	-	14,937.68
Change in indebtedness during the financial year				
- Addition	1,291.40		-	1291.40
- Reduction	(2,344.12)	(9227.24)	-	(11,571.36)
Net change	4,144.94	-	-	4,144.94
Indebtedness at the end of the financial year				
i. Principal amount	4,127.54	513.77		4,641.31
ii. Interest due but not paid				
iii. Interest accrued but not due	17.40	-	-	17.40
Total (i+ii+iii)	**4,144.94**	**-**	**-**	**4,144.94**

g. Remuneration of directors and key managerial personnel

(i) Remuneration to managing director, whole-time directors and / or manager.

Sr. no.	Particulars of remuneration	Name of MD/WTD/manager		Total ₹ In lakhs
		Dr. A J Prasad	Mr. MSS Srinath	
1	Total salary (₹)	96.00	50.40	146.40
2.	Commission on profit (₹)	156.53	-	156.53
	Total	**252.53**	**50.40**	**302.93**

(ii) **Remuneration to other directors:**

Sr. No.	Fee for attending board / committee meetings	Total Amount (₹)
1	Independent directors	
	Mr. P Ganapathi Rao	1,13,000
	Mrs. Preeti Khandelawal	1,23,000
2	Other Non-executive directors	
	Mr. Ajay Bhaskar Limaye	10,000
	Total	**2,46,000**

(iii) **Remuneration to key managerial personnel other than MD / manager / WTD**

Sr. no.	Particulars of remuneration	Name of key managerial personnel			Total ₹ lakhs
		Mrs. Kavita Prasad chief financial officer	Mr. MVSS Kumar company secretary	Mr. K Mahidhar vice-president (finance)	
1	Total Salary	16.92	23.99	34.87	75.78

h. Penalties / punishment/ compounding of offences: There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

For on and behalf of the board

Place : Hyderabad
Date : August 11, 2017

Dr A J Prasad
Chairman & Managing Director

Annexure IV

FORM NO. MR - 3

Secretarial Audit Report for the financial year ended March 31, 2017

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

To
The members,
HBL Power Systems Limited,
CIN: L40109TG1986PLC006745,
8-2-601, Road No.10, Banjara Hills,
Hyderabad - 500 034, Telangana.

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 (hereinafter called the "audit period") complied with the statutory provisions listed hereunder and also that the company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on March 31, 2017 and were made available to me, 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. 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;

The company has complied with the provisions to the extent applicable to overseas direct investments in its wholly owned subsidiaries and joint ventures.

The company does not have any foreign direct investment and external commercial borrowings.

V. 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; and

d) SEBI (listing obligations and disclosure requirements) Regulations, 2015.

I have also examined compliance with the applicable clauses of the secretarial standards issued by The Institute of company Secretaries of India.

I report that, during the year under review, the company has complied with the provisions of the acts, rules, regulations, notifications, guidelines, circulars, secretarial standards issued by the appropriate authorities in this regard mentioned above.

I further report that, there were no events / actions in pursuance of:

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

b) The Securities and Exchange Board of India (issue and listing of debt securities) Regulations, 2008;

c) The Securities and Exchange Board of India (delisting of equity shares) Regulations, 2009;

d) The Securities and Exchange Board of India (issue of capital and disclosure requirements) Regulations, 2009; and

e) The Securities and Exchange Board of India (share based employee benefits) Guidelines, 2014.

requiring compliance thereof by the company during the audit period.

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

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

I further report that, the board of directors of the company is duly constituted with proper balance of executive directors, non-executive directors and independent directors. There were no changes in the composition of the board of Directors during the audit period.

Adequate notice is given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance to all directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the chairman, the decisions of the board were unanimous.

I further report that, based on the review of the compliance reports submitted by the management of the company and taken on record by the board of directors of the company, I am of the opinion 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.

I report further that, during the audit period:

• The scheme of arrangement and amalgamation between Beaver Engineering & Holdings Private Limited (transferor company) and the company (HBL Power Systems Limited, transferee company) was approved by the members and creditors of the company in a court convened meeting held on September 17, 2016, and the company has filed necessary petition with the Hon'ble High Court of Judicature at Hyderabad for the State of Andhra Pradesh and for the State of Telangana for approval of the scheme. The appointed date for the merger being April 1, 2016.

Subsequent to the filing of petition, pursuant to Ministry of Corporate Affairs notification dated December 8, 2016, such petitions were transferred to the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT) from the respective Hon'ble High Courts.

The National Company Law Tribunal at Hyderabad has allowed the Company Petition of Scheme of Arrangement and Amalgamation on May 9, 2017. However a certified true copy of the orders of the NCLT is awaited for further compliance. By virtue of clause 8 of the Scheme, the post amalagmation Authorised Share Capital of the company will stand increased to ₹31,25,00,000/- (Rupees Thirty One Crore Twenty Five Lakh Only) constituting 31,25,00,000 (Thirty One Crore Twenty Five Lakh) Equity Shares of ₹1/- (Rupees One Only) each.

except these, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Place: Hyderabad
Date : June 6, 2017

C. N .Kranthi Kumar
Company secretary in practice
ACS No.30028, CP No.13889

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

Annexure - A

To
The members,
HBL POWER SYSTEMS LIMITED,
CIN: L40109TG1986PLC006745,
8-2-601, Road No.10, Banjara Hills,
Hyderabad - 500 034, Telangana.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed, provide a reasonable basis for my opinion.
4. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
5. Where ever required, I have obtained management representation about the compliance of laws, rules, regulations, guidelines and happening of events, etc.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, guidelines, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
7. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad
Date : June 6, 2017

C. N .Kranthi Kumar
Company secretary in practice
ACS No.30028, CP No.13889

Report on Corporate Governance

Corporate Governance is all about integrity and accountability of an enterprise and involves a set of relationships between a company's Management, its Board, Shareholders and Stakeholders.

Healthy Corporate Governance enjoins a commitment of the company to run the business in legal, ethical and transparent manner emanating from the top and permeating throughout the organization and in establishing productive and lasting business relationship with its stakeholders.

Company's philosophy:

The company follows the system to ensure that its Board of Directors is well informed and equipped to discharge its overall responsibilities and provide the Management with the strategic direction going beyond the mandatory Corporate Governance requirements. The main principles of Corporate Governance adopted by HBL.

1. **VISION:**

   HBL's vision is to organize India's engineering talent into a globally competitive business, whether in manufacturing or services and become a learning organization to export technology from India. HBL's choice is for businesses with technological barriers and /or engineering intensity.

2. **VALUES:**

   Fairness to all
   Innovative spirit
   Craftsmanship
   Entrepreneurial opportunism
   Development of individuals
   Harmonious co-existence

3. **THE HBL WAY:**

- To initially try to achieve the very best we can do, and then improve further.
- Encouragement to self-learning.
- Compensation based on value added rather than seniority or qualifications.
- Unconventional when convention comes in the way of business sense.
- Pride in being Indian.

Listing Compliances:

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the company has executed fresh listing agreements with the stock exchanges during 2015-16.

The company is in compliance with the requirements stipulated in regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to Corporate Governance.

A. Board of Directors:

- As on March 31, 2017, the company has six directors. Of the six directors, four are non-executive directors and two are independent directors, including a woman director. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act 2013 (the Act).
- None of the directors on the Board holds directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2017 have been made by the directors. None of the directors is related to each other except Dr. A J Prasad and Mr. MSS Srinath.

- Independent directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the independent directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act.
- The names and categories of the directors on the Board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2017 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships / memberships of Board Committees shall only include Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee.
- To enable the Board to discharge its responsibilities effectively and take informed decisions, the Chairman & Managing Director apprises the Board at every meeting, of the overall performance of the company followed by a detailed presentation.

Non-executive and Independent directors of the company play a crucial role in the independent functioning of the Board. They bring in an external perspective and provide strategic guidance while maintaining objective judgment in the decision making process of the Board. They also oversee corporate governance framework of the company. The Directors on the Board are experienced, competent persons from their respective fields.

(I) Composition and category of directors

Name and designation	Category#	No of Meetings attended during 2016-17	Directorships in other listed entities*	Attendance at last AGM	% of attendance
Dr. A J Prasad Chairman and Managing Director	PED	5	Nil	Yes	100
Mr. MSS Srinath Whole Time Director	ED	5	1	No	100
Mr. P Ganapati Rao	NEID	5	Nil	Yes	100
Mrs. Preeti Khandelawal	NEID	5	Nil	No	100
Mr. Ajay Bhaskar Limaye	NENID	3	Nil	No	60
Mr. Mitin Jain	NENID	4	1	No	80

 # PED: Promoter and Executive Director; ED: Executive Director; NEID: Non-Executive Independent Director; NENID: Non-Executive Non Independent Director.

** Directorship in other listed entities excludes this company.*

Video / tele-conferencing facilities are also used to facilitate directors travelling abroad or at other locations to participate in the meetings.

(II) Meetings of the Board of Directors:

Minimum four prescheduled Board meetings are held every year. Additional meetings are held to address specific needs of the company. The Board has met five times during the financial year as required under Regulation 17(2) of the SEBI Listing Regulations as amended from time to time. During the year 2016-17, information as mentioned in Schedule II Part A of the SEBI Listing Regulations, has been placed before the Board for its consideration. The necessary quorum was present for all the meetings. The dates of the Board meeting are as under:

i	30.05.2016	ii	11.08.2016	iii	12.09.2016
iv	12.12.2016	v	13.02.2017		

Details of equity shares of the company held by the directors as on March 31, 2017 are given below:

Name	Category	No of equity shares of ₹ 1 each
Dr. A J Prasad	Chairman and Managing Director	23,86,413
Mr. MSS Srinath	Whole Time Director	18,29,260

The company has not issued any convertible instruments and hence disclosure in this respect is not applicable.

(III) Code of conduct

The Board has laid down a Code of Conduct for all the Board members and senior management of the company and the same is posted on the website of the company signed by the Chairman and Managing Director.

(IV) Audit committee

(A) Qualified and independent committee:

The Audit Committee comprises of three members as on March 31, 2017. There has been no change in the composition of the Committee during the reporting year. Mrs. Kavita Prasad, CFO and Vice President – Finance, Mr. K. Mahidhar are invitees to the meetings. The company Secretary is the ex-officio secretary of the Audit Committee.

Particulars of the Audit Committee members and attendance during FY 2016-17:

Name of the Director and status	Category	No. of meetings attended	% of atten-dance
CA. P Ganapati Rao - Chairperson	Independent Director	5	100
Mrs. Preeti Khandelwal - Member	Independent Director	5	100
Mr. MSS Srinath - Member	Executive Director	5	100

(B) Meetings of the audit committee

The committee met five times (5 meetings) during year on May 30, 2016, August 11, 2016, September 12, 2016, December 12, 2016 and February 13, 2017 respectively. Necessary quorum was present for all the meetings. In addition to the members of the audit committee, these meetings were attended by the executives who were considered necessary for providing inputs to the committee. The company Secretary acted as the secretary to the Audit Committee.

(C) Powers and role of Audit Committee

The Management is responsible for the company's internal financial controls and financial reporting process. The Independent auditors are responsible for performing an Independent audit of the company's financial statements and for issuing a report thereon. The Audit Committee is responsible for overseeing the processes related to financial reporting and information dissemination.

The terms of reference of the audit committee are broadly as under:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, remuneration and terms of appointment of auditors of the company including cost and secretarial auditors;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors including cost and secretarial auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
  - changes, if any, in accounting policies and practices and reasons for the same.
  - major accounting entries involving estimates based on the exercise of judgment by management
  - significant adjustments made in the financial statements arising out of audit findings
  - compliance with listing and other legal requirements relating to financial statements
  - disclosure of any related party transactions
  - qualifications in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (such as public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertaking or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed;
- To review the functioning of whistle blower mechanism.
- Approval of appointment of CFO;
- The audit committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- Oversee financial reporting controls and process for material subsidiaries;
- Oversee compliance with legal and regulatory requirements for the company and its material subsidiaries;
- To mandatorily review the following information:
  - management discussion and analysis of financial condition and results of operations;
  - statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - management letters / letters of internal control weaknesses issued by the statutory auditors;
  - internal audit reports relating to internal control weaknesses; and
  - the appointment, removal and terms of remuneration of the chief internal auditor.

(V) Independent directors meeting

During the year, a meeting of the independent directors was held on February 13, 2017 without the presence of non-independent directors and the members of management. The independent directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the company and the Board as a whole.

(VI) Stakeholders relationship committee

The stakeholders' relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act.

The broad terms of reference of the stakeholders' relationship committee are as under:

a. consider and resolve the grievances of security holders of the company including redressal of investor complaints such as transfer or credit of securities, non-receipt of dividend / notice / annual reports, etc. and all other securities-holders related matters.

b. consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

There were ten meetings of the stakeholders' relationship committee held during the year:

1) 12.04.2016, 2) 06.08.2016, 3) 08.09.2016, 4) 04.10.2016, 5) 21.12.2016, 6) 06.01.2017, 7) 03.02.2017, 8) 08.02.2017, 9) 01.03.2017 and 10) 20.03.2017.

The composition of the Stakeholders' Relationship Committee and attendance at its meeting is as follows. Mr. MVSS Kumar, company Secretary is the Compliance Officer.

Name of the Director	Status	Membership Status	No. of meetings attended during 2016-17
CA. P Ganapati Rao	Chairperson	Independent Director	10
Mrs. Preeti Khandelwal	Member	Independent Director	10
Mr. MSS Srinath	Member	Executive Director	10

Details of investor complaints/queries during the year 2016-17

S. No	Nature of complaints / query	Opening complaints	During the year		Closing Complaints
			Received	Resolved	
1	Non-receipt of dividend warrants	-	17	17	-
2	Non-receipt of securities	-	24	24	-
3	Non-receipt of share certificates after transfer	-	1	1	-
4	Non-receipt of refund orders	-	0	0	-
	TOTAL	**-**	**42**	**42**	**-**

(VII) Nomination and Remuneration Committee

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

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- Recommend to the board the set up and composition of the board and its committees including the "formulation of the criteria for determining qualifications, positive attributes and independence of a director". The committee will consider periodically reviewing the composition of the board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the board the appointment or reappointment of directors.
- Devise a policy on board diversity.
- Recommend to the board appointment of key managerial personnel ("KMP" as defined by the Act) and executive team members of the company (as defined by this committee).
- Recommendation of fees/ compensation/ stock options, if any, to be paid/ granted, to non-executive directors, including independent directors, to the Board of Directors/ Shareholders.
- Carry out evaluation of every director's performance and support the board and independent directors in evaluation of the performance of the board, its committees and individual directors. This shall include "formulation of criteria for evaluation of independent directors and the board".
- Recommend to the board the remuneration policy for directors, executive team or key managerial personnel as well as the rest of the employees. Approval of fixed component and performance linked incentives based on the performance criteria.
- On an annual basis, recommend to the board the remuneration payable to the directors and oversee the remuneration to executive team or key managerial personnel of the company.
- Oversee the human resource philosophy, human resource and people strategy and human resource practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the board, key managerial personnel and executive team).
- Provide guidelines for remuneration of directors on material subsidiaries.
- Recommend to the board on voting pattern for appointment and remuneration of directors on the boards of its material subsidiary companies.
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

The Nomination and Remuneration Committee was reconstituted with three non-executive independent directors (including the Chairperson of the Committee CA. P Ganapathi Rao). During the financial year the Committee met on August 11, 2016 to consider the appointment of Mrs. A Kavita Prasad as a Chief Financial Officer (KMP) and payment of remuneration.

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

The composition of the Nomination and Remuneration Committee and attendance at its meeting is as follows:

Name of the member	Status	Number of meetings held	Number of Meeting attended
CA P Ganapati Rao	Chairperson	1	1
Mrs. Preeti Khandelwal	Member	1	1
Mr. Mitin Jain	Member	-	-

Directors' remuneration for the year 2016-17

Name of the Director	Designation	Remuneration paid for the year ₹ in lakhs	Commission Paid ₹ in lakhs
Dr. A J Prasad	Chairman and Managing Director	96.00	156.53
Mr. MSS Srinath	Whole-Time Director	50.40	-
Total		**146.40**	**156.53**

Mrs. Kavita Prasad, Chief Financial Officer (who is a relative of the Chairman and Managing Director and Mr. MSS Srinath, Whole-time Director) has been paid a remuneration of ₹16.92 lakhs and ₹6.39 lakhs as rental charges for the premises owned by her, which was under lease to the company.

Non-Executive and Independent Directors were paid sitting fees for the board meetings in 2016-17.

Name of Directors	Meetings Held	Meetings Attended	Sitting fees paid In Rupees
CA. P. Ganapathi Rao	5	5	1,13,000
Mrs. Preeti Khandelwal	5	5	1,23,000
Mr. Ajay Bhaskar Limaye	5	3	10,000
Total			**2,46,000**

The company does not have any Employee Stock Option Scheme.

Performance evaluation criteria for Independent Directors

The performance evaluation criterion for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that may be evaluated include participation and contribution by a director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

(VIII) Corporate Social Responsibility (CSR) committee

CSR Committee of the company is constituted in line with the provisions of Section 135 of the Act. The broad terms of reference CSR committee is as follows:

- Formulate and recommend to the board, a CSR policy indicating the activities to be undertaken by the company as specified in Schedule VII of the Act;
- Recommend the amount of expenditure to be incurred on the activities referred to above; and
- Monitor the CSR Policy of the company from time to time

Two meetings of the CSR committee were held during the year on May 30, 2016, and December 12, 2016.

The composition of the CSR Committee and details of the meeting attended by its members are given below:

Name of the member	Status	Number of meetings held	Number of meetings attended
CA P Ganapati Rao	Chairperson	2	2
Mrs. Preeti Khandelwal	Member	2	1
Mr. MSS Srinath	Member	2	2

(IX) Subsidiary companies

As per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to make certain disclosures of "material subsidiaries" of the company in corporate governance. In terms of Regulation 16(C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Since the company does not have any material subsidiary, requirement of disclosure does not arise.

B. Details of previous three Annual General Meetings:

Date	Venue	Time	No. of Special Resolution passed
September 29, 2016	Federation of Telangana and AP Chambers of Commerce & Industry, Red Hills, Hyderabad-500 004	4.00 pm	0
September 29, 2015			3
December 27, 2014			2

The resolutions were passed with requisite majority.

C. Other Disclosures

(I) Postal ballot

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

(II) Risk management

The Board has been very meticulous in making aware all the members about the potential hazards that the company can be exposed to. It is this meticulous functioning and close monitoring that the company has a distinct advantage of reducing the hazards be it a business or financial risk or legal and statutory risk or a management risk. In fact the very philosophy of the corporate governance vouches the effort in imparting the right education and management practices at functional level to review company's risk mitigation strategies relating to identified key risks as well as the processes for monitoring and mitigating such risks.

(III) Code for prevention of insider trading

The company has framed a code for Prevention of Insider Trading based on SEBI [Insider Trading] Regulations, 2015. This code is applicable to all directors, designated senior management personnel of the company. The code ensures the prevention of dealing in shares by persons having access to unpublished price sensitive information.

(IV) Related party transactions

All transactions entered into with related parties as defined under the Companies Act, 2013 and rules made thereunder and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business. These have been approved by the audit committee from time to time.

(V) Compliances by the company

The company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters related to capital market.

(VI) Whistle blower policy

The company has a general whistle blower policy. The whistle blower policy provides a mechanism to report without fear of victimisation any unethical behaviour, suspected or actual fraud, violation of the code of conduct etc. which are detrimental to the organisation's interest. The mechanism protects whistle blower from any kind of discrimination, harassment, or any other unfair employment practice. No employee has been denied access to the audit committee.

(VII) Non-mandatory requirement:

The company has not adopted the non-mandatory requirements as specified in C(10)(d) Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(VIII) Means of communications

The company displays its financial results on websites at www.hbl.in for the information of shareholders and public. The financial results of the company are usually published in Business Line / Financial Express in English version and Nava Telangana a vernacular paper in Telugu. All financial and other vital official news releases and documents under SEBI Listing Regulations, 2015 are also communicated to the concerned Stock Exchanges, besides being placed on the company's website.

(IX) General shareholder information

1.	Forthcoming Annual General Meeting - Date, Time & Venue	September 26, 2017 at 4.00 PM KLN Prasad Auditorium, Federation of Telangana and AP Chambers of Commerce and Industry, Red Hills, Hyderabad – 500 004
2.	Financial year	2016-17
	Financial reporting:	
	First quarter ending 30/06/16	September 12, 2016
	Half-year ending 30/09/16	December 12, 2016
	Third quarter ending 31/12/16	February 13, 2017
	Audited annual results	Standalone : May 26, 2017
		Consolidated : August 11, 2017
3.	Dates of book-closure	20.09.2017 to 26.09.2017 (both days inclusive)
4.	Dividend	Dividend on equity share capital @ 25%
5.	Registered office and Secretarial office	8-2-601, Rd. No.10, Banjara Hills, Hyderabad- 500 034 Contact person: Company Secretary Phone: 040-27791641, Fax: 040-27795419 E-Mail: contact@hbl.in; investor@hbl.in

6.	Registrars for Electronic Transfer and Physical Transfer of Shares	M/S Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 Contact Person: Mr. B Srinivas, Deputy Manager Phone nos. + 91-40-67161530 E-mail : mailmanager@karvy.com
7.	Plant locations	1. Aliabad, Shameerpet, RR Dist., TS 2. Nandigoan, Kothur, Mahabubnagar Dist., TS 3. Seripally, Bhoothpur, Mahabubnagar Dist., TS 4. Kandivalasa, Posapatirega, Vizainagaram, AP 5. VSEZ, Visakhapatnam, AP 6. Thumkunta, Shameerpet, RR Dist, TS 7. Haridwar, Uttarakhand 8. IMT, Manesar, Haryana
8.	Listing on Stock Exchanges	BSE Limited (BSE)
		National Stock Exchange of India Limited (NSE)
9.	Stock Code-BSE	517271
	NSE trading code	HBL POWER
	ISIN number	INE 292BO1021

X. Distribution of shareholding as on March 31, 2017

Shareholder category	No. of shares held	% of shares held
a. Indian promoters and relatives	18,78,27,296	74.24
b. Foreign promoters	Nil	Nil
c. Foreign collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	6,51,72,704	25.76
Total	**25,30,00,000**	**100.00**

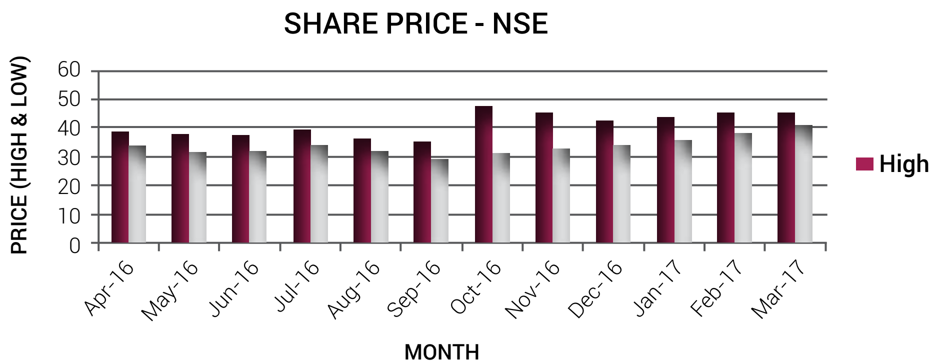
XI. Distribution Schedule as on March 31, 2017

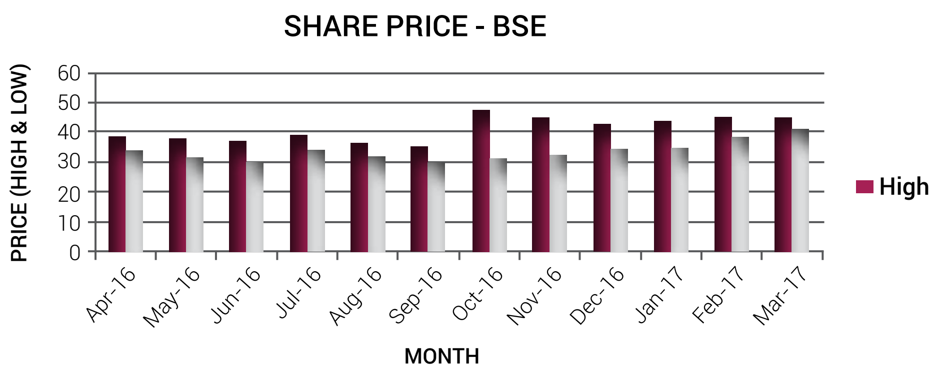
S.No	Category	No of Shareholders	% of Shareholders	No. of shares	% of total equity
1	1-5000	25835	95.43	17859088.00	7.06
2	5001- 10000	685	2.53	5233721.00	2.07
3	10001- 20000	274	1.01	4008288.00	1.58
4	20001- 30000	86	0.32	2151303.00	0.85
5	30001- 40000	56	0.21	2009399.00	0.79
6	40001- 50000	32	0.12	1501148.00	0.59
7	50001- 100000	57	0.21	4130897.00	1.63
8	100001& Above	48	0.18	216106156.00	85.42
	Total:	**27,073**	**100.00**	**25,30,00,000**	**100.00**

Note: Though the appointed date for scheme of arrangement and amalgamation between Beaver Engineering and Holdings Private Limited (Beaver) and HBL Power Systems Limited (HBL) is April 1, 2016 and the Scheme was allowed by the Hon'ble Bench of NCLT at Hyderabad on May 9, 2017, the shareholding information provided above in Sl. No.X and XI is of HBL only as on March 31, 2017 as the allotment of new shares to the members of Beaver was pending due to non-receipt of the printed orders of the Hon'ble NCLT.

XII. Stock market price data during 2016-17

Month	BSE Limited			National Stock Exchange		
	Price		No. of shares traded	Price		No. of shares traded
	High	Low		High	Low	
Apr-2016	39.10	34.05	1266589	38.80	34.20	4949420
May-2016	38.15	32.05	1325487	38.10	31.65	5341257
Jun-2016	37.30	30.30	1767718	37.45	31.95	6813138
Jul-2016	39.50	34.10	2366172	39.50	34.05	9700642
Aug-2016	36.65	32.30	1409768	36.60	32.00	5859502
Sep-2016	35.30	29.70	1914904	35.25	29.40	8031839
Oct-2016	47.85	31.65	6402589	47.85	31.50	24098514
Nov-2016	45.50	32.80	2147537	45.50	32.75	8808486
Dec-2016	42.75	34.60	1918431	42.90	34.10	6420739
Jan-2017	44.00	35.05	2504276	44.00	36.15	8789711
Feb-2017	45.30	38.50	2013381	45.40	38.50	8271196
Mar-2017	45.40	41.25	2060128	45.45	41.05	6907501





XIII. Payment of dividend

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

XIV. Unclaimed Dividend:

The company has transferred the balance of unclaimed dividend amount of ₹5,41,523/- for Financial Year 2008-2009 to the Central Government's Investor Education and Protection Fund (IEPF) account on October 17, 2016. We insist the members to claim, as early as possible, the dividend amount remain in the company's unpaid dividend accounts for the respective years mentioned hereunder. Please note that upon expiry of the statutory period of Seven years as indicated in the last column of the table below, the amount shall be liable for transfer to IEPF, Government of India, thus the entitlement for any such claims would have to be forfeited thereafter.

AGM in which declared	Date of declaration	Rate of dividend	Total dividend Declared ₹	Unclaimed dividend as on 31.03.2016 ₹	Due for transfer to IEPF
24th	27.09.2010	30%	7,59,00,000	5,35,811	03.11.2017
25th	05.09.2011	10%	2,53,00,000	2,55,611	12.10.2018
26th	24.12.2012	15%	3,79,50,000	4,64,957	30.01.2020
27th	28.09.2013	15%	3,79,50,000	3,86,252	04.11.2021
28th	27.12.2014	20%	5,06,00,000	5,46,479	02.02.2022
29th	29.09.2015	20%	5,06,00,000	5,39,821	05.11.2023
30th	29.09.2016	25%	6,32,50,000	6,53,030	05.11.2024

XV. Share transfer system

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

XVI. Dematerialization of shares and liquidity as on March 31, 2017

Form of existence	Agency	No of Share Holders	No of shares	% of Total Issued Capital
Demat	Central Depositaries Securities Limited	10114	3,81,37,890	15.07
Demat	National Securities Depositories Limited	13853	21,09,26,166	83.37
Physical		3,106	39,35,944	1.56
	Total	**27,073**	**25,30,00,000**	**100.00**

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

There are no outstanding GDRs, ADRs, Warrants or Convertible Instruments etc. as on March 31, 2017.

XVII. CMD and CFO certification

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

XVIII. Compliance certificate

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

XIX. Cautionary statement

Certain statements in the Management Discussion and Analysis describing the company's view about the industry, objectives and expectations etc. may be considered as 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied in the statement. The company's operations may be affected with supply and demand situation, input prices and their availability, economic developments, changes in Government regulations, tax laws and other external factors. Investors should bear the above in mind.

For On and behalf of the Board

Place : Hyderabad
Date : August 11, 2017

Dr A J Prasad
Chairman & Managing Director

IMPORTANT COMMUNICATION TO MEMBERS

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

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

DECLARATION

As provided under Clause D of the Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Board Members and the Senior Management personnel have affirmed to the compliance with Code of Conduct for the year ended March 31, 2017.

For and on behalf of the Board

Place: Hyderabad

Date: August 11, 2017

Dr A J Prasad

Chairman & Managing Director

CEO and CFO Certification

We, A J Prasad, Chairman and Managing Director, Mrs. Kavita Prasad, CFO, responsible for the financial functions certify that:

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

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

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

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

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

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

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

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

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

Place: Hyderabad	**Dr A J Prasad**	**Mrs. Kavita Prasad**
Date: August 11, 2017	*Chairman and Managing Director*	*Chief Financial Officer*

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

To
The Members of
M/s HBL Power Systems Limited

I have examined all applicable records of HBL Power Systems Limited, for the purpose of certifying compliance of the conditions of Corporate Governance pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Regulation 34(3) of the Listing Regulations for the financial year ended March 31, 2017. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, for the financial year ended March 31, 2017.

C.N.Kranthi Kumar
Practicing company Secretary
Membership No.
Certificate of Practice No.

Place: Hyderabad
Date: August 11, 2017

Independent Auditors' Report

To the Members of
HBL Power Systems Limited, Hyderabad

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of HBL Power Systems Limited, Hyderabad ("the company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The company's Board of Directors is responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under sub-section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by sub-section 3 of Section 143 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 Cash Flows and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;

(e) On the basis of the written representations received from the Directors as on March 31, 2017 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2017 from being appointed as a Director in terms of sub-section 2 of Section 164 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 B" and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

1. The company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38.2 to the standalone Ind AS financial statements;
2. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company; and
4. The company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the company and as produced to us by the Management – Refer Note 44 to the standalone Ind AS financial statements.

For **Rao & Kumar**
Chartered Accountants
Firm's Registration Number 03089S

Anirban Pal
Partner
Membership Number 214919

Place : Hyderabad
Date : May 26, 2017

Annexure - A

(Referred to in Paragraph 1 of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

(i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The management has carried out physical verification of assets in accordance with a designed programme. In our opinion the periodicity of the physical verification is reasonable. No material discrepancies were noticed on such verification.

(c) According to the information and explanations furnished to us and on the basis of our examination of the records of the company and read together with Note no. 5.2 of the Financial Statements, the details of title deeds of immovable properties not held in the name of the company, for the reasons stated therein the said note, are as follows:

₹ in lakhs

Fixed Asset	No. of Cases	Gross Block as at 31-03-2017	Net Block as at 31-03-2017
Freehold Land	8	508.83	508.83
Non-Factory Buildings	3	260.62	204.60
Total	**11**	**769.45**	**713.43**

(ii) The Inventories within the factory premises/stores and at branches have been physically verified by the management during the year and also at the year end. For materials lying with ancillary parties confirmations have been obtained in some cases. In our opinion, the frequency of verification is reasonable. The discrepancies noticed, upon verification, between physical stocks and book records were not material and such differences have been properly dealt with in the books of account.

(iii) As at the year end, there are no outstanding loans granted by the company to parties covered in the Register maintained under Section 189 of the Act. As there are no outstanding loans as at March 31, 2017, Paragraph 3 (iii) (a) to (c) of the Order are considered inapplicable.

(iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans, investments, guarantees and security.

(v) The company has not accepted any deposits to which provisions of Sections 73 to 76 and other relevant provisions of the Act are applicable.

(vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities.

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

Name of the Statute	Nature of the dues and Period to which it relates	Amount in ₹ lakhs	Forum where the Dispute is pending as at March 31, 2017
Excise Act	Duty, Interest and Penalty for the period from 1994- 95 to 1998-99.	94.85	Departmental Appeal before High Court, Mumbai
Excise Act	Duty, Interest and Penalty for the period 2010-11, Feb-Sept 2012, Oct 12 – May 2013, Dec-08 to Mar 14.	411.32	Appeal Before CESTAT, Bengaluru.
Excise Act	Dispute relating to irregular availment of benefit for the period Feb-Dec 2014, 2012-15.	9.64	Appeal before Commissioner Appeals, Hyderabad
Excise Act	Irregular Availment of CENVAT Credit for 2014-15	116.78	Appeal before Commissioner Appeals, Visakhapatnam
Customs Act	Dispute relating to alleged evasion of duty by claiming wrong classification and exemption and equal amount levied as penalty.	470.37	Appeal before Tribunal, Chennai.
Customs Act	Dispute relating to alleged evasion of duty by claiming wrong classification and exemption and equal amount levied as penalty.	2.38	Appeal before Tribunal, Hyderabad.

Name of the Statute	Nature of the dues and Period to which it relates	Amount in ₹ lakhs	Forum where the Dispute is pending as at March 31, 2017
Service Tax Act	Dispute with regard to Penalty levied on excess Input availed between April 2008 and December 2010.	7.66	Pending before CESTAT, Hyderabad
CST Act	Dispute in Taxable Turnover relating to 3rd party exports for the year 2005-06, 2007-08.	45.07	Case pending before TVATAT, Hyderabad.
KVAT Act	Dispute with regard to Penalty for stock difference & Turnover during the year 2010-11, 2011-12.	34.01	Remanded back to Intelligence Officer for modification of order.
TN VAT Act	Dispute regarding Input VAT availed and penalty on Capital Goods which were sold during February 2011.	30.69	Appeal filed before Appellate Deputy Commissioner(C), Chennai
AP VAT Act	Dispute relating to disallowance of input credit on purchase of LPG for the year 2014-15	62.33	Appeal filed before Appellate Deputy Commissioner, Visakhapatnam
CST, VAT and Entry tax Acts	Dispute relating to interest demand for alleged non- payment of assessed tax	9.42	Appeal pending before Joint Commissioner of Commercial Taxes, , Appeals, Patna
KVAT Act	Dispute relating to tax demanded on alleged wrong Invoice raised for 2011-12, 2016-17	1.29	Appeal filed before Appellate Deputy Commissioner Appeals, CT, Ernakulum.
CST Act	Dispute relating to tax demanded for alleged non- submission of forms for the year 2010-11, 2011-12	2.32	Appeal pending before Commissioner Appeals, Lucknow

(viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowings to a financial institution, Bank or Government. The company had not issued any Debentures.

(ix) The company had not raised any money by way of Initial Public Offer or further Public Offer (including Debt Instruments). Based on review of the records of the term loan drawn and utilization thereof on an overall basis, the term loans have been applied for the purposes for which the loans were raised

(x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the company or on the company by its Officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the company, the company has paid / provided for Managerial Remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi company. Accordingly Paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the company, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Financial Statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into Non-Cash transactions with Directors or persons connected with them. Accordingly Paragraph 3(xv) of the Order is not applicable.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Rao & Kumar**
Chartered Accountants
Firm's Registration Number 03089S

Anirban Pal
Partner
Membership Number 214919

Place : Hyderabad
Date : May 26, 2017

Annexure – B

(Referred to in Paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' in our report of even date)

Report on the Internal Financial Controls 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 HBL Power Systems Limited ("the company") as of March 31, 2017 in conjunction with our audit of the standalone 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. 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, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit we are of the opinion that, the company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017, 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, and except for the possible effects of the material weaknesses in the operating effectiveness described below on the achievement of the objectives of the control criteria, the company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

a) The company's internal financial controls implemented through Information Technology Controls and General IT Controls have further scope for improvement, absence of which may lead to a failure of the company's control procedures to prevent or detect a misstatement of an account balance or disclosure.

b) Control Documents evidencing the operating effectiveness of controls have further scope for improvement, absence of which may result in non-identification of deviations from the approved delegation of authority & responsibility, company's controls & procedures. In as much, they effect the assessment of risks associated and determination of the effect of the deviations of the control being tested and the evidence to be obtained, as well as forming an opinion on the operating effectiveness of the controls.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 financial statements of the company, and these material weaknesses do not affect our opinion on the standalone financial statements of the company.

For **Rao & Kumar**
Chartered Accountants
Firm's Registration Number 03089S

Anirban Pal
Partner
Membership Number 214919

Place : Hyderabad
Date : May 26, 2017

BALANCE SHEET as at March 31, 2017

	Particulars	Note	As at March 31, 2017 ₹ in Lakhs		As at March 31, 2016 ₹ in Lakhs		As at April 1, 2015 ₹ in Lakhs	
I)	**ASSETS**							
1	**Non current assets**							
	(a) Property, plant and equipment	5	39,758.09		39,007.60		42,177.43	
	(b) Capital works in progress	6	816.49		2,008.62		1,558.98	
	(c) Intangible assets	7	1,883.23		2,451.90		2,220.79	
	(d) Intangible assets under development	8	2,519.97	44,977.78	2,798.41	46,266.53	3,379.31	49,336.51
	(e) Financial assets							
	(i) Investments	9	841.65		1,465.02		2,274.98	
	(ii) Other financial assets	10	2,677.03		2,945.79		1,296.92	
	(f) Other non current assets	11	259.47	3,778.15	117.28	4,528.09	290.05	3,861.95
2	**Current assets**							
	(a) Inventories	12	40,436.19		39,265.94		50,937.57	
	(b) Financial assets							
	(i) Investments	9	1.31		-		-	
	(ii) Trade receivables	13	48,866.87		44,176.37		40,876.75	
	(iii) Cash and cash equivalents	14	303.15		1,379.29		1,973.24	
	(iv) Other bank balances	14	1,956.63		1,698.69		2,638.18	
	(v) Others	14	851.63		1,150.66		2,618.92	
	(c) Current tax assets (net)	15	-		800.97		1,443.20	
	(d) Other current assets	16	6,298.00	98,713.78	5,276.64	93,748.56	3,704.87	1,04,192.73
	Total			**1,47,469.71**		**1,44,543.18**		**1,57,391.19**
II)	**EQUITY AND LIABILITIES**							
1	**Equity**							
	(a) Equity share capital	17	2,771.95		2,530.00		2,530.00	
	(b) Other equity	18	71,168.42	73,940.37	59,874.83	62,404.83	60,108.58	62,638.58
2	**Non current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings	19	2,592.45		10,423.50		16,448.28	
	(b) Provisions	20	213.49		199.18		197.89	
	(c) Deferred tax liabilities (net)	21	1,116.90		1,470.07		1,726.16	
	(e) Other non current liabilities	22	167.77	4,090.61	223.69	12,316.44	279.61	18,651.94
3	**Current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings	23	43,009.15		41,549.43		42,667.25	
	(ii) Trade payables	24	16,545.68		16,368.24		18,212.34	
	(iii) Other financial liabilities	25	4,939.39		5,593.93		8,547.71	
	(b) Other current liabilities	26	2,959.51		4,649.71		5,413.01	
	(c) Provisions	20	1,720.74		1,660.60		1,260.36	
	(d) Current tax liabilities (net)	27	264.26	69,438.73		69,821.91		76,100.67
	Total			**1,47,469.71**		**1,44,543.18**		**1,57,391.19**

The accompanying notes 1-46 form an integral part of this standalone financial statements.
As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Place : Hyderabad
Date : May 26, 2017

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

STATEMENT OF PROFIT & LOSS for the year ended on March 31, 2017

	Particulars	Note	Year Ended March 31, 2017 ₹ in Lakhs		Year Ended March 31, 2016 ₹ in Lakhs	
	Revenue					
I	**Revenue from operations**	**28**		**1,52,986.23**		**1,39,570.67**
II	**Other income**	**29**		**1,720.51**		**1,263.97**
III	**Total income (I + II)**			**1,54,706.74**		**1,40,834.64**
IV	**Expenses**					
	Cost of material consumed	30		88,947.18		76,666.61
	Purchases of stock in trade			588.09		349.33
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	31		(1195.48)		517.17
	Excise duty on sale of goods			12,264.37		10,730.87
	Employee benefits expense	32		9,644.95		10,001.07
	Finance costs	33		4,621.68		6,835.66
	Depreciation and amortization expense	34		4,817.75		5,035.40
	Other expenses	35		29,732.22		27,782.82
	Total expenses (IV)			**1,49,420.76**		**1,37,918.93**
V	**Profit before exceptional items and tax (III-IV)**			**5,285.98**		**2,915.71**
VI	**Exceptional items - (income)/expense**	**36**		**279.03**		**896.16**
VII	**Profit before tax (V-VI)**			**5,006.95**		**2,019.55**
VIII	**Tax expense**					
	(1) Current tax		1,862.32		1,503.13	
	(2) Deferred tax (asset)/liability		(349.87)		(256.09)	
	(3) Income tax relating to previous years		(66.92)	1,445.52	(9.47)	1,237.57
IX	**Profit for the period (VII-VIII)**			**3,561.42**		**781.48**
X	**Other comprehensive income (net)**					
	Items that will not be reclassified to profit or loss -					
	remeasurement of defined benefit plans			(253.36)		(279.92)
	Income tax			87.68		96.87
XI	**Total comprehensive income for the period (IX + X)**			**3,220.38**		**405.19**
XII	**Earnings per equity share**	**37**				
	(1) Basic (of ₹1/- each)			1.16		0.16
	(2) Diluted (of ₹1/- each)			1.16		0.16

The accompanying notes form an integral part of this standalone financial statements.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Place : Hyderabad
Date : May 26, 2017

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended on March 31, 2017

a) Share capital

₹ in Lakhs

Balance as on April 1, 2015		2,530.00
Balance as on March 31, 2016		2,530.00
Balance as on April 1, 2016		2,530.00
Add : Additions in pursuance of business combination	1,740.94	
Less : Cancelled in pursuance of business combination	1,498.99	241.95
Balance as on March 31, 2017		2,771.95

b) Other equity

₹ in Lakhs

Particulars	Capital reserve	Securities premium account	Other reserves		General reserve	Retained earnings	TOTAL
			Capital redemption reserve	Investment subsidy			
Balance on April 1, 2015 as per previous GAAP	1.02	10,437.77	-	55.77	35,894.65	9,844.17	56,233.38
Transfer from retained earnings to general reserves	-	-	-	-	500.00	(500.00)	-
IND AS adjustment							
Unwinding of interest and equity portion on loan from holding company	5,568.81	-	-	-	-	(2,426.69)	3,142.12
Prior period errors	-	-	-	-	-	9.21	9.21
Dividends (including tax)	-	-	-	-	-	609.01	609.01
Discounting of warranty provision	-	-	-	-	-	114.86	114.86
Balance at the beginning of the reporting period April 1, 2015	5,569.83	10,437.77	-	55.77	36,394.65	7,650.56	60,108.58
Prior period errors	-	-	-	-	-	(29.94)	(29.94)
Total comprehensive income	-	-	-	-	-	405.19	405.19
Dividends (including tax)	-	-	-	-	-	(609.01)	(609.01)
Transfer from retained earnings to general reserves	-	-	-	-	105.35	(105.35)	-
Balance at the beginning of the reporting period April 1, 2016	5,569.83	10,437.77	-	55.77	36,500.00	7,311.46	59,874.83
Total comprehensive income	-	-	-	-	-	3,220.37	3,220.37
Dividends (including tax)	-	-	-	-	-	(761.26)	(761.26)
Others (In pursuance of business combination)	(5,568.81)	12,572.90	2.70	-	(4,227.65)	6,055.35	8,834.49
Balance at the end of the reporting period March 31, 2017	1.02	23,010.66	2.70	55.77	32,272.35	15,825.92	71,168.42

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Place : Hyderabad
Date : May 26, 2017

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

CASH FLOW STATEMENT for the year ended on March 31, 2017

₹ in Lakhs

		31-Mar-17		31-Mar-16	
A	CASH FLOWS FROM OPERATING ACTIVITIES				
	Net profit before tax and exceptional items		5,285.98		2,915.71
	Exceptional items - income / (expenditure) *		(279.03)		(896.16)
	Other comprehensive income (net)		(253.36)		(279.92)
	Total comprehensive income before tax		**4,753.59**		**1,739.63**
	Adjustments for:				
	Depreciation	3,970.63		4,299.62	
	Amortisation of intangible assets	847.11		735.78	
	Diminution in value of investments	623.37		909.00	
	Profit on sale of investments	(439.10)		-	
	Loss on sale of assets	94.77		(12.84)	
	Advances & deposits written off	197.97		24.38	
	Interest income	(337.59)		(373.00)	
	Interest expense	3,689.64		4,312.43	
	Provision for doubtful debts	350.00		20.00	
	Other provisions	74.46		401.53	
			9,071.25		10,316.89
	Operating profit before working capital changes		**13,824.84**		**12,056.52**
	(Increase)/decrease in sundry debtors	(5,040.50)		(3,319.62)	
	(Increase)/decrease in inventories	(1,170.26)		11,671.64	
	(Increase) / decrease in loans & advances **	(909.48)		(180.86)	
	Increase/(decrease) in current liabilities	(1,645.37)		(2,473.82)	
			(8,765.61)		5,697.34
	Cash generated from operations		**5,059.23**		**17,753.86**
	Income tax paid net of refunds		(884.77)		(1,571.15)
	Income tax adjustment relating to previous years		66.92		(34.56)
	Deferred tax asset on account of business combination		(3.30)		-
	Net cash flow from operating activities (A)		**4,238.08**		**16,148.15**
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of fixed assets	(3,873.13)		(1,863.14)	
	Sale proceeds of fixed assets	107.18		84.32	
	Purchase of investments	-		(99.03)	
	Addition of investments on account of business combination	(163.15)		-	
	Sale proceeds of investments	600.95		-	
	Interest received	337.59		373.00	
	Increase in equity on account of business combination ***	241.95		-	
	Increase in other equity on account of business combination ***	8,834.49		-	
	Net cash flow from investing activities (B)		**6,085.87**		**(1,504.85)**

CASH FLOW STATEMENT for the year ended on March 31, 2017

₹ in Lakhs

		31-Mar-17		31-Mar-16	
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Repayment of long-term borrowings	1,032.43		5,388.12	
	(Increase)/decrease in working capital borrowings	3,504.58		(463.63)	
	Repayment of interest free sales tax loan	182.36		220.63	
	(Increase)/decrease in unsecured loans	2,229.82		5,170.68	
	Dividend payment	761.26		609.01	
	Interest paid	3,689.64		4,312.43	
	Net cash flow used in financing activities (C)		**11,400.09**		**15,237.24**
	NET INCREASE IN CASH and CASH EQUIVALENTS (A+B-C)		**(1,076.15)**		**(593.95)**
	Cash and cash equiv.at beginning of the period		1,379.29		1,973.24
	Cash and cash equiv. at end of the period		**303.15**		**1,379.29**
	Cash and cash equivalents				
	Cash on hand		17.80		14.81
	Balances with banks in current account		285.35		1,364.48
	Total		**303.15**		**1,379.29**

Notes to the cash flow statement for the year ended March 31, 2017

1 This statement is prepared as per Ind AS - 7 (indirect method).
2 * Details of the exceptional items are given in Note 36.
3 ** Including bank balances other than cash and cash equivalents
4 *** Refer statement of changes in equity.
5 Previous year's figures were re-grouped wherever necessary.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Place : Hyderabad
Date : May 26, 2017

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 1 Company overview

HBL Power Systems Limited ("HBL" or "The Company") is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The financial statements were authorized for issuance by the company's board of directors and audit committee on May 26, 2017.

The principal activities of the company comprises of manufacturing of different types of batteries including lead acid, niCad, silver zinc, lithium and railway and defence electronics, solar photovoltaic modules and other products. The company is also engaged in service activities related to the above products.

Note : 2 Basis of preparation and measurement

2.1 Statement of compliance

The financial statements as at and for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all the periods up to and including the year ended March 31, 2016, the company prepared its financial statements in accordance with requirement of previous GAAP, which includes accounting standards notified under the section 133 of the Companies Act 2013 read together with Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is April 1, 2015. These financial statement for the year ended March 31, 2017 are company's first Ind AS financial statements. The disclosure relating to Ind AS 101, First-time adoption of Indian Accounting Standards have been given in Note no. 4..

2.2 Accounting convention and basis of measurement

The financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

2.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the company and the currency of the primary economic environment in which the company operates. All financial information presented in Indian rupees has been rounded to the nearest lakh of rupees except share and per share data.

2.4 Use of judgments, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities and contingent assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions in respect of the following areas, that have most significant effect to the carrying amounts within the next financial year are included in the relevant notes.

i) Useful lives of property, plant, equipment and intangibles.

ii) Measurement of defined benefit obligations

iii) Measurement and likelihood of occurance of provisions and contingencies.

iv) Recognition of deferred tax assets.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

v) Impairment of intangibles

vi) Expenditure relating to research and development activities.

2.5 Operating cycle:

Based on the nature of products / activities of the company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Note : 3 Summary of significant accounting policies

3.1 Property, plant and equipment (PPE)

i) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

ii) The cost of property, plant and equipment includes those incurred directly for the construction or acquisition of the asset, and directly attributable to bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the management and includes the present value of expected cost for dismantling / restoration wherever applicable.

iii) The cost of major spares is recognized in the carrying amount of the item of property, plant and equipment, in accordance with the recognition criteria set out in the standard. The carrying amount of the replaced part is derecognized at the time of actual replacement. The costs of the day-to-day servicing of the item are recognized in statement of profit or loss as incurred.

iv) Depreciation on tangible assets including those on leasehold premises is provided under straight line method over the useful life of assets specified in Part C of Schedule II to the Companies Act, 2013 and in the manner specified therein, except in respect of dies and moulds and 'secured land filling' (used for disposal of lead slag) which are depreciated over their technically estimated useful lives of 5 years and 10 years respectively on straight line method. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase.

v) Depreciation methods, useful lives and residual values are reviewed at each reporting date and accounted as change in accounting estimate.

vi) Each component / part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately only when it has a different useful life. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognized.

vii) Expenditure attributable /relating to PPE under construction / erection is accounted as below:

A) To the extent directly identifiable to any specific plant / unit, trial run expenditure net of revenue is included in the cost of property, plant and equipment .

B) To the extent not directly identifiable to any specific plant / unit, is kept under 'expenditure during construction' for allocation to property, plant and equipment and is grouped under 'capital work-in-progress'.

3.2 Intangible assets

i) Intangible asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Expenditure incurred for creating infrastructure facilities where the ownership does not rest with the company and where the benefits from it accrue to the company over a future period is also considered as intangible asset.

ii) New product development expenditure, software licences, technical knowhow fee, infrastructure and logistic facilities, etc. are recognised as intangible assets upon completion of development and commencement of commercial production.

iii) Intangible assets are amortized on straight line method over their technically estimated useful lives.

iv) Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

3.3 Assets taken under lease

i) In respect of equipment taken under finance leases, the lower of fair value of the leased asset and present value of minimum lease payments, is recognised as an asset and corresponding liability is created. The finance charges are allocated to the period over the lease term and are charged off.

ii) In respect of equipment taken under operating lease, lease payments are recognised as expense over the period of lease term.

iii) Cost of acquisition of leasehold land is amortized over the leasehold period.

3.4 Investment in subsidiaries, associates and joint ventures

i) Investments in subsidiaries, associate and joint ventures are measured at cost. Impairment / diminution in value, other than temporary, is provided for.

ii) Investments classified as 'current investments' are carried at cost and diminution / impairment with reference to market value is recognized.

3.5 Government grants

Government grants are recognised in the statement of profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses.

3.6 Inventories are valued as under:

I)	Raw materials, components, consumables and stores and spares.	At lower of weighted average cost and net realisable value.
ii)	Work in progress and finished goods.	At lower of net realisable value and weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition.
iii)	Long term contract work in progress (where the income it is not eligible for recognition as per income recognition policy stated elsewhere).	At direct and attributable costs incurred in relation to such contracts.
iv)	Stock in trade	At lower of cost and net realisable value
v)	Consumable tools	At cost less amount charged off (which is at 1/3rd of value each year).
vi)	Services work in progress	Lower of cost and net realisable value

3.7 Revenue recognitions

i) Revenue on sale of goods is recognised when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Sales revenue is measured at fair value net of returns, trade discounts and volume rebates. Inter divisional transfers are not recognized as revenue.

ii) Revenue on rendering of service is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion at the reporting date. Where services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight line basis over the specified period and when a specific act is much more significant than any other acts, the recognition of revenue is postponed unitll the significant act is executed.

iii) Claims against outside agencies are accounted on certainty of realization.

iv) Interest income is reported on an accrual basis using the effective interest method. Dividends, are recognized at the time the right to receive is established.

v) Export incentives under various schemes are recognized as income on certainty of realization.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

vi) In case of contracts (long term) of complex equipment/systems/development order where the normal cycle time for completion is spreading over one or more accounting periods, revenue is recognised, subject to provision of anticipated losses, based on percentage completion as certified by technical committee/customers acceptance wherever applicable.

vii) Short term contracts involving supply and service where price breakup is available, revenue in respect of supplies are recognised when goods are delivered to customers unconditionally and service income is recognised on completion of service and bills submitted as per terms of the order.

3.8 Employee benefits

i) Short term benefits:

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

ii) Post-employment benefits:

A) Defined contribution plans:

The contribution paid/payable under provident fund scheme, ESI scheme and employee pension scheme is recognised as expenditure in the period in which the employee renders the related service.

B) Defined benefit plans:

The company's obligation towards gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the projected unit credit method. Any difference between the interest income on plan assets and the return actually achieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in other comprehensive income and subsequently not reclassified to the statement of profit and loss.

All defined benefit plan obligations are determined based on valuation as at the end of the reporting period, made by independent actuary using the projected unit credit method. The classification of the company's net obligation into current and non-current is as per the actuarial valuation report.

iii) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, is determined and recognised in the similar manner stated in the defined benefit plan.

3.9 Foreign currency transactions

i) Transactions relating to non-monetary items and purchase and sale of goods/services denominated in foreign currency are recorded at the exchange rate prevailing or a rate that approximates the actual rate on the date of transaction.

ii) Assets & liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at prevailing exchange rates as at the end of the reporting period.

iii) Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

iv) Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss

3.10 Current tax and deferred tax

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

iii) Deferred tax

Deferred tax is recognised 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iv) Current and deferred tax for the year

Current and deferred tax are recognised in 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.

3.11 Borrowing costs

i) Borrowing costs incurred for obtaining assets which take substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

ii) Other borrowing costs are treated as expense for the year.

iii) Significant transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest method.

3.12 Financial instruments (Financial assets and financial liabilities):

i) All financial instruments are recognized initially at fair value. The classification of financial Instruments depends on the objective of the business model for which it is held and the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purpose of subsequent measurement, financial instruments of the company are classified into (a) Non- derivative financial instruments and (b) Derivative financial instruments.

ii) Non - derivative financial Instruments

A) Security deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current financial assets are classified as financial assets under this clause.

B) Loans and borrowings, trade and other payables including deposits collected from various parties and eligible current and non-current financial liabilities are classified as financial liabilities under this clause.

C) Financial instruments are subsequently carried at amortized cost wherever applicable using effective interest rate method (EIR) less impairment loss.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

D) Transaction costs that are attributable to the financial instruments recognized at amortized cost are included in the fair value of such instruments.

iii) Derivative financial instruments

A) Derivative financial assets and liabilities are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date.

B) Changes in the fair value of any derivative asset or liability are recognized immediately in the income statement and are included in other income or expenses.

C) Cash flow hedge: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in other comprehensive income and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurence of the related forecasted transaction.

3.13 Impairment

i) Financial assets

A) The company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost wherever applicable for e.g., loans, debt securities, deposits, and bank balance.
- Trade receivables

B) The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ii) Non - financial assets

The company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the company estimates the amount of impairment loss.

3.14 Provisions

i) Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

ii) The amount recognized 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.

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

iv) Provisions for onerous contracts are recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

3.15 Earnings per share (EPS)

i) Basic EPS is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

ii) Diluted EPS is computed by dividing the profit after tax, as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.16 Recent accounting pronouncements

i) In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS - 7, 'statement of cash flows'. These amendments are in accordance with the recent amendments made by the International Accounting Standards Board (IASB) to IAS - 7, 'statement of cash flows'. The amendments are applicable to the company from April 1, 2017

ii) The amendment to Ind AS - 7, requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

iii) The company is evaluating the requirements of the amendments and their effect on financial statements.

Note : 4 First-time adoption of Ind AS

4.1 These standalone financial statements of HBL Power Systems Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101- first time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

4.2 The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the company's balance sheet, statement of profit and loss, is set out in note 4.4. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 4.3..

4.3 Exemptions availed on first time adoption of Ind-AS 101

Ind AS 101 allows first - time adopters certain exemptions from the retrospective application of certain requirements under Ind AS and exemptions from other Ind AS. The company has accordingly applied the following exemptions.

(A) Deferred government grants

The company is permitted to apply the requirements under Ind AS 109, financial instruments and Ind AS 20, accounting for government grants and disclosure of government assistance, prospectively to government loans existing at the date of transition to Ind AS. Accordingly, the measurement of borrowings - interest free sales tax loan (IFST) is made prospectively

(B) Property, plant and equiment and intangibles

The company may elect to use the previous GAAP carrying amount as the deemed cost for measurement of items of property, plant and equipment and intangible assets at the date of transition to Ind AS. Accordingly the compnay adopted the previous GAAP carrying amount that existed at the date of transition to Ind AS. Further, the carrying amount of an insignificant finance lease relating to office equipment included in PPE had been retained without according the treatment prescribed by Ind AS 109 on financial instruments.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

(C) Investments in subsidiaries, joint ventures and associates

Where the company adopts to measure such investments at cost, in accordance with Ind AS 27 - separate financial statements, it has an option of measuring the same at deemed cost, being the previous GAAP carrrying amount as on the date of transition. Accordingly the company adopted the previous GAAP carrying amount that existed at the date of transition to Ind AS.

4.4 Reconciliations

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

(A) Equity as at April 1, 2015 and March 31, 2016

(B) Net profit for the year ended March 31, 2016.

A) Reconciliation of equity as previously reported under IGAAP to Ind AS ₹ in Lakhs

	Particulars	Note	Opening balance sheet as at April 1, 2015			Opening balance sheet as at March 31, 2016		
			IGAPP	Effects of transition to Ind AS	Ind AS	IGAPP	Effect of transition to Ind AS	Ind AS
I)	**ASSETS**							
1	**Non current assets**							
	(a) Property, plant and equipment	a	42,177.43	-	42,177.43	39,084.04	(76.44)	39,007.60
	(b) Capital works in progress		1,558.98	-	1,558.98	2,008.62		2,008.62
	(c) Intangible assets		2,220.79	-	2,220.79	2,451.90		2,451.90
	(d) Intangible assets under development		3,379.31	-	3,379.31	2,798.41		2,798.41
			49,336.50	-	49,336.50	46,342.97	(76.44)	46,266.53
	(e) Financial assets							
	(i) Investments		2,274.98	-	2,274.98	1,465.02		1,465.02
	(iii) Other financial assets		1,296.92	-	1,296.92	2,945.79		2,945.79
	(f) Other non current assets		290.05	-	290.05	117.28		117.28
			3,861.95	**-**	**3,861.95**	**4,528.08**	**-**	**4,528.08**
2	**Current assets**							
	(a) Inventories	b	50,925.89	11.68	50,937.57	39,171.45	94.49	39,265.94
	(b) Financial assets							
	(i) Investments		-	-	-	-	-	-
	(ii) Trade receivables	c	40,876.75	-	40,876.75	44,172.44	3.92	44,176.37
	(iii) Cash and cash equivalents		1,973.24	-	1,973.24	1,379.29		1,379.29
	(iv) Other bank balances		2,638.18	-	2,638.18	1,698.69		1,698.69
	(c) Current tax assets (net)		1,443.20	-	1,443.20	800.97		800.97
	(d) Other current assets		6,323.78	-	6,323.78	6,427.30		6,427.30
			1,04,181.04	11.68	1,04,192.73	93,650.15	98.42	93,748.56
	Total		**1,57,379.50**	**11.68**	**1,57,391.18**	**1,44,521.20**	**21.98**	**1,44,543.18**
II)	**EQUITY AND LIABILITIES**							
1	**Equity**							
	(a) Equity share capital		2,530.00	-	2,530.00	2,530.00		2,530.00
	(b) Other equity	d	56,233.38	3,875.21	60,108.58	57,415.11	2,459.72	59,874.83
			58,763.38	**3,875.21**	**62,638.58**	**59,945.11**	**2,459.72**	**62,404.83**
2	**Non current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings	e	19,870.01	(3,421.73)	16,448.27	12,274.27	(1,850.77)	10,423.50

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

	Particulars	Note	Opening balance sheet as at April 1, 2015			Opening balance sheet as at March 31, 2016		
			IGAPP	Effects of transition to Ind AS	Ind AS	IGAPP	Effect of transition to Ind AS	Ind AS
	(b) Provisions		197.89	-	197.89	199.18		199.18
	(c) Deferred tax liabilities (net)		1,726.16	-	1,726.16	1,470.07		1,470.07
	(d) Other non current liabilities	f	-	279.61	279.61	-	223.69	223.69
			21,794.06	**(3,142.12)**	**18,651.94**	**13,943.52**	**(1,627.08)**	**12,316.44**
3	**Current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings		42,667.26	-	42,667.26	41,549.43		41,549.43
	(ii) Trade payables		18,212.33	-	18,212.33	16,368.24		16,368.24
	(iii) Other financial liabilities		8,547.70	-	8,547.70	5,593.93		5,593.93
	(b) Other current liabilities	g	5,410.54	2.47	5,413.01	4,544.65	105.07	4,649.71
	(c) Provisions	h	1,984.23	(723.87)	1,260.35	2,576.32	(915.73)	1,660.59
	(d) Current tax liabilities (net)		-	-	-	-	-	-
			76,822.06	(721.40)	76,100.66	70,632.57	(810.66)	69,821.91
	Total		**1,57,379.50**	**11.68**	**1,57,391.18**	**1,44,521.20**	**21.98**	**1,44,543.18**

Explanations for reconciliation of balance sheet as previously reported under IGAAP to Ind AS.

Reasons for adjustments:

a) Depreciation on PPE relating to previous year identified during the year.

b) Inclusion of freight element to the value of inventories.

c) Addition on account of prior period sales identified during the year.

d) Consequent to reclassification of financial instruments, dividends approved post to reporting period and prior period items.

e) Unwinding and amortization of interest against interest free loans from related parties and government assistance by way of interest free sales tax loan.

f) Recognition and amortization of deferred government assistance.

g) Recognition of liability against prior period expenses identified in subsequent years.

h) Discounting of provision for warranties and derecognition of liability for dividend declared post reporting period.

B) Reconciliation of statement of profit and loss as previously reported under IGAAP to Ind AS ₹ in Lakhs

	Particulars	Note	Year ended March 31, 2016		
			IGAPP	Effect of transition to Ind AS	Ind AS
	Revenue				
I	Revenue from operations	i	1,28,835.88	10,734.79	1,39,570.67
II	Other income	j	1,208.05	55.92	1,263.97
III	Total revenue (I+II)		1,30,043.93	10,790.72	1,40,834.64
IV	Expenses				
	Cost of material consumed		76,666.61	-	76,666.61
	Purchases of stock in trade		349.33	-	349.33
	Changes in inventories of finished goods, stock -in - trade and work - in - progress	k	599.98	(82.81)	517.17
	Excise duty on sale of goods	l	-	10,730.87	10,730.87
	Employee benefits expense	m	10,280.99	(279.92)	10,001.07
	Finance costs	n	5,264.70	1,570.96	6,835.66
	Depreciation and amortization expense	o	4,958.96	76.44	5,035.40

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

	Particulars	Note	Year ended March 31, 2016		
			IGAPP	Effect of transition to Ind AS	Ind AS
	Other expenses	p	27,749.76	33.06	27,782.82
	Total expenses (IV)		1,25,870.33	12,048.60	1,37,918.93
V	Profit before exceptional items and tax (III-IV)		4,173.59	(1,257.88)	2,915.71
VI	Exceptional items - (income)/expense		896.16		896.16
VII	Profit before tax (V-VI)		3,277.43	(1,257.88)	2,019.55
VIII	Tax expense				
	(1) Current tax		1,600.00	(96.87)	1,503.13
	(2) Deferred tax (asset)/liability		(256.09)	-	(256.09)
	(3) Income tax relating to previous years		(9.47)	-	(9.47)
IX	Profit for the period (VII-VIII)		1,943.00	(1,161.01)	781.98
X	Other comprehensive income	m			
	Remeasurement of defined benefit plans		-	(279.92)	(279.92)
	Income tax		-	96.87	96.87
XI	Total comprehensive income for the period (IX+X)		1,943.00	(1,537.80)	405.19

Explanations for reconciliation of statement of profit and loss as previously reported under IGAAP to Ind AS.

Reasons for adjustments:

i) Inclusion of excise duty paid on sales and recognition of prior period sales

j) Recognition of amortised government assistance.

k) Inclusion of freight element on inventories.

l) Expenditure on excise duty paid on sales shown as separate line item.

m) Recognition of actuarial gains and losses in other comprehensive income and consequential adjustment.

n) On account of finance cost on financial instruments as per Ind AS.

o & p) On account of prior period depreciation, prior period expenses and discounting of liability towards warranties.

C) Cash flow statement

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 5 Property, plant and equipment as on March 31, 2017

₹ in Lakhs

Description	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As on April 1, 2016	Additions	Adjust-ments/ deletions	As on March 31, 2017	As on April 1, 2016	Transitional adjustment	For the period	Adjust-ments/ deletions	As on March 31, 2017	As on March 31, 2017	As on March 31, 2016
Land - freehold	3,765.95	101.64	17.69	3,849.90	-	-	-	-	-	3,849.90	3,765.95
Land - leasehold	246.99	13.13	-	260.11	26.14	-	2.67	-	28.81	231.30	220.85
	-	*	-		-	-	-	-			-
Buildings - factory	18,365.36	1,165.67	-	19,531.03	4,951.34	-	596.74	-	5,548.09	13,982.94	13,414.02
Buildings - others	734.24	10.32	-	744.56	98.44	-	13.08	-	111.52	633.04	635.80
	-	@	-		-	-	-	-			-
Plant and equipment	43,310.84	3,249.78	716.96	45,843.66	23,184.17	-	3,109.56	571.30	25,722.43	20,121.23	20,126.67
Furniture & fixtures	832.95	30.74	12.81	850.88	569.48	-	66.66	9.28	626.86	224.02	263.47
Vehicles	1,182.44	171.14	137.90	1,215.68	813.94	-	103.58	103.46	814.05	401.63	368.50
Office equipment	1,983.67	180.66	33.77	2,130.56	1,798.98	-	68.04	33.14	1,833.87	296.68	184.69
Office equipment under finance lease	86.48	-	-	86.48	58.83	-	10.31	-	69.13	17.35	27.66
Technical library	1.89	-	-	1.89	1.89	-	-	-	1.89	-	-
Total	**70,510.80**	**4,923.07**	**919.13**	**74,514.75**	**31,503.20**	**-**	**3,970.63**	**717.18**	**34,756.66**	**39,758.09**	**39,007.60**
Carrying value as of April 1, 2016	69,585.91	1,201.27	276.38	70,510.80	27,408.48	-	4,299.62	204.90	31,503.20	39,007.60	

Note: Amount of expenditure recognised in carrying amount of property, plant and equipment in the course of their construction.

* Buildings ₹1,24,98,511/-. @ Plant and equipment ₹1,47,11,239/-

Property, plant and equipment as on March 31, 2016

₹ in Lakhs

Description	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As on April 1, 2015	Additions	Adjust-ments / deletions	As on March 31, 2016	As on April 1, 2015	Transitional adjustment	For the period	Adjust-ments / deletions	As on March 31, 2016	As on March 31, 2016	As on April 1, 2015
Land - freehold	3,729.99	43.22	7.26	3,765.95	-	-	-	-	-	3,765.95	3,729.99
Land - leasehold	246.99	-	-	246.99	23.48	-	2.65	-	26.14	220.85	223.50
Buildings - factory	18,243.72	121.65	-	18,365.36	4,194.86	-	756.48	-	4,951.34	13,414.02	14,048.85
Buildings - others	734.24	-	-	734.24	85.46	-	12.99	-	98.44	635.80	648.78
Plant and equipment	42,499.92	904.74	93.82	43,310.84	20,026.01	-	3,218.58	60.42	23,184.17	20,126.67	22,473.91
Furniture & fixtures	818.49	15.04	0.58	832.95	500.34	-	69.56	0.42	569.48	263.47	318.15
Vehicles	1,308.88	43.49	169.93	1,182.44	833.42	-	119.92	139.40	813.94	368.50	475.47
Office equipment	1,915.32	73.14	4.79	1,983.67	1,694.51	-	109.13	4.66	1,798.98	184.69	220.81
Office equipment under finance lease	86.48	-	-	86.48	48.52	-	10.31	-	58.83	27.66	37.97
Technical library	1.89	-	-	1.89	1.89	-	-	-	1.89	-	-
Total	**69,585.91**	**1,201.27**	**276.38**	**70,510.80**	**27,408.48**	**-**	**4,299.62**	**204.90**	**31,503.20**	**39,007.60**	**42,177.43**
Carrying value as of April 1, 2015	68,025.45	2,349.21	788.76	69,585.91	22,212.53	925.73	4,489.36	219.14	27,408.48	42,177.43	

5.1 In respect of dies & moulds and secure land filling included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively and the company had continued to charge such higher depreciation (as compared to schedule II) on the same basis.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

5.2 Disclosure in respect of title deeds of immovable properties:

1 Freehold land:

a) The gross block of freehold land comprises of actual acquisition cost of ₹3756.77 lakhs and land development charges capitalized of ₹93.13 lakhs.

b) Out of the value of ₹3672. 82 lakhs, the details with regard to the value of land, companies in whose name the title deeds are held and the reasons therefor are as follows : ₹ in Lakhs

	Name of the company	Cost of freehold land	Remarks / reasons
1	**HBL Power Systems Limited (A)**	**3247.94**	Value of land , the title deeds in respect of which are in the name of the company viz., HBL Power Systems Limited
1	Hyderabad Batteries Private Limited	10.31	Name changed to Hyderabad Batteries Limited on 11-11-1987
2	Hyderabad Batteries Limited	24.38	Name changed to HBL Limited on 09-08-1995
3	Nicad Systems Private Limited	1.07	Merged with HBL Limited
4	Pilazetta Batteries Limited	2.59	Merged with HBL Limited
5	Nagadhara Engineering Private Limited	1.62	Merged with HBL Limited
6	HBL Limited	45.69	Later merged with Sab Nife Power Systems Limited
7	Sab Nife Power Systems Limited	77.82	Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited
8	HBL NIFE Power Systems Limited	345.35	Name changed to HBL Power Systems Limited with effect from 12-10-2006
	Sub total (B)	**508.83**	Value of land, the title deeds in respect of which are in the names of other companies which are part and parcel of HBL Power Systems Limited by virtue of approved schemes of merger and name changes.
	Grand total (A + B)	**3756.77**	

2 Non - factory buildings:

a) The gross block of non-factory buildings of ₹744.56 lakhs, comprise of actual cost of building constructed on factory lands of value of ₹519.37 lakhs, and cost of acquisition of buildings, (situated on other than factory lands) purchased from the third parties, is ₹225.19 lakhs.

b) The details with regard to the value of of buildings, companies in whose name the title deeds are held and the reasons therefor are as follows :

	Name of the company	Cost of buildings	Remarks / reasons
A	Buildings constructed on factory lands:		
1	HBL Power Systems Limited	483.94	Value of buildings constructed on factory land by the company itself viz., HBL Power Systems Limited
2	HBL NIFE Power Systems Limited	35.43	Name changed to HBL Power Systems Limited with effect from 12-10-2006
	Sub - total (A)	**519.37**	
B	Buildings acquired from others:		
1	HBL NIFE Power Systems Limited	158.04	Name changed to HBL Power Systems Limited with effect from 12-10-2006
2	Sab Nife Power Systems Limited	67.15	Name changed to HBL NIFE Power Systems Limited upon merger with HBL Limited
	Sub - total (B)	**225.19**	Value of buildings, the title deeds in respect of which are in the names of other companies which are part and parcel of HBL Power Systems Limited by virtue of approved schemes of merger and name changes.
	Grand total (A + B)	**744.56**	

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 6 Capital work-in-progress

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Machinery under erection	520.12	1,485.37	1,267.85
Civil works in progress	59.14	151.76	47.98
Pre-operative expenses to be capitalised	237.24	371.50	243.15
Total	**816.49**	**2,008.62**	**1,558.98**

Note : 7 Intangible assets as on 31st March, 2017

₹ in Lakhs

Description	Gross carrying amount			Accumulated amortization			Net carrying amount	
	As on April 1, 2016	Additions	As on March 31, 2017	As on April 1, 2016	For the period	As on March 31, 2017	As on March 31, 2017	As on March 31, 2016
New product development expenditure (internally generated)	3,163.66	278.45	3,442.11	2,220.83	493.79	2,714.61	727.49	942.83
Power facility	96.16	-	96.16	62.51	19.23	81.74	14.42	33.66
Technical knowhow fee	864.73	-	864.73	342.78	172.95	515.72	349.01	521.95
Software development	966.89	-	966.89	13.43	161.15	174.58	792.31	953.46
Total	**5,091.44**	**278.45**	**5,369.89**	**2,639.54**	**847.11**	**3,486.65**	**1,883.23**	**2,451.90**
Carrying value as of April 1, 2016	4,124.55	966.89	5,091.44	1,903.76	735.78	2,639.54	2,451.90	

Intangible assets as on 31st March, 2016

₹ in Lakhs

Description	Gross carrying amount			Accumulated amortization			Net carrying amount	
	As on April 1, 2015	Additions	As on March 31, 2016	As on April 1, 2015	For the period	As on March 31, 2016	As on March 31, 2016	As on April 1, 2015
New product development expenditure (internally generated)	3,163.66	-	3,163.66	1,690.66	530.17	2,220.83	942.83	1,473.00
Power facility	96.16	-	96.16	43.27	19.23	62.51	33.66	52.89
Technical knowhow fee	864.73	-	864.73	169.83	172.95	342.78	521.95	694.90
Software development	-	966.89	966.89	-	13.43	13.43	953.46	-
Total	**4,124.55**	**966.89**	**5,091.44**	**1,903.76**	**735.78**	**2,639.54**	**2,451.90**	**2,220.79**
Carrying value as of April 1, 2015	2,863.54	1,261.00	4,124.55	1,263.44	640.32	1,903.76	2,220.79	

Note : 8 Intangible assets under development

₹ in Lakhs

Description	As on March 31, 2017	As on March 31, 2016	As on April 1, 2015
1) New product development expenditure (internally generated)			
a) Battery products	1,054.56	1,333.01	1,333.01
b) Electronic products	652.20	652.20	652.20
2) Technical knowhow fee paid	798.33	798.33	643.33
3) Power facility	14.88	14.88	14.88
4) Software development	-	-	735.89
Total	**2,519.97**	**2,798.41**	**3,379.31**

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 9 Investments ₹ in Lakhs

					March 31, 2017	March 31, 2016	April 1, 2015
Non - current - un-quoted							
i)	**In equity instruments: (fully paid-up)**						
	Number		Face value	Name of the entity			
	Current year	Previous year					
a)	**Subsidiary companies**						
	250	250	€ 100	HBL Germany GMBH	14.92	14.92	14.92
	9999500	9999500	₹ 10	SCIL Infracon Private Limited	1,248.37	1,248.37	1,248.37
	600	600	$ 1000	HBL America Inc.	323.02	323.02	223.99
b)	**Associate company**						
	41000	41000	₹ 10	Naval Systems & Technologies Private Limited	4.10	4.10	4.10
c)	**Joint arrangement company**						
	1100000	1100000	SR 10	Gulf Batteries Company Limited (Kingdom of Saudi Arabia)	1,424.51	1,424.51	1,424.51
d)	**Controlled company**						
	180000	90000 (90000 equity shares received in pursuance of business combination)	₹ 10	Kairos Engineering Limited	18.00	9.00	9.00
ii)	**Investment in limited liability partnership (LLP)**						
				HBL Suntech LLP	18.30	18.30	18.30
Non -current - quoted							
e)	**Other companies (listed but not quoted)**						
	200	200	₹ 10	Indian Lead Limited	0.10	0.10	0.10
				TOTAL	3,051.32	3,042.32	2,943.28
	Less Aggrgate provision for impairment in value of investments				2,209.67*	1,577.30	668.30
	*Inclusive of ₹9.00 lakhs on account of business combination						
	Carrying value of non-current investments				841.65	1,465.02	2,274.98
Current investments- quoted :							
In equity instruments of other companies: (fully paid-up)							
(Received in pursuance of business combination)							
	Number		Face value	Name of the entity			
	Current year	Previous year					
	690		₹1	JSW Steel Limited	2.58	–	–
In liquid mutual funds: (fully paid-up)							
(Received in pursuance of business combination)							
	1		₹10	**Reliance mutual fund shares liquid BEES**	0.01	–	–
				TOTAL	2.59	–	–
	Less aggrgate provision for diminution in value of investments				1.28		
	Carrying value of current investments				1.31	–	–

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

		Non - Current	Current	Non - Current	Current	Non - Current	Current
9.1	Aggregate amount of quoted investments	0.10	2.58	0.10	-	0.10	-
	Aggregate market value of quoted investments	Not Available	1.30	Not Available	-	Not Available	-
	Aggregate amount of unquoted investments	3,051.22	-	3,042.22	-	2,943.18	-
	Aggregate amount of impairment / diminution in value of Investments	2,209.67	1.28	1,577.30	-	668.30	-

9.2 In pursuance of MOU entered by the company, M/s.HBL Miltrade Pte Limited, Singapore, allotted one share (face value – one Singapore Dollar) to the company. The company is yet to pay for the same. Pending remittance, investment is not disclosed in the above investments.

9.3 Investee company

		Principal place of business	Country of incorporation	Proportion of ownership interest & voting right
Subsidiary companies				
	HBL Germany GMBH	Zwickau	Germany	100%
	SCIL Infracon Private Limited	Hyderabad	India	100%
	HBL America Inc.	Connecticut	U.S.A.	100%
	HBL Suntech LLP	Mumbai	India	60%
Associate company				
	Naval Systems & Technologies Private Limited	Hyderabad	India	41%
Joint arrangement company				
	Gulf Batteries Company Limited	Dammam	Kingdom of Saudi Arabia	40%
Controlled company				
	Kairos Engineering Limited	Hyderabad	India	46.70%

Note : 10 Other financial assets

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Other financial assets			
Non-current			
Bank deposits (with more than 12 months maturity)			
Fixed deposits	31.05	23.97	18.93
Margin money deposits	1,581.80	1,705.18	224.29
Security deposits with government and others	1,062.92	1,213.28	1,047.51
Advances to employees	1.27	3.36	6.19
TOTAL	2,677.03	2,945.79	1,296.92

Note : 11 Other non-financial assets

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	259.47	117.28	290.05
TOTAL	259.47	117.28	290.05

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 12 Inventories

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials	20,283.07	20,890.13	30,790.47
Stores, spares. process chemicals, fuels & packing material	746.40	691.10	485.10
Stock-in-trade (in respect of goods acquired for trading)	1,179.75	616.96	786.57
Bonded stocks/in transit	1,081.16	1,050.66	2,409.07
Consumable tools	1.57	9.25	23.13
Salvagable stocks	-	-	87.83
Work in progress	11,961.69	10,746.34	12,783.80
Finished goods	5,182.55	5,261.50	3,571.60
TOTAL	40,436.19	39,265.94	50,937.57

12.1 *Inventories are valued as per accounting policy in note no. 3.6.

Note : 13 Trade receivables

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, considered good	48,866.87	44,176.37	40,876.75
Unsecured and considered doubtfull	966.00	616.00	596.00
Allowance for credit losses	(966.00)	(616.00)	(596.00)
TOTAL	48,866.87	44,176.37	40,876.75

13.1 Particulars of trade receivables due from the related parties

	March 31, 2017	March 31, 2016	April 1, 2015
Beaver Engineering & Holdings Private Limited	-	46.40	536.31
HBL Germany, GMBH	2630.73	2119.66	2037.96
HBL America Inc.	1002.60	776.88	1096.60
HBL Suntech, LLP	430.63	430.63	448.63
Gulf Batteries Company Limited (KSA) (Joint Venture company)	536.84	729.89	708.67
Kairos Engineering Limited	-	-	1.49
TOTAL	4600.80	4103.46	4829.66

Note : 14

₹ in Lakhs

14.1 Cash and cash equivalents

	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks in current accounts	216.95	596.58	617.74
Cash on hand	17.80	14.81	16.03
Fixed deposits (maturity of less than three months)	68.40	767.90	1,339.46
TOTAL	303.15	1,379.29	1,973.24

14.2 Other bank balances

	March 31, 2017	March 31, 2016	April 1, 2015
Fixed deposits	73.40	64.39	61.15
Margin money deposits	1,849.41	1,601.50	2,543.70
Dividend account	33.82	32.80	33.33
TOTAL	1,956.63	1,698.69	2,638.18

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

14.3 Financial assets - others (current)

	March 31, 2017	March 31, 2016	April 1, 2015
Security deposits with government and others	190.70	201.49	304.11
Advances to employees	42.44	71.67	46.44
Advances to related parties	-	-	426.27
Claims & other receivables	253.13	617.18	1,324.08
Interest accrued but not due on deposits	365.36	260.32	518.02
TOTAL	851.63	1,150.66	2,618.92

14.4 Claims and other receivables include

	March 31, 2017	March 31, 2016	April 1, 2015
a) Insurance claim on account of hud hud cyclone	-	200.56	738.95
b) Insurance claim on account of heavy rainfall (Refer note : 14.5)	95.16	95.16	95.16
c) Payments under protest for pending litigations	142.65	211.36	180.29
d) Other receivables	15.32	110.10	309.68
TOTAL	253.13	617.18	1,324.08

14.5 During the year 2011-12, certain assets of the company were damaged due to heavy rainfall. The company had incurred ₹95.16 lakhs towards repairing the damages caused and was accounted for as claim recoverable. The cost of new assets acquired is capitalised. However, the claim is made for total cost of repairs and acquisition of assets, as the loss is covered under re-instatement policy which was in force. The total claim was repudiated by the insurer and the company filed a suit for recovery. The matter is still sub-judice.

14.6 Particulars of advances to related parties

	March 31, 2017	March 31, 2016	April 1, 2015
SCIL Infracon Private Limited (subsidiary company)	-	-	424.37
Kairos Engineering Limited (controlled company)	-	-	1.66
Naval Systems & Technologies Private Limited (associate company)	-	-	0.24
TOTAL			426.27

Note : 15 Current tax assets (net)

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
MAT credit entitlement	-	110.17	767.60
Advance payment of income tax (including TDS)	-	4,045.06	3,131.08
Less : Provision for income tax/wealth tax	-	3,354.27	2,455.48
TOTAL	-	800.97	1,443.20

Note : 16 Other current assets

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
A) Advances other than capital advances:			
Advances to employees	73.58	39.99	24.05
Advances to vendors for supply of goods / services	3,095.30	3,405.08	2,348.13
B) Others:			
Prepaid expenses	143.55	221.23	134.07
Deferred contract cost	1,265.21	581.99	237.21
Depoists/balances with excise	1,207.95	634.29	651.68
Service tax input/vat receivables	512.41	394.06	309.73
TOTAL	6,298.00	5,276.64	3,704.87

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 17 Equity share capital ₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Authorised			
31,25,00,000 equity shares of ₹1 each	3,125.00	3,000.00	3,000.00
(previous year 30,00,00,000 equity shares of ₹1 each)			
Issued , subscribed and fully paid-up			
27,71,94,946 equity shares of ₹1 each	2,771.95	2,530.00	2,530.00
(previous year 25,30,00,000 equity shares of ₹1 each)			
TOTAL	**2,771.95**	**2,530.00**	**2,530.00**

17.1 Scheme of arrangement and amalgamation (business combination) of transferor company Beaver Engineering & Holdings Private Limited (BEHPL) (holding company) with transferee company HBL Power Systems Limited (HBL) (subsidiary company) from the appointed date April 1, 2016:

The board of directors in their meetings held on March 23, 2016 approved a scheme of arrangement and amalgamation of the holding company BEHPL with its subsidiary company HBL from the appointed date April 1, 2016. The company's petition for amalgamation was allowed by the Hon'ble NCLT, Hyderabad bench on May 9, 2017. As per the said scheme, the authorized share capital of HBL shall automatically stands increased and reclassified by the authorized share capital of BEHPL amounting to ₹125.00 lakhs consequently, the authorized share capital of HBL was increased and reclassified as 31,25,00,000 equity share of ₹1/- each i.e. ₹3125.00 lakhs.

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

Equity shares	March 31, 2017		March 31, 2016		April 1, 2015	
	No.of shares	₹ in Lakhs	No.of shares	₹ in Lakhs	No.of shares	₹ in Lakhs
At the beginning of the period	25,30,00,000	2,530.00	25,30,00,000	2,530.00	25,30,00,000	2,530.00
Additions during the period on account of business combination	17,40,94,389	1,740.94	-	-	-	-
Deductions during the period on account of business combination	14,98,99,443	1,498.99	-	-	-	-
Outstanding at the end of the period	27,71,94,946	2,771.95	25,30,00,000	2,530.00	25,30,00,000	2,530.00

17.3 Addition to and cancellation from issued, subscribed and paidup capital:

i) Addition to paid up capital - As at the appointed date viz., 01.04.2016, the paid up capital of the BEHPL was ₹51.93 lakhs consisting of 3,04,726 equity shares of ₹10/- each (₹30.47 lakhs), 77,163 compulsorily convertible preferential shares (CCPS) of ₹10/- each (₹7.72 lakhs) and 68,726 optionally convertible redeemable preferential shares (OCRPS) of ₹20/- each (₹13.75 lakhs). In terms of the scheme of amalgamation, upon amalgamation HBL issued equity shares, credited as fully paid up, to the members of BEHPL, holding fully paid up equity shares and preference shares in the following proportion:

a) 3883 fully paid equity shares of ₹1/- each of HBL issued as fully paid up for every 10 equity shares of ₹10/- fully paid up held in BEHPL i.e. issued 11,83,25,104 equity shares of ₹1/- each of HBL for 304726 equity shares of ₹10/- each of BEHPL.

b) 3,753 fully paid equity share of ₹1/- each HBL issued as fully paid up for every 10 CCPS of ₹ 10/- each fully paid held in BEHPL i.e issued 289,59,273 equity share of ₹1/- each of HBL for 77,163 CCPS of ₹10/- each BEHPL.

c) 3901 fully paid equity shares of ₹1/- each of HBL issued for every 10 OCRPS of ₹20/- fully paid up held in BEHPL, i.e. isssued 2,68,10,012 equity shares of ₹1/- each of HBL for 68,726 OCPS of ₹ 20/- of BEHPL.

Thus HBL issued a total of 17,40,94,389 equity shares of ₹1/- each to the members of BEHPL in proportion to their holding and the same is shown as addition to paid up capital during the year in note 17.2 above.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

ii) Cancellation of shares - as at the appointed date viz., 01.04.2016, BEHPL was holding 14,98,99,443 equity shares of ₹1/- each in the equity share capital of HBL and as per the scheme of amalgamation, the said investment held by BEHPL stands cancelled and accordingly the same is shown as reduction during the year in Note 17.2.

17.4 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

17.5 Shares held by holding/ultimate holding company

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

Name of the Shareholder	March 31, 2017	March 31, 2016	April 1, 2015
	No.of shares	No.of shares	No.of shares
Beaver Engineering & Holdings Private Limited	-	14,98,99,443	14,30,59,443

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

Name of the shareholder	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹1 each fully paid						
Promoter and promoter group						
Beaver Engineering & Holdings Private Limited	-	-	14,98,99,443	59.25	14,30,59,443	56.55
Dr. A J Prasad	-	-	2,08,14,500	8.23	2,76,54,500	10.93
Barclays Wealth Trustees (India) Pvt Ltd -Aluru family pvt trust	13,68,40,231	49.37	-	-	-	-
Public						
BanyanTree Growth Capital LLC	2,89,83,735	10.46	-	-	-	-
Oman India Joint Investment Fund Management Company Pvt Ltd	2,68,42,240	9.68	-	-	-	-

Note : 18 Other equity (refer to the statements of changes in equity)

₹ in Lakhs

	March 31, 2017		March 31, 2016		April 1, 2015	
Capital reserve		**1.02**		**5,569.83**		**5,569.83**
Capital redemption reserve						
Opening balance	-		-		-	
Addition during the year (in pursuance of business combination)	2.70	2.70	-	-	-	-
Investment subsidy from state government		**55.77**		**55.77**		**55.77**
Securities premium account						
Opening balance	10,437.77		10,437.77		10,437.77	
Addition during the year (in pursuance of business combination)	12,572.90	23,010.66	-	10,437.77	-	10,437.77
General reserve						
Opening balance	36,500.00		36,394.65		35,894.65	
Add: In pursuance of business combination	(4,227.65)		-		-	
Add: Transferred from retained earnings	-	32,272.35	105.35	36,500.00	500.00	36,394.65
Retained earnings (balance of surplus in the statement of changes in equity)		15,825.92		7,311.46		7,650.56
		71,168.42		59,874.83		60,108.58

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 19 ₹ in Lakhs

19.1 Non-current financial liabilities

		March 31, 2017	March 31, 2016	April 1, 2015
Borrowings				
A)	**Term loans from banks (secured)**			
	IDBI Bank Limited	1,250.20	833.40	1,250.00
	HDFC Bank Ltd	1,000.00	2,000.00	3,831.00
	HDFC Bank Ltd. - against vehicles	18.09	24.93	47.99
	TOTAL (A)	**2,268.29**	**2,858.33**	**5,128.99**
B)	**Loans from others (un-secured)**			
	Deferred payment liability - interest free sales tax loan	324.16	412.82	570.14
	Loan from related party - holding company	-	7,127.60	10,657.88
	Long term maturities of finance lease obligations - from HPFSIPL	-	7.55	28.37
	Loan from HPFSIPL - against equipment	-	17.20	62.90
	TOTAL (B)	**324.16**	**7,565.17**	**11,319.29**
	TOTAL (A + B)	**2,592.45**	**10,423.50**	**16,448.28**

19.2 Current financial liabilities

			March 31, 2017	March 31, 2016	April 1, 2015
Borrowings (current maturities)					
A)	**Long term debt from banks (secured)**				
	IDBI Bank Limited		833.20	416.60	-
	HDFC Bank Ltd		1,000.00	1,831.00	5,369.00
	HDFC Bank Ltd. - against vehicles		26.05	54.04	50.10
		TOTAL (A)	1,859.25	2,301.64	5,419.10
B)	**Current maturities of finance lease obligations - from HPFSIPL**	**TOTAL (B)**	**7.55**	**20.81**	**18.46**
C)	**Loans from others (un-secured)**				
	Deferred payment liability - interest free sales tax loan		164.86	258.56	321.87
	Loan from HPFSIPL - against equipment		17.20	45.70	40.48
		TOTAL (C)	182.06	304.27	362.35
		TOTAL (A+B+C)	2,048.86	2,626.72	5,799.91

19.3 Current maturities of long term debt

Instalments due within 12 months from the date of balance sheet classified as current as shown above are disclosed under "other current liabilities"

19.4 Term loans :

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

19.5 Term loan from IDBI and HDFC :

a) The capex term loan of ₹2,500 lakhs is sanctioned by IDBI Bank for setting up of spun concrete poles unit with a project cost of ₹3,350 lakhs with a capacity of 1,00,000 poles p.a. at Narsaraopet, Guntur District, Andhra Pradesh. The loan is secured by pari passu first charge on the entire property, plant and equipment of the company both present and future. This loan is also guaranteed by CMD, spouse of CMD, director, and CFO in their personal capacity.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

b) HDFC term loan II of ₹2000 lakhs is towards the refinancing of capital expenditure of the company. The loan is secured by a first charge on the entire property, plant and equipment of the company both present and future. This loan is also guaranteed by CMD, director and CFO in their personal capacity.

₹ in Lakhs

Name of the bank	Loan amount drawn	No of instalments	% of interest	
IDBI BANK LIMITED - term loan I	2500.00	12 (QTLY) commencing from 1-10-2016	12.00	2083.40
HDFC Bank - term loan II	2000.00	4 (HY) commencing from 30-09-2017	10.25	2000.00

c) HDFC bank - vehicle loan

The term loans are secured by exclusive hypothecation of vehicles acquired through execution of demand promissory notes and are repayable by equated monthly installments (EMIs') as per the loan schedule sanctioned by the bank.

19.6 Unsecured loans

a) Deferred payment liability - interest free sales tax loan (IFST):

IFST loan represents the sales tax payable by the company given as loan by state government under a scheme and is to be repaid without interest after 14 years from the date of availment. The loan requires creation of a charge on the assets of the company. Pending creation of charge, the amount is shown as 'unsecured loan' to be regrouped as secured loan as and when the charge is created. Pursuant to requirement under Ind AS - 109 on financial instruments and in view of the option exercised under Ind AS - 101 on first time adoption of Ind AS, un-winding of interest using effective interest rate was made and the deferred government grant carved out, from the said loan, is being amortized in equal installments over the remaining repayment period of the IFST loan.

b) Term loan from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) towards implementation of SAP Project is repayable in 20 quarterly instalments from the date of loan with interest at the rate ranging between 11% and 13%. The loan is also guaranteed by a director of the company.

c) Finance lease obligations from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) for implementation of SAP Project is repayable by way of lease rentals over a period of 5 years and is also guaranteed by a director of the company.

19.7 As on the balance sheet date, there were no continuing defaults in repayment of borrowings and interest.

Note : 20 ₹ in Lakhs

20.1 Provisions non-current

	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits			
Provision for earned leave encashment	213.49	199.18	197.89
TOTAL	**213.49**	**199.18**	**197.89**

20.2 Provisions current

	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits			
Provision for earned leave encashment	15.89	7.08	5.16
Provision for gratuity	303.68	264.50	193.53
Other provisions			
Provision for warranties	856.60	811.32	739.38
Provision for excise & customs duty on closing stocks	358.04	447.93	209.15
Provision for commission on profits to director	156.53	129.77	113.14
Contingency provision (in pursuance of business combination)	30.00	–	–
TOTAL	**1,720.74**	**1,660.60**	**1,260.36**

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 21 Deferred tax liability (net)

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liability (as per last balance sheet)	1,470.07	1,726.16	2,456.70
Less : Adjustment on account of depreciation based on companies Act, 2013	-	-	320.38
Less : On account of business combination (DTA)	(3.30)	-	-
Add: Deferred tax (asset)/liability for the year	(349.87)	(256.09)	(410.16)
TOTAL	**1,116.90**	**1,470.07**	**1,726.16**

Note : 22 Other non-current liabilities

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred government grant (Refer note 19.6 (a))	167.77	223.69	279.61
TOTAL	**167.77**	**223.69**	**279.61**

Note : 23 Borrowings

₹ in Lakhs

		March 31, 2017	March 31, 2016	April 1, 2015
A)	**Loans repayable on demand from banks (secured)**			
	State Bank of India	12,691.11	13,139.42	12,424.94
	State Bank of Hyderabad	-	2,143.19	1,910.18
	IDBI Bank Ltd	1,867.73	5,895.05	3,321.25
	IDBI short term loan			1,800.00
	ICICI Bank Ltd	6,840.46	4,969.12	3,706.43
	Axis Bank Ltd	4,482.01	4,592.78	2,938.21
	Buyer's credit from banks	1,909.70	556.02	4,730.94
	TOTAL (A)	**27,791.01**	**31,295.59**	**30,831.95**
B)	**Loans repayable on demand from related parties (unsecured)**			
	Inter corporate deposit from holding company	-	665.00	380.00
	Loans from directors	721.00	721.00	751.00
	TOTAL (B)	**721.00**	**1,386.00**	**1,131.00**
C)	**Other loans from banks (unsecured)**			
	Purchase bill discounting from Kotak Mahindra Bank Ltd	4,441.46	2,403.58	1,691.38
	Purchase bill discounting from IDBI Bank Ltd	6,111.54	4,501.42	3,353.19
	Sale bills (LC backed) discounted with SBI	2,726.25	962.84	1,391.96
	Sale bills (LC backed) discounted with Yes Bank	1,217.89	-	1,767.77
	HDFC short term loan	-	1,000.00	2,500.00
	TOTAL (c)	**14,497.14**	**8,867.84**	**10,704.30**
	TOTAL (A+B+C)	**43,009.15**	**41,549.43**	**42,667.25**

23.1 Working capital loans

The demand loans from banks are secured by a first charge on all the chargeable current assets and by a second charge on the property, plant and equipment (both present and future) of the company. All the loans are also guaranteed by CMD, spouse of CMD, director, and CFO in their personal capacity.

23.2 Purchase bill discounting from Kotak Mahindra Bank Ltd. Is guaranteed by CMD and a director of the company in their personal capacity and purchase bill discounting from IDBI Bank Ltd. is secured by accepted bill of exchange and post dated cheque/standing instructions for making payment on due date.

23.3 Loan from directors is repayable on demand with interest @ 11% p.a.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 24 Trade payables

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Total outstanding dues of :			
Micro enterprises & small enterprises (MESE)	284.50	443.79	624.39
Payables other than MESE	16,261.18	15,924.45	17,587.95
TOTAL	**16,545.68**	**16,368.24**	**18,212.34**

24.1 Details relating to micro, small & medium enterprises :

	March 31, 2017	March 31, 2016	April 1, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end :			
Principal amount	284.50	443.79	624.39
Interest	8.72	14.24	23.04
The amount of interest paid by the company along with the amounts of the payment made to the supplier beyond the appointed day			
Principal amount	4184.08	3543.06	5503.00
Interest	-	-	
The amount of interest due and payable for the period of delay in			
making payment (beyond the appointed day during the year)	15.71	30.46	118.24
The amount of interest accrued and remaining unpaid	24.43	44.70	141.28
The amount of further interest remaining due and payable for the earlier years	737.65	692.95	551.68

Note: The information has been given in respect of those suppliers who have intimated the company that they are registered as micro, small and medium enterprises. Some of the vendors who come under the MSMED Act 2006 have been associated with the company for a long time and have a continuous business relationship. The company is usually prompt in servicing these vendors as per mutually agreed payment terms. In view of such longstanding relationship, no claims were received by the company. The company expects that there will be no claims in future also for interest.

Note : 25 Other financial liabilities - current

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Current maturities of long-term debt(refer note - 19.2)	**2,041.31**	**2,605.90**	**5,781.45**
Current maturities of finance lease obligations refer note - 19.2)	7.55	20.81	18.46
Interest accrued but not due on loans	48.31	91.36	144.40
Unpaid/unclaimed dividends (refer note - 25.1)	**33.82**	**32.80**	**33.33**
Trade deposits	196.94	249.14	229.53
Creditors for capital expenditure	167.80	269.03	534.37
Statutory dues	657.21	433.66	485.20
Directors' current account	220.02	176.08	142.84
Accrued compensations to employees (refer note - 25.2)	1,566.43	1,715.16	1,178.13
TOTAL	**4,939.39**	**5,593.93**	**8,547.71**

25.1 As at March 31, 2017, does not include any amount outstanding which is required to be credited to investor education and protection fund (IEPF).

25.2 Includes ₹264.20 lakhs towards additional provision made in financial year 2015-16 on account of amendment to Payment of Bonus Act, 1965 with retrospective effect.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 26 Other current liabilities

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Advances against sales	1,927.29	3,052.64	4,228.56
Accrued expenses	1,032.22	1,597.07	1,184.45
TOTAL	**2,959.51**	**4,649.71**	**5,413.01**

Note : 27 Current tax liabilities (net)

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Provision for income tax	3,197.36	–	–
Advance payment of income tax (including TDS)	2,933.10	–	–
TOTAL	**264.26**	**–**	**–**

Note : 28 Revenue from operations

₹ in Lakhs

		March 31, 2017	March 31, 2016
a)	Sale of products (including excise duty)	1,49,231.98	1,36,144.59
b)	Sale of traded goods	552.12	442.81
c)	Sale of services	3,158.98	2,918.33
d)	Other operating revenue - sale of scrap	43.15	64.94
	TOTAL	**1,52,986.23**	**1,39,570.67**

Note : 29 Other income

₹ in Lakhs

		March 31, 2017	March 31, 2016
a)	**Interest income**		
	Interest received on deposits with banks/others	337.59	373.00
	Interest on IT refunds	125.27	-
b)	**Other non-operating income (net of directly attributable expenses)**		
	Exchange gains	590.21	504.85
	Deferrend income-govt grant	55.92	55.92
	Miscellaneous income (net)	611.52	330.20
	Other operating revenue - sale of scrap		
	TOTAL	**1,720.51**	**1,263.97**

Note : 30

₹ in Lakhs

		March 31, 2017	March 31, 2016
A)	**Cost of material consumed**		
	Opening stocks	20,890.13	30,790.47
	Purchases, material, components & consumables	**88,416.95**	**66,786.66**
		1,09,307.08	97,577.13
	Less : closing stocks	20,283.07	20,890.13
		89,024.01	76,686.99
	Less : internal capitalisation	76.83	20.38
	TOTAL	**88,947.18**	**76,666.61**

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Note : 31 (Increase) / decrease in inventories of finished goods, stock-in-trade and work-in-progress

₹ in Lakhs

		March 31, 2017	March 31, 2016
a)	**Manufactured goods**		
	i) Opening stocks		
	a) Semi finished goods	10,746.34	12,783.80
	b) Finished goods	5,261.50	3,571.60
	TOTAL (A)	**16,007.84**	**16,355.41**
	ii) Closing stocks		
	a) Semi finished goods	11,961.69	10,746.34
	b) Finished goods	5,182.55	5,261.50
	TOTAL (B)	**17,144.25**	**16,007.84**
	(Increase) / decrease (C = A - B)	(1,136.41)	347.57
b)	**Traded goods**		
	Opening stock of traded goods	616.96	786.57
	Add : In pursuance of business combination	503.72	-
		1,120.68	786.57
	Closing stock of traded goods	1,179.75	616.96
	(Increase) / decrease (D)	(59.07)	169.60
	(Increase) / decrease in inventory (C + D)	**(1,195.48)**	**517.17**

Note : 32

₹ in Lakhs

	March 31, 2017	March 31, 2016
Employee benefits expense:		
Salaries & bonus	7,726.77	8,204.75
Contribution to provident & other funds	636.61	661.93
Gratuity	60.35	25.03
Staff welfare expenses	890.53	844.77
Recruitment & training	13.93	21.35
Remuneration to directors:		
Salaries & allowances	146.40	103.65
Contribution to provident fund	11.52	8.16
Commission on profits	156.53	129.77
Directors sitting fees	2.30	1.68
TOTAL	**9,644.95**	**10,001.07**

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 33 Finance cost*

₹ in Lakhs

	March 31, 2017	March 31, 2016
Interest on term loans	527.95	849.47
Interest on bank borrowings	3,161.68	3,462.96
Interest on vehicle loans	7.18	10.78
Interest on other loans	6.86	10.22
Interest on unsecured loans	79.31	1,613.39
Interest - others	212.98	197.91
Bank charges & commission	734.40	860.37
	4,730.36	7,005.09
Less: Transfers to pre-operative expenses	108.68	169.43
TOTAL	**4,621.68**	**6,835.66**

* The company capitalized actual interest paid on borrowings made specifically for the purpose of obtaining such qualifying assets.

Note : 34 Depreciation and amortization expense

₹ in Lakhs

	March 31, 2017	March 31, 2016
Depreciation of tangible assets	3,970.63	4,299.62
Amortisation of intangible assets	847.11	735.78
TOTAL	**4,817.75**	**5,035.40**

Note : 35 Other expenses

₹ in Lakhs

	March 31, 2017	March 31, 2016
Stores & spares consumed	1,943.24	1,796.76
Equipment lease rentals	28.54	41.99
Factory rent	32.90	33.41
Consumable tools charged off	10.19	13.79
Contract wages	8,361.01	7,893.55
Testing charges	194.76	70.31
Power and fuel	5,279.41	5,161.53
Installation charges paid	645.51	667.15
Televan hire charges	109.68	123.10
Rent	276.63	261.79
Rates, duties & taxes	532.16	460.91
Insurance	305.50	188.21
Professional & consultancy charges	1,243.59	570.93
Expenditure incurred on corporate social responsibility activities	57.69	51.05
Repairs and maintenance	1,147.10	1,167.67
Travelling and conveyance	1,419.15	1,385.08
Sundry expenses	1,577.44	1,559.40
Payments to auditors (Refer note 35.1)	30.00	30.00
Audit expenses	2.34	7.60
Advances & deposits written off	197.97	24.37

Notes forming part of the standalone financial statements

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₹ in Lakhs

	March 31, 2017	March 31, 2016
Freight & insurance on sales	4,294.04	3,777.21
Liquidated damages	248.20	187.09
Commission on sales	127.39	281.44
Provision / write off of trade receivables	1,144.15	1,340.66
Provision for warranties (net)	45.28	71.94
Other selling expenses	478.34	615.86
TOTAL	**29,732.22**	**27,782.82**

35.1 Details of payments to auditor towards :

	March 31, 2017	March 31, 2016
Audit fee	30.00	30.00
Service tax	4.50	4.35
TOTAL	**34.50**	**34.35**

Note : 36 Exceptional items of (income)/expenditure

₹ in Lakhs

	March 31, 2017	March 31, 2016
Profit on sale of investments	**(439.10)**	-
Impairment / diminution in value of investments	623.37	909.00
Loss/(profit) on sale of assets	131.48	(12.84)
Profit on exchange of land	**(42.43)**	-
Loss on exchange of land	**5.72**	-
TOTAL	**279.03**	**896.16**

Note : 37 Disclosure as per Ind AS - 33 earnings per share (EPS) - face value of share : ₹1/- each

₹ in Lakhs

Computation of EPS (basic & diluted)

	March 31, 2017	March 31, 2016
Profit after tax (₹)	3,220.38	405.19
No. of shares (basic)	27,71,94,946	25,30,00,000
No. of shares (diluted)	27,71,94,946	25,30,00,000
EPS (basic)	1.16	0.16
EPS (diluted)	**1.16**	**0.16**

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 38 Disclosure as per schedule III of the act and Ind AS-37 on provisions, contingent liabilities and contingent assets : ₹ in Lakhs

38.1 Provisions

	Particulars	Provision for warranties	Provision for excise and customs duty closing stocks	Contingency provision
a)	the carrying amount at the beginning of the period ;	811.32	447.92	-
b)	(i) additional provisions made in the period, including increases to existing provisions ;	710.50	358.04	
	(ii) additions in pursuance of business combination			30.00
c)	amounts used (ie incurred and charged against the provision) during the period	-	(447.92)	-
d)	unused amounts reversed during the period	(657.35)	-	-
e)	the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	(7.87)	-	-
f)	the carrying amount at the end of the period ;	856.60	358.04	30.00

Unused amounts of provision for warranties represents provision reversed from the opening balance (after warranty period). It is expected that provision for warranties will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

38.2 Contingent liabilities not provided for and commitments:

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

Nature of contingent liability	As on 31-03-2017	As on 31-03-2016	As on 01-04-2015
i) Contingent liabilities not provided for:			
a) Claims against the company not acknowledged as debts towards :			
Excise duty	658.84	743.53	743.53
Sales tax	258.33	589.72	496.50
Custom duty	491.70	488.70	488.70
Service tax	-	8.51	8.51
Income tax	65.08	65.08	65.08
Property tax	134.25	27.64	27.64
Fuel surcharge adjustment (FSA)	148.16	138.79	134.38
Enhancement of land cost	168.44	168.44	168.44
Erstwhile promoters of SCIL Infracon Pvt Ltd	188.31	188.31	188.31
Others	9.50	9.50	11.50
b) Un-expired guarantees issued on behalf of the company by banks for which the company gave counter guarantees	14036.71	14956.22	14,381.47
ii) Commitments:			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**637.73**	**737.13**	**122.47**
b) Other commitments:			
Legal undertakings (LUTs) given to custom's authorities for clearing the imports at nil / concessinal rate of duty	124.84	1451.07	2,448.63

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

The company has other commitments, for purchase / sale orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in the normal course of business. The company does not have any long term committments or material non-cancellable contractual committments / contracts, which might have material impact on the financial statements.

38.3 Commitment towards dividend and dividend distribution tax

The board in its meeting held on May 26, 2017 has recommended a dividend of ₹0.25 per equity share of ₹1/- each for the financial year ended March 31, 2017. The proposal is subject to the approval of share holders at the annual general meeting to be held, and if approved would result in a cash outflow of ₹692.99 lakhs towards dividend and ₹141.08 lakhs towards corporate dividend distribution tax.

38.4 Contingent assets:

During the year 2011, some assets at one of the plants of the company, were damaged due to heavy rains. The company's claim for the loss was repudiated by the insurers. A case was filed for recovery of the claim of ₹234.60 Lakhs towards loss sufferred apart from interest thereon. The matter is sub judice.

During the year 2014, there was a heavy damage to the assets and inventory at two plants of the company, due to hud-hud cyclone. The company's claim for the resultant losses was partly allowed by the Insurers and the balance claims were repudiated. The matter relating to the claim of ₹400 lakhs towards damages to assets and inventory and ₹921.75 Lakhs towards loss of profits, apart from Interest thereon, was referred to arbitration. The matter is sub judice.

Note : 39 Income tax and sales tax assessments:

39.1 Income tax:

The company's income tax assessments were completed upto financial year 2013-14 and the tax dues, as per orders, were paid and charged off to revenue, except for disputed issues under appeal. Tax assessments for the financial years 2014-15 and 2015-16 are pending and the tax dues, as per returns filed, have been fully paid. in respect of such pending assessments, The liability, if any, that may arise upon completion of assessment is not ascertainable at this stage.

39.2 Sales tax:

The company has paid/provided for VAT/CST as per the records and returns filed upto March 31, 2017 after considering the Input VAT on purchases and also on the basis of concessional forms expected to be received from customers. The liability, if any, in respect of pending assessments including those relating to non-submission of concessional forms ('C' forms etc.) is not ascertainable at this stage. The company is in the process of collecting concessional Forms from customers for submission before the assessments are concluded.

Note : 40 Confirmation of balances

The company had sent letters seeking confirmation of balances to various parties under trade payables, trade receivables, advance to suppliers and others, advance from customers. Based on the confirmations received and upon proper review, corrective actions have been initiated and the amounts have been trued up, accounting adjustments have been made wherever found necessary. Such confirmations are awaited from some parties, comprising of government departments and public sector undertakings, mainly.

Note : 41

In the opinion of the board, assets other than fixed assets and non-current investments have a value, on realisation in the ordinary course of business, which is at least equal to the amount at which they are stated in the financial statements.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Note : 42 Disclosures as prescribed by Indian accounting standard (Ind AS)

42.1 Disclosure as per Ind AS - 2 - inventories

During the year ended March 31, 2017, ₹22.64 lakhs was recognised as an expense in respect of inventories carried at net realisable value and an amount ₹76.58 lakhs representing carrying value of obsolete inventories, was recognized as an expense in the statement of profit & loss.

42.2 Disclosure as per Ind AS -11- construction contracts

A) The company recognised revenue based on percentage completion method whereby stage of completion of a contract is determined with reference to the proportion that contract costs incurred (for work performed up to the reporting date) bear to the estimated total contract cost and wherever applicable after completion of inspection/certification of the work performed by the customers as stipulated in the contract.

B) In respect of contracts in progress on March 31, 2017.

₹ in Lakhs

	March 31, 2017	March 31, 2016
a) Contract revenue recognised in the period	232.69	271.48
b) Aggregate contract costs incurred upto the reporting date.	3056.69	2,950.02
c) Aggregate amount of recognised profits upto the reporting date.	3012.07	2,886.04
d) Amount of advances received from customer outstanding as on date	166.67	166.67
e) Retention amount (amount billed less amount received / advance adjusted)	385.09	381.19

42.3 Disclosure as per Ind AS -12 - income tax

a) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income tax is summarized as follows:

Particulars		Year ended March 31, 2017		Year ended March 31, 2016
Profit before tax but after other comprehensive income excluding profit on sale of land		4716.86		1714.96
Profit on sale of land		36.71		24.67
Profit before tax but after other comprehensive income		4753.58		1739.63
Enacted tax rates (%)				
On business income	34.61		34.61	
On capital gains	23.07		23.07	
Computed expected tax expense		1640.88		599.24
Tax effect due to non-taxable income		(472.12)		(401.33)
Tax reversals		(71.08)		(8.88)
Tax effect due to non-deductible expenses		814.98		1389.54
Tax effect on others		37.34		21.42
Income tax expense		1950.00		1600.00

b) Details of income tax assets and income tax liabilities as of March 31, 2017, March 31, 2016 and April 1, 2015 are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Advance tax / MAT credit / TDS	2,933.10	4,155.24	3,898.68
Provision for income tax	3,197.36	3,354.27	2,455.48
Asset / (liability)	(264.26)	800.97	1,443.20

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

c) The gross movement in the current income tax asset / (liability) for the years ended March 31, 2017 and March 31,2016 is as follows:

	March 31, 2017	March 31, 2016
Net current income tax asset / (liability) at the beginning	800.97	1,443.20
Add : Income tax paid / adjusted (net of refund received)	884.77	957.77
Less : Provision for current tax	1,950.00	1,600.00
Net current income tax asset / (liability) at the end	(264.26)	800.97

e) The tax effects of significant temporary differences that resulted in deferred income tax asset and liability are as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liability			
Property, plant and equipment	1,830.59	2,088.88	2,365.31
Total	**1,830.59**	**2,088.88**	**2,365.31**
Deferred tax asset			
Warranties	295.64	334.24	295.64
Leave encashment	79.38	71.38	70.27
Gratuity		-	66.98
Provision for bad debts	334.31	213.19	206.26
Others	4.37	-	-
Total	**713.70**	**618.81**	**639.15**
Deferred tax liability after set off of deferred tax asset	1,116.89	1,470.07	1,726.16

f) The gross movement in the deferred income tax account for the years ended March 31, 2017 and March 31,2016 is as follows:

	March 31, 2017	March 31, 2016
Net deferred tax liability at the beginning	1,470.07	1,726.16
Credit / (charge) relating to temporary differences	(353.18)	(256.09)
Net deferred income tax liability at the end	1,116.89	1,470.07

42.4 Disclosure as per Ind AS-17 - leases

a) Finance leases (un-discounted) (refer note 4.3(B))

	March 31, 2017	March 31, 2016
Finance leases (un-discounted) (refer note 4.3(B))		
Amount of finance lease	28.37	46.82
Less : Lease amount repaid during the period	20.82	18.45
Amount outstanding at the end of the period	7.55	28.37
Amount payable not later than one year	7.55	20.82
Amount payable later than one year and not later than five years	-	7.55

b) Operating lease

The company had taken office and residential facilities under cancellable operating leases. The rental expenses under such canellable operating lease for the year ended March 31, 2017 was ₹276.63 lakhs (Previous year ₹261.79 lakhs)

42.5 Disclosure as per Ind AS-19 - employee benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under:

	March 31, 2017	March 31, 2016
Employer's contribution to PF/ ESI / pension plan	648.13	670.09

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

b) Defined benefit plan:

(i) Gratuity obligation of the company :

To cover the employer's obligation towards gratuity, under the payment of gratuity act, the company has taken a group gratuity policy of LIC of India. As per the valuation made under projected unit credit method and demanded by LIC of India, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/provided for by the company. Apart from the said funding, to keep the policy alive, the company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position)

Particulars	March 31, 2017	March 31, 2016
Present value of obligation	1424.30	1240.87
Fair value of plan assets	1120.62	977.58
Surplus / (deficit)	303.68	263.29
Effects of asset ceiling, if any	-	-
Net asset/(liability)	303.68	263.29

* The liability as at March 31, 2016 is the provisional amount, which has been taken from AS 15 certificate as advised by the company.

Expense recognized during the period

Particulars	March 31, 2017
In income statement (p&l a/c – expense provision)	50.32
In other comprehensive income (b/sheet item)	253.36

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

The valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Defined benefit
Employer's contribution	100%
Employee's contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal retirement age	58
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the payment of gratuity act, 1972 (as amended from time to time).
"Benefit on early retirement / termination / resignation / withdrawal"	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	1000000
Gratuity formula	(15/26) x Last drawn salary x number of completed years

Description of regulatory framework in which plan operates

The payment of gratuity is required by the payment of gratuity act, 1972.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, 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 the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the company is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

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. 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 liabilty.

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 to be worse compared to the assumption.

Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of ₹10,00,000).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the company to market risk for volatilities/fall in interest rate.

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

Effect of any amendments, curtailments and settlements - Not applicable in this case.

Explanation of amounts in financial statements

The valuation results for the defined benefit gratuity plan as at March 31, 2016 are produced in the tables below:

Changes in the present value of obligation

Particulars	For the period ending	
	March 31, 2017	March 31, 2016
Present value of obligation as at the beginning	1240.87	1175.61
Current service cost	24.82	11.75
Interest expense or cost	99.27	94.05
Actuarial (gains) / loss on obligations	258.59	248.92
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	199.25	289.46
Acquisition adjustment	0.00	0.00
Effect of business combinations or disposals	0.00	0.00
Present value of obligation as at the end	1424.30	1240.87
Bifurcation of net liability		
Current liability (short term)	54.44	33.01
Non-current liability (long term)	1369.86	1207.86
Net liability	1424.30	1240.87

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Changes in the fair value of plan assets

Particulars	For the period ending	
	March 31, 2017	March 31, 2016
Fair value of plan assets as at the beginning	977.58	982.08
Acquisition adjustment	56.50	0.00
Expected return on plan assets	78.21	78.57
Contributions	264.50	205.02
Benefits paid	199.25	289.46
Actuarial gain/(loss) on plan assets	5.23	1.37
Fair value of plan assets as at the end	1120.62	977.58

Change in the effect of asset ceiling

Particulars	For the period ending	
	March 31, 2017	March 31, 2016
Effect of asset ceiling at the end	nil	nil
Interest expense or cost (to the extent not recognised in net interest expense)	nil	nil
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	nil	nil
Effect of asset ceiling at the end	nil	nil

Expenses recognised in the income statement

	March 31, 2017
Current service cost	24.82
Past service cost	0.00
Expected return on plan assets	(78.21)
Interest cost	103.71
Expenses recognised in the income statement	50.32

Other comprehensive income

	March 31, 2017
Actuarial (gains) / losses	
Actuarial (gains) / loss on obligations	258.59
Actuarial (gains) / loss on plan assets	5.23
Total OCI	253.36

Return on plan assets, excluding amount recognised in net interest expense.

Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling.

Components of defined benefit costs recognised in other comprehensive income.

Major categories of plan assets (as percentage of total plan assets)

	March 31, 2017
Other investments--LIC	100%
Total	100%

Actuarial assumptions

Financial assumtpions

Particulars	For the period ending	
	March 31, 2017	March 31, 2016
Discount rate (per annum)	7.00%	8.00%
Salary growth rate (per annum)	4.00%	4.00%

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Demographic assumptions

Indian assured lives mortality (2006-08) ult	100%	
Attrition rate:		
Age at valuation date / valuation date	**March 31, 2017**	**March 31, 2016**
18-30	15%	15%
31-40	5%	5%
41 &+	1%	1%

Disability: No explicit allowance

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase in reported cost.

Table of sample mortality rates from Indian assured lives mortality 2006-08

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Membership status

Particulars	As on March 31, 2017	As on March 31, 2016
Number of employees	2118	2204
Total monthly salary (₹ in lakhs)	385.12	389.12
Average past service (years)	8	8
Average age (years)	37	37
Average remaining working life (years)	21	21

Number of completed years valued

Decrement adjusted remaining working life (years) 16.07

Amount, timing and uncertainity of future cash flows

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occuring at the end of the reporting period, while holding all other assumptions constant.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Particulars	March 31, 2017
Defined benefit obligation (base)	142430.019
Discount rate:(% change compared to base due to sensitivity)	
Increase: +1%	129938.184
Decrease: -1%	156914.686
salary growth rate:(% change compared to base due to sensitivity)	
Increase: +1%	158091.610
Decrease: -1%	128365.726
Attrition rate:(% change compared to base due to sensitivity)	
Increase: +50%	149851.889
Decrease: -50%	133709.362
Mortailtiy rate:(% change compared to base due to sensitivity)	
Increase: +10%	142551.174
Decrease: -10%	142309.017

Please note that the 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.

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 5 above, where assumptions for prior period, if applicable, are given.

Asset liability matching strategies

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. 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).

Effect of plan on entity's future cash flows

Funding arrangements and funding policy

The company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the company. Any deficit in the assets arising as a result of such valuation is funded by the company.

Expected contribution during the next annual reporting period

The company's best estimate of contribution during the next year.

Maturity profile of defined benefit obligation

Weighted average duration (based on discounted cashflows) in years	16.79
Expected cash flows over the next (valued on undiscounted basis):	
1 year	54.44
2 to 5 years	131.24
6 to 10 years	495.36
More than 10 years	2753.71

(ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using project unit credit method (PUC) and is charged to profit & loss account. The obligation is not funded.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Assets and liability (balance sheet position)

Particulars	March 31, 2017	March 31, 2016
Present value of obligation	220.20	203.84
Fair value of plan assets	-	-
Surplus / (deficit)	220.20	203.84
Effects of asset ceiling, if any	-	-
Net asset/(liability)	220.20	203.84

* The liability as at 31-03-2016 is the provisional amount, which has been taken from AS 15 certificate as advised by the company.

Expense recognized during the period

Particulars	March 31, 2017	March 31, 2016
In income statement (p&l a/c – expense provision)	58.58	50.85

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

The valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Long term benefit
Employer's contribution	100%
Employee's contribution	Nil
Salary for calculation of leave encashment benefit	Last drawn salary
Normal retirement age	58
Vesting period	Not applicable
Benefit on normal retirement	Leave salary [gross salary) subject to a maximum of 30 days' salary
Benefit on early retirement / termination / resignation / withdrawal	As above
Benefit on death in service	As above
Limit	Yes
Benefit formula	No. of days' leave encashable x last drawn salary

Description of regulatory framework in which plan operates

The payment of leave encashment benefit is required as per company's scheme.

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the company is exposed to various risks in providing the above 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 the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the company is not able to meet the short-term benefit payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

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. 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 liabilty.

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 to be worse compared to the assumption.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Regulatory/contractual risk: The benefit is paid in accordance with the requirements of the enterprise's scheme (as amended from time to time). There is a risk of change in regulations /rules requiring higher benefit payouts (e.g. Increase in the maximum limit on benefit amount).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the company to market risk for volatilities/fall in interest rate.

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

Explanation of amounts in financial statements

The valuation results for the defined benefit gratuity plan as at 31-3-2016 are produced in the tables below:

Changes in the present value of obligation

Particulars	March 31, 2017	March 31, 2016
Present value of obligation as at the beginning	203.84	200.86
Current service cost	6.12	4.02
Interest expense or cost	16.31	16.07
Actuarial (gain)/ loss on obligations	36.16	30.77
Past service cost	0.00	0.00
Effect of change in foreign exchange rates	0.00	0.00
Benefits paid	42.22	47.88
Acquisition adjustment	0.00	0.00
Effect of business combinations or disposals	0.00	0.00
Present value of obligation as at the end	220.20	203.84

Bifurcation of net liability

Particulars	March 31, 2017	March 31, 2016
Current liability (short term)	6.71	4.66
Non-current liability (long term)	213.48	199.18
Net liability	**220.20**	**203.84**

Changes in the fair Value of plan assets

Particulars	March 31, 2017	March 31, 2016
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments		
c) Expected return on plan assets		
d) Contributions		
e) Benefits paid	(42.22)	(47.88)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Change in the effect of asset ceiling

Effect of asset ceiling at the beginning	nil
Interest expense or cost (to the extent not recognised in net interest expense)	
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	
Effect of asset ceiling at the end	nil

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Expenses recognised in the income statement

Particulars	March 31, 2017	March 31, 2016
Current service cost	6.12	4.02
Past service cost	-	-
Expected return on plan assets	-	-
Interest cost	16.31	16.07
Net actl. (gain)/ loss recognized in the period:	36.16	30.77
Expenses recognised in the income statement	58.58	50.85

Actuarial assumptions valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost

Financial assumtpions

Particulars	March 31, 2017	March 31, 2016
Discount rate (per annum)	7.00%	8.00%
Salary growth rate (per annum)	4.00%	4.00%
Demographic assumptions		
Indian assured lives mortality (2006-08) ult	100%	100%
Attrition rate:		
Age at valuation date / valuation date		
18-30	15.0%	15.0%
31-40	5.0%	5.0%
41 &+	1.0%	1.0%

Disability: No explicit allowance

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase in reported cost.

Table of sample mortality rates from Indian assured lives mortality 2006-08

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Membership status

Particulars	March 31, 2017	March 31, 2016
Number of employees	2118	2204
Total monthly salary (₹ in Lakhs)	385.12	389.12
Average past service (years)	8	8
Average age (years)	37	37
Average remaining working life (years)	21	21
Number of completed years valued	0	
Decrement adjusted remaining working life (years)	16.07	

42.6 Disclosure as per Ind AS -21 - the effects of changes in foreign exchange rates

	March 31, 2017	March 31, 2016
a) Exchange differences arising out of settlement / translation on account of export sales for the year	(231.45)	663.19
b) Exchange differences arising out of settlement / translation on account of previous year; imports	796.68	(273.96)
c) Exchange differences arising out of settlement / translation on account of others	24.98	115.62
Net gain (loss) recognised during the year	590.21	504.85

42.7 Disclosure as per Ind AS– 24 - related party disclosures

1	**Subsidiaries**	SCIL Infracon Pvt Ltd	
		HBL Germany, GMBH	
		HBL America	
		HBL Suntech LLP	
2	**Joint venture**	Gulf Batteries Company Ltd, Kingdom of Saudi Arabia	
3	**Controlled companies**	Kairos Engineering Limited, Hyderabad	
4	**Associate**	Naval Systems & Technologies Pvt Ltd	
		Guided Missile Engineering India Pvt Ltd	
5	**Key management personnel**	Dr A J Prasad	Chairman & managing director
		M S S Srinath	Whole time director
		Kavita Prasad	Chief financial officer
		K Mahidhar	Vice-president (F&A)
		M V S S Kumar	Company secretary
		Non-executive directors	
		P. Ganapathi Rao	Independent director
		Preeti Khandelwal	Independent director
		Ajay Bhaskar Limaye	Non- executive director
		Mitin Jain	Non- executive director

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Disclosure of transactions with related parties and the status of outstanding balances as on March 31, 2017

Sl.No	Name	Nature of transaction	Transactions during the year	As on March 31, 2017	
				Gross trade receivables (un-secured)	Gross trade payables
1	Subsidiaries	Sale of goods	5,835.00	4,063.96	
		Purchase of goods	0.97	-	66.29
2	Joint venture	Sale of goods	87.95	536.84	
3	Key management personnel	Funds borrowed	-	-	721.00
		Remuneration paid	239.88	-	230.33
		Commission on profits	156.53	-	
		Rent paid	6.39	-	
		Interest paid	79.31	-	
		Sitting fee paid to non-executive directors	2.30	-	-

Against the above gross trade receivables the company had made a provision for doubtful debts of ₹430.63 lakhs for subsidiaries and ₹350 lakhs for joint venture.

Directors / key management personnel interested companies for the fy 2016-17

Sl No	Name	Designation	Directorship in other companies	Shareholding in other companies with %
I	**Directors**			
1	Dr. A J Prasad	Promoter – chairman & managing director	Beaver Technologies Private Limited	Beaver Technologies Private Limited (98%)
				Kairos Engineering Limited (29%)
				Guided Missile Engineering India Pvt. Ltd. (90%)
2	Mr. MSS Srinath	Promoter - whole time director	Kairos Engineering Limited	Kairos Engineering Limited (6.46%)
			Naval Systems & Technologies Pvt. Ltd	Naval Systems & Technologies Pvt. Ltd (10%)
			Plumac Batteries Private Limited	Plumac Batteries Private Limited (50%)
			Beaver Technologies Private Limited	Beaver Technologies Private Limited (2%)
II	**Key managerial personnel**			
1	Mrs. Kavita Prasad	Chief financial officer	Kairos Engineering Limited	Kairos Engineering Limited (11.65%)
			Naval Systems and Technologies Private Limited	Plumac Batteries Private Limited (50%)
			Plumac Batteries Private Limited	
2	Mr. MVSS Kumar	Company secretary	SCIL Infracon Private Limited	Not applicable
			Guided Missile Engineering (India) Private Limited	

42.8 Disclosure as per Ind AS - 38 - intangible assets (expenditure on research & development)

Aggregate amount of research and development expenditure that is not eligible for capitalization, recognised as an expense during the period expensed in the period in which they were incurred and grouped under other expenses is as under:

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

	March 31, 2017	March 31, 2016
Employee costs	722.87	667.34
Finance costs	1.00	1.64
Other expenses	117.95	279.95
Professional fee paid towards R&D	193.24	79.71
Depreciation & amortization	25.32	24.92
Total	**1,060.38**	**1,053.56**

42.9 Disclosure as per Ind AS - 103 - business combinations

A) Beaver Engineering & Holdings Private Limited (BEHPL, the combining entity) is the holding company of HBL Power Systems Limited (HBL, the combined entity) and was carrying on the activities relating to trading of goods and investing in other entities. As per the approved scheme of arrangement and amalgamation, the appointed dated for obtaining control of the combining entity by the combined entity is April 1, 2016.

B) HBL had issued a total of 17,40,94,389 equity shares of ₹1/- each to the members of BEHPL in proportion to their holding. The percentage of equity shares exchanged by the combined entity, to effect the business combination, to the combined total issued and paid up share capital is 62.80%.

C) The business combination was effected by adopting 'pooling of interest' method. The amount of difference between the consideration and the value of net identifiable assets acquired and the treatment thereof is as follows:

Net identifiable carrying value of assets acquired	51.93
Consideration representing value of equity shares issued in pursuance of business combination (refer note 17.3 (i))	1,740.94
Difference adjusted to general reserve	1,689.01
Add: Difference between face value of shares and cost of Investments in BEHPL	2,635.06
Less : Adjustment of balance of general reserve of the merged entity on April 1, 2016	96.42
Net balance appearing in the statement of changes in equity	4,227.65

42.10 Disclosure as per Ind AS-108 - operating segments

	March 31, 2017		March 31, 2016	
	₹ in Lakhs		₹ in Lakhs	
Segment revenue				
Batteries				
Exports	15491.01		15072.95	
Domestic sales	111590.83	127081.84	98188.92	113261.87
Electronics				
Exports	1841.81		2135.11	
Domestic sales	14480.87	16322.68	14085.87	16220.98
Unallocated				
Exports	61.15		160.11	
Domestic sales	9609.47	9670.62	10360.04	10520.15
Total		**153075.14**		**140003.00**
Less : Inter-segment revenue		88.91		432.33
Net revenue		**152986.23**		**139570.67**
Identifiable operating expenses				
Batteries	100806.86		89736.80	
Electronics	13758.50		11929.51	
Unallocated	7199.56	121764.92	7434.67	109100.98

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

	March 31, 2017		March 31, 2016	
	₹ in Lakhs		₹ in Lakhs	
Allocated expenses				
Batteries	9590.26		9089.16	
Electronics	3322.70		2718.72	
Unallocated	6390.43	19303.39	5881.14	17689.02
Segment operating income		**11917.92**		**12780.67**
Unallocable expenses		3730.77		4293.27
Operating profit		**8187.15**		**8487.40**
Other income		1720.51		1263.97
Profit before interest and exceptional items		**9907.66**		**9751.37**
Exceptional items		279.03		896.16
Interest expenses		4621.68		6835.66
Profit before income taxes		**5006.95**		**2019.55**
Income tax expenses		1445.52		1237.57
Net profit		**3561.43**		**781.98**
Segment depreciation (including amortaisation of intangible assets)				
Batteries		3443.14		3756.41
Electronics		446.43		454.35
Unallocated		928.18		824.64
Total		**4817.75**		**5035.40**
Segment assets				
Batteries		103534.57		99949.89
Electronics		18315.52		20798.67
Unallocated		25619.62		23794.62
Total assets		**147469.71**		**144543.18**
Segment liabilities				
Batteries		15677.97		15553.22
Electronics		4556.84		5868.21
Unallocated		53294.53		60716.92
Total liabilities		**73529.34**		**82138.35**

42.11 Financial instruments

A) Capital management

The company manages its capital structure and make adjustments to it, in light of changes in economic condition. To mainintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholder, or issue new shares. No changes were made in the objectives, policies and procedures in the past three years.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

B) Financial Instruments by category

The carrying and fair value of financial instruments by categories as of March 31, 2017 were as follows: ₹ in Lakhs

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value
Assets :									
Cash and cash equivalents	303.15	303.15	303.15	1379.29	1379.29	1379.29	1973.24	1973.24	1973.24
Other bank balances	1956.63	1956.63	1956.63	1698.69	1698.69	1698.69	2638.18	2638.18	2638.18
Investments in subsidiaries, asssociates & joint arrangements	842.95	842.95	842.95	1465.02	1465.02	1465.02	2274.98	2274.98	2274.98
Trade receivables	48866.87	48866.87	48866.87	44176.37	44176.37	44176.37	40876.75	40876.75	40876.75
Other financial assets	3528.66	3528.66	3528.66	4096.45	4096.45	4096.45	3915.84	3915.84	3915.84
Total	**55498.26**	**55498.26**	**55498.26**	**52815.82**	**52815.82**	**52815.82**	**51678.99**	**51678.99**	**51678.99**
Liabilities :									
Trade payables	16545.69	16545.69	16545.69	16368.24	16368.24	16368.24	18212.33	18212.33	18212.33
Borrowings	47650.44	47650.44	47650.44	54599.65	54599.65	54599.65	64915.44	64915.44	64915.44
Other financial liabilities	2890.53	2890.53	2890.53	2967.21	2967.21	2967.21	2747.79	2747.79	2747.79
Total	**67086.66**	**67086.66**	**67086.66**	**73935.10**	**73935.10**	**73935.10**	**85875.56**	**85875.56**	**85875.56**

B) Financial risk management

Financial risk factors

The company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The management reviews and designs policies and procedures to minimise potential adverse effects on its financial performance. The primary market risk to the company is foreign exchange risk. The companies exposure to credit risk is influenced mainly by the customers repayments. The companies exposure to liquidity risks are on account of interest rate risk on borrowings. The following sections provide details regarding the companies exposure to the above mentioned financial risks and the management thereof.

Market risk

The company operates internationally and a portion of the business is transacted in several currencies and consequently the company is exposed to foreign exchange risk through its sales and services in those countires. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the company's operations are affected as the rupee appreciates/ depreciates against these currencies. The company leaves exchange rate risk with regard to foreign exposures unhedged when the local currency is depreciating against the foreign currency and hedges this risk when the local currency is appreciating against the foreign currency. Currently the foreign exchange risk of the company is covered through natural hedge and the company uses the foreign currency denominated accounts to mitigate the exchange rate variation.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017. ₹ in Lakhs

Particulars	U.S.dollars	Euro	GBP	JPY	SGD	Total
Trade receivables	61.39	39.29	0.60	-	-	101.28
Other financial assets	-	-	-	-	-	-
Trade payables	(36.37)	(4.85)	(0.18)	(4.46)	(0.67)	(46.53)
Other financial liabilities	-	-	-	-	-	-
Net assets/(liabilities)	25.02	34.44	0.42	(4.46)	(0.67)	54.75

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016 :

Particulars	U.S.dollars	Euro	GBP	JPY	SGD	Total
Trade receivables	55.13	29.79	1.94	-	1.32	88.18
Other financial assets	-	-	-	-	-	
Trade payables	(32.65)	(15.49)	(0.16)	-	(2.00)	(50.30)
Other financial liabilities						
Net assets/(liabilities)	22.48	14.31	1.78	-	(0.68)	37.89

For the year ended March 31, 2017 and March 31, 2016, the depreciation / appreciation in the exchange rate between the Indian rupee and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹590.21 lakhs and ₹504.85 lakhs respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹48,866.87 lakhs and ₹44,176.37 lakhs as of March 31, 2017 and March 31, 2016, respectively . Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers :

Particulars	March 31, 2017	March 31, 2016
Revenue from top customer	6.70%	5.74%
Revenue from top five customers	21.00%	20.12%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹350 lakhs. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was ₹20 lakhs.

₹ in Lakhs

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning	616.00	596.00
Impairment loss recognised/reversed	350.00	20.00
Amounts written off		
Balance at the end	966.00	616.00

Credit risk on cash and cash equivalents is limited as the company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies with no history of default.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company also has long term and short term borrowings from banks and financial institutions. Term loans are project specific and for refinancing of capital expenditures. Short term loans repayable on demand from banks are obtained for the working capital requirements of the company.

As of March 31, 2017, the company had a working capital of ₹29,275.04 lakhs including cash and cash equivalents of ₹303.15 lakhs. As of March 31, 2016, the company had a working capital of ₹23,926.65 lakhs including cash and cash equivalents of ₹1,379.30 lakhs .

As of March 31, 2017 and March 31, 2016, the outstanding gratuity and compensated absences were ₹533.06 lakhs and ₹470.76 lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of the companies financial instruments will fluctuate because of the change in market ineterest rates. The company is exposed to interest rate risks as it has significant interst bearing loans from banks and financial institutions. These fluctuations are managed through negotiated and prefixed interest rates on term loans enabling the management to plan its future financial commitments and exposures. Short term loans repayable on demand are a subject to prevailing market rate fluctuations and sanctioned facilities are availed on a need to borrow basis to ensure minimun exposure to interst rate fluctuations.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

₹ in Lakhs

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	16,545.69	-	-	16,545.69
Long term borrowings	2,048.86	2,172.61	419.83	4,641.30
Short term borrowings	43,009.14	-	-	43,009.14
Other financial liabilities (excluding borrowings from banks and financial institutions)	2,890.53	-	-	2,890.53

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	16,368.24	-	-	16,368.24
Long term borrowings	9,754.32	2,047.94	1,247.97	13,050.23
Short term borrowings	41,549.42	-	-	41,549.42
Other financial liabilities (excluding borrowings from banks and financial institutions)	2,967.21	-	-	2,967.21

Note : 43 Disclosures relating to corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend atleast two percent of its average net profits for the immediately preceding three years, on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promotion of education, art and culture, health care, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the company, as per the Act. The funds were utilized through the year on these activities which are specified in schedule VII of the Companies Act, 2013.

Notes forming part of the standalone financial statements

for the year ended on March 31, 2017

a) Gross amount required to be spent by the company during the year = ₹50.51 lakhs

b) The details of amounts spent during the year on CSR activities are as follows:

i) Promotion of education of children	16.00
ii) Eradication of malnutrition	12.74
iii) Health care	21.63
iv) Contribution to eligible orphanages/old age homes	7.32
Total	**57.69**

Note : 44 Disclosure of details of specified bank notes (SBN)

Details of SBNs' held and transacted during the period from November 8, 2016 to December 30, 2016 are as follows

	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	19,47,000	4,37,692	23,84,692
(+) Permitted receipts	1,98,000	54,95,255	56,93,255
(-) Permitted payments	-	42,32,811	42,32,811
(-) Amount deposited in banks	21,45,000	-	21,45,000
Closing cash in hand as on December 30, 2016	-	17,00,136	17,00,136

Note : 45

Subsequent to publishing of "Financial Results" and "Statement of Assets and Liabilities" under SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, the company has reclassified and regrouped certain items in the standalone financial statements for better and appropriate presentation. Such changes have no impact on either the "profits" or on "other equity ". However, current tax liability to the extent of ₹264.26 lakhs which was netted from assets has since been disclosed under "Current Liabilities".

Note : 46

Previous years' figures as per previous GAAP have been regrouped / reclassified wherever necessary to correspond with the current year classifications / disclosures.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

Anirban Pal
Partner
M.No: 214919

Place : Hyderabad
Date : May 26, 2017

On behalf of the board

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

Independent Auditors' Report

To the Members of

HBL Power Systems Limited, Hyderabad

Report on the consolidated Ind AS financial statements

We have audited the accompanying consolidated Ind AS financial statements of HBL POWER SYSTEMS LIMITED (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its Associate and a Joint Venture Company, comprising the Consolidated Balance Sheet as at March 31, 2017 and the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's responsibility for the consolidated Ind AS financial statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associate and a Joint Venture Company, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 ('the Rules'), as amended. The respective Board of Directors of the companies included in the Group and of its associate and of its Joint Venture Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associate and its Joint Venture Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in subparagraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of and on the other financial information of the Group, Associate and a Joint Venture Company, referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its Associate and its Joint Venture Company as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other matters

(a) We did not audit the financial statements / financial information of Four (4) Subsidiaries and a Controlled Entity, whose financial statements / financial information reflect total assets of ₹3089.20 lakhs as at March 31, 2017, total revenues of ₹6603.63 lakhs and net cash out-flows amounting to ₹17.81 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹37.17 lakhs for the year ended 31st March, 2017, as considered in the consolidated Ind AS financial statements, in respect of its Associate and a Joint Venture Company, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and a joint venture company , and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associate and a joint venture company is based solely on the reports of the other auditors.

(b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 in respect of Subsidiaries included in these consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on other legal and regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of subsidiaries and associate companies, incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We / the other Auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the relevant Rules.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 and taken on record by the Board of Directors of the Parent and the reports of the statutory auditors, who are appointed under section 139 of the Act, of its subsidiary and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2017 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 and the operating effectiveness of such controls over financial reporting, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent company and Subsidiary Companies and Associate Companies incorporated in India;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer note 38.2 of the consolidated Ind AS financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Group Companies, which are incorporated in India.

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and the other auditors by the Management of the respective Group entities. Refer note 43 of the consolidated Ind AS financial statements.

For **Rao & Kumar**
Chartered Accountants
Firm's Registration Number 03089S

Anirban Pal
Partner
Membership Number 214919

Place : Hyderabad
Date : August 11, 2017

Annexure – A

(Referred to in Paragraph 1(f) of 'Report on other legal and regulatory requirements' in our report of even date)

Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of HBL Power Systems Limited ("the Parent") as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Parent, its Subsidiaries and Associate incorporated in India as of that date.

Management's responsibility for internal financial controls

The respective Board of Directors of the Parent, its Subsidiaries and Associate, incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Parent Company, its subsidiary companies and its associate company, which are companies incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiaries and its associate company, which are companies incorporated in India.

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 (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls 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.

Qualified opinion

According to the information and explanations given to us and based on our audit we are of the opinion that, the Parent Company, its subsidiaries and its associate company, which are companies incorporated in India, have in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Parent Company, its subsidiaries and its associate 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, and except for the possible effects of the material weaknesses in the operating effectiveness of controls in the Parent Company described below on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

a) The Company's internal financial controls implemented through Information Technology Controls and General IT Controls have further scope for improvement, absence of which may lead to a failure of the company's control procedures to prevent or detect a misstatement of an account balance or disclosure.

b) Control Documents evidencing the operating effectiveness of controls have further scope for improvement, absence of which may result in non-identification of deviations from the approved delegation of authority & responsibility, company's controls & procedures. In as much, they effect the assessment of risks associated and determination of the effect of the deviations of the control being tested and the evidence to be obtained, as well as forming an opinion on the operating effectiveness of the controls.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 Consolidated Financial Statements, and these material weaknesses do not affect our opinion on the Consolidated Financial Statements of the Parent Company and its subsidiary companies, its associate and its joint venture company.

Other matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of those companies.

For **Rao & Kumar**
Chartered Accountants
Firm's Registration Number 03089S

Anirban Pal
Partner
Membership Number 214919

Place : Hyderabad
Date : August 11, 2017

BALANCE SHEET as at March 31, 2017

₹ in Lakhs

Particulars	Note		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015
I) ASSETS							
1 Non-current assets							
(a) Property, plant and equipment	5	39,798.85		39,068.85		42,647.15	
(b) Capital works-in-progress	6	816.49		2,008.62		1,558.98	
(c) Intangible assets	7	1,889.23		2,471.39		2,599.31	
(d) Intangible assets under development	8	2,519.97		2,798.41		3,379.31	
(e) Assets held for disposal		-		93.08		-	
(f) Equity accounted investments	8A	783.72	45,808.26	769.42	47,209.77	759.92	50,944.67
(g) Financial assets							
(i) Investments	9	0.10		0.10		0.10	
(ii) Other financial assets	10	2,697.41		2,966.30		1,317.67	
(h) Other non-current assets	11	452.90	3,150.41	310.71	3,277.11	483.48	1,801.25
2 Current assets							
(a) Inventories	12	40,771.74		39,587.99		51,720.90	
(b) Financial assets							
(i) Investments	9	1.30		-		-	
(ii) Trade receivables	13	47,103.37		42,661.71		39,014.74	
(iii) Cash and cash equivalents	14	592.39		1,686.34		2,185.59	
(iv) Other bank balances	14	1,976.67		1,718.74		2,654.31	
(v) Others	11	884.54		1,182.44		2,221.37	
(c) Current tax assets (net)	15	-		801.59		1,437.52	
(d) Other current assets	16	6,364.46	97,694.47	5,364.29	93,003.10	3,825.62	1,03,060.05
Total			**1,46,653.14**		**1,43,489.98**		**1,55,805.97**
II) EQUITY AND LIABILITIES							
1 Equity							
(a) Equity share capital	17	2,771.95		2,530.00		2,530.00	
(b) Other equity	18a	70,140.44	72,912.39	58,381.43	60,911.43	57,949.77	60,479.77
(c) Non-controlling interest	18b		(153.92)		(123.37)		(116.15)
2 Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings	19	2,812.06		10,680.47		16,724.43	
(b) Provisions	20	213.49		199.18		197.89	
(c) Deferred tax liabilities (net)	21	1,169.79		1,471.19		1,851.90	
(d) Other non-current liabilities	22	167.77	4,363.11	223.69	12,574.53	279.61	19,053.83
3 Current liabilities							
(a) Financial liabilities							
(i) Borrowings	23	43,009.15		41,549.42		42,667.25	
(ii) Trade payables	24	16,396.54		16,466.74		18,284.58	
(iii) Other financial liabilities	25	5,005.40		5,666.01		8,701.78	
(b) Other current liabilities	26	3,137.01		4,784.63		5,474.55	
(c) Provisions	20	1,720.74		1,660.59		1,260.36	
(d) Current tax liabilities (net)	27	262.72	69,531.56	-	70,127.39	-	76,388.52
Total			**1,46,653.14**		**1,43,489.98**		**1,55,805.97**

The accompanying notes 1 to 47 form an integral part of this consolidated financial statements.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Place : Hyderabad
Date : August 11, 2017

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2017

₹ in Lakhs

	Particulars	Note		Year ended March 31, 2017		Year ended March 31, 2016
	Revenue					
I	Revenue from operations	28		1,53,710.80		1,40,587.92
II	Other income	29		1,763.59		1,332.14
III	**Total Income (I+II)**			**1,55,474.39**		**1,41,920.06**
IV	**Expenses**					
	Cost of material consumed	30		89,161.06		76,666.49
	Purchases of stock-in-trade			588.09		349.33
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	31		(1,208.96)		975.26
	Excise duty on sale of goods			12,264.37		10,730.87
	Employee benefits expense	32		9,967.88		10,380.83
	Finance costs	33		4,626.82		6,841.84
	Depreciation and amortization expense	34		4,849.68		5,068.25
	Other expenses	35		30,078.02		28,035.90
	Total Expenses (IV)			**1,50,326.96**		**1,39,048.77**
V	**Profit before exceptional items and tax (III-IV)**			**5,147.43**		**2,871.29**
VI	Exceptional items - income / (expense)	36		250.18		(225.06)
VII	**Profit after exceptional items (V-VI)**			**5,397.61**		**2,646.23**
VIII	Share in profit / (loss) of associate / joint venture	8B		37.17		52.21
IX	**Profit before tax (VII-VIII)**			**5,434.78**		**2,698.44**
X	**Tax expense**					
	(1) Current tax		1,884.65		1,544.19	
	(2) Deferred tax (asset)/liability		(397.40)		(319.43)	
	(3) Income tax relating to previous years		(67.01)	1,420.24	(9.47)	1,215.29
XI	**Profit after tax for the period (IX-X)**			**4,014.54**		**1,483.15**
XII	**Other comprehensive income (net)**					
	Items that will not be reclassified to profit or loss -					
a)	Remeasurement of defined benefit plans		(253.36)		(279.92)	
b)	Tax effect		(87.68)		(96.87)	
c)	Total - (c = a+b)		(341.04)		(376.79)	
	Items that may be reclassified to profit or loss -					
d)	Exchange differences in translating the financial statements of foreign operations		90.26		(177.25)	
e)	Tax effect		(31.24)		61.34	
f)	Total - (f = d+e)		59.02		(115.91)	
g)	Total other comprehensive income (net) - (g= c+f)			(282.02)		(492.70)
XIII	**Total comprehensive income for the period (IX+X)**			**3,732.52**		**990.45**
	Profit/(loss) for the year attributable to:					
	Owner of the company			4,041.33		1,490.37
	Non-controlling interest			(26.79)		(7.22)
				4,014.54		1,483.15
	Other comprehensive income for the year attributable to:					
	Owner of the company			(282.02)		(492.70)
	Non-controlling interest			-		
				(282.02)		(492.70)
	Total comprehensive income for the year attributable to:					
	Owner of the company			3,759.31		997.67
	Non-controlling interest			(26.79)		(7.22)
				3,732.52		990.45
XIV	**Earnings per equity share (Face value ₹1/- per share)**	**37**				
	(1) Basic (₹)			**1.35**		**0.39**
	(2) Diluted (₹)			**1.35**		**0.39**

The accompanying notes 1 to 47 form an integral part of this consolidated financial statements.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

Anirban Pal
Partner
M.No: 214919

Place : Hyderabad
Date : August 11, 2017

On behalf of the board

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2017

a) Share capital ₹ in Lakhs

Balance as at April 01, 2015		2,530.00
Balance as at March 31, 2016		2,530.00
Balance as at April 01, 2016		2,530.00
Add : Additions in pursuance of business combination	1,740.94	
Less : Cancelled in pursuance of business combination	1,498.99	241.95
Balance as at March 31, 2017		2,771.95

b) Other equity ₹ in Lakhs

Particulars	Capital reserve	Securities premium account	Other reserves		General reserve	Retained earnings	Foreign currency translation reserve	Total
			Capital redemption reserve	Investment subsidy				
Balance as at April 01, 2015 as per previous GAAP	1.02	10,437.77	-	55.77	35,894.65	7,830.06	(62.02)	54,157.25
Transfer from retained earnings to general reserves	-	-	-	-	500.00	(500.00)	-	-
Ind AS adjustment :								
Unwinding of interest and equity portion on loan from holding company	5,568.81	-	-	-	-	(2,426.69)	-	3,142.12
Prior period errors	-	-	-	-	-	9.21	-	9.21
Dividends (including tax)	-	-	-	-	-	609.01	-	609.01
Discounting of warranty provision	-	-	-	-	-	114.86	-	114.86
Adjustment to retained earnings on account of intra group transactions	-	-	-	-	-	(82.69)	-	(82.69)
Balance at the beginning of the reporting period April 01, 2015	5,569.83	10,437.77	-	55.77	36,394.65	5,553.77	(62.02)	57,949.77
Prior period errors	-	-	-	-	-	(29.94)	-	(29.94)
Profit for the year	-	-	-	-	-	1,483.15	-	1,483.15
Other comprehensive income for the year,net of income tax	-	-	-	-	-	(376.79)	(115.91)	(492.70)
Dividends (including tax)	-	-	-	-	-	(609.01)	-	(609.01)
Transfer from retained earnings to general reserves	-	-	-	-	105.35	(105.35)	-	-
Adjustment to retained earnings on account of intra group transactions	-	-	-	-	-	80.17	-	80.17
Balance at the beginning of the reporting period April 1, 2016	5,569.83	10,437.77	-	55.77	36,500.00	5,996.00	(177.93)	58,381.43
Profit for the year	-	-	-	-	-	4,014.54	-	4,014.54
Other comprehensive income for the year,net of income tax	-	-	-	-	-	(341.04)	59.02	(282.02)
Dividends (including tax)	-	-	-	-	-	(761.26)	-	(761.26)
Others (In pursuance of business combination)	(5,568.81)	12,572.90	2.70	-	(4,227.65)	6,055.35	-	8,834.49
Adjustment to retained earnings on account of intra group transactions	-	-	-	-	-	(46.74)	-	(46.74)
Balance at the end of the reporting period March 31, 2017	1.02	23,010.66	2.70	55.77	32,272.35	14,916.84	(118.91)	70,140.44

The accompanying notes 1 to 47 form an integral part of this consolidated financial statements.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Place : Hyderabad
Date : May 26, 2017

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

CASH FLOW STATEMENT for the year ended March 31, 2017

₹ in Lakhs

		31-Mar-17		31-Mar-16	
A	CASH FLOWS FROM OPERATING ACTIVITIES				
	Net profit /(loss) before tax and exceptional items		5,184.60		2,923.50
	Exceptional items - income / (expenditure) *		250.18		(225.06)
	Other comprehensive income (net)		(163.10)		(457.17)
	Total comprehensive income before tax		5,271.68		2,241.26
	Adjustments for:				
	Depreciation	3,989.07		4,315.27	
	Amortisation of intangible assets	860.61		752.98	
	Profit on sale of investments	(439.10)		-	
	Loss on sale of assets	188.92		225.06	
	Advances & deposits written off	218.29		26.38	
	Interest income	(352.79)		(388.37)	
	Interest expense	3,689.64		4,312.43	
	Provision for doubtful debts	350.00		-	
	Other provisions	74.46		401.53	
			8,579.10		9,645.28
	Operating profit before working capital changes		13,850.78		11,886.54
	(Increase)/decrease in sundry debtors	(4,791.66)		(3,646.97)	
	(Increase)/decrease in inventories	(1,183.75)		12,132.91	
	(Increase) / decrease in loans & advances **	(852.25)		(1,128.11)	
	Increase/(decrease) in current liabilities	(1,858.50)		(2,428.50)	
			(8,686.16)		4,929.33
	Cash generated from operations		5,164.61		16,815.87
	Income tax paid net of refunds		(908.02)		(1,005.14)
	Income tax adjustment relating to previous years		67.01		(34.56)
	Deferred tax asset on account of business combination		(3.30)		-
	Net cash flow from operating activities (A)		**4,320.31**		**15,776.17**
B	CASH FLOW FROM INVESTING A CTIVITIES				
	Purchase of fixed assets	(3,879.28)		(1,905.69)	
	Sale proceeds of fixed assets	21.23		487.84	
	Addition of investments on account of business combination	(163.15)		-	
	Investment of associates and JV	14.30		9.50	
	Sale proceeds of investments	600.95		-	
	Interest received	352.79		388.37	
	Increase in equity on account of business combination ***	241.95		-	
	Increase in other equity on account of business combination ***	8,834.49		-	
	Net cash flow from investing activities (B)		**6,023.27**		**(1,019.97)**
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Repayment of long-term borrowings	1,069.77		5,407.31	
	(Increase)/decrease in working capital borrowings	3,504.58		(463.63)	
	Repayment of interest free sales tax loan	182.36		220.63	
	(Increase)/decrease in unsecured loans	2,229.91		5,169.72	
	Dividend payment	761.26		609.01	
	Interest paid	3,689.64		4,312.43	
	Net cash flow used in financing activities (C)		**11,437.53**		**15,255.46**
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B-C)		**(1,093.95)**		**(499.25)**
	Cash and cash equivalents at beginning of the period		1,686.34		2,185.60
	Cash and cash equivalents at end of the period		592.39		1,686.35
	Cash and cash equivalents				
	Cash on hand		18.00		14.90
	Balances with banks in current account		574.38		1,671.44
	Total		**592.39**		**1,686.34**

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31-03-2017

1 This statement is prepared as per Ind AS - 7 (indirect method).

2 * Details of the exceptional items are given in note 36.

3 ** Including bank balances other than cash and cash equivalents

4 *** Refer statement of changes in equity

5 Previous year's figures were regrouped wherever necessary.

The accompanying notes 1 to 47 form an integral part of this consolidated financial statements.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal, *Partner*
M.No: 214919

Dr A J Prasad, *Chairman & Managing Director*

M S S Srinath, *Director*

Place : Hyderabad
Date : May 26, 2017

Kavita Prasad, *Chief Financial Officer*

M V S S Kumar, *Company Secretary*

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Note : 1 Corporate information

The Consolidated Financial Statements (CFS) comprise financial statements of HBL Power Systems Limited (the parent company) and its Subsidiaries (collectively the Group), its Joint Venture Company and Associate Company for the year ended March 31, 2017.

The parent company is a public limited company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana State, India. The parent company has its primary listings on the Bombay Stock Exchange and National Stock Exchange in India. The CFS were authorized for issuance by the parent company's Board of Directors and Audit Committee on August 11, 2017.

The principal activities of the group comprises of manufacturing of different types of batteries and other products. The group is also engaged in service activities related to the above products.

Note : 2 Basis of preparation and measurement

2.1 Statement of compliance

The Consolidated Financial Statements as at and for the year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all the period up to and including the year ended March 31, 2016, the group had prepared its financial statements in accordance with requirement of previous GAAP, which includes accounting standards notified under the section 133 of the Companies Act 2013 read together with Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is April 01, 2015. This CFS for the year ended March 31, 2017 are group's first Ind AS financial statements. The disclosures relating to Ind AS 101, first-time adoption of Indian Accounting Standards have been given in note no. 4.

2.2 Accounting convention and basis of measurement

The CFS have been prepared on the historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii) Defined benefit and other long-term employee benefits

2.3 Functional and presentation currency

The CFS are presented in Indian rupees, which is the functional currency of the parent company and the currency of the primary economic environment in which the parent company operates. All financial information presented in Indian rupees has been rounded to the nearest lakh of rupees except share and per share data.

2.4 Use of judgments, estimates and assumptions

The preparation of CFS in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities and contingent assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any affected future periods.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions in respect of the following areas, that have most significant effect to the carrying amounts are included in the relevant notes.

i) Useful lives of property, plant, equipment and intangibles.

ii) Measurement of defined benefit obligations

iii) Measurement and likelihood of occurance of provisions and contingencies.

iv) Recognition of deferred tax assets.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

v) Impairment of intangibles

vi) Expenditure relating to research and development activities.

2.5 Operating cycle:

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.6 Basis of consolidation

a) The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the parent company. When the end of the reporting period of the parent company is different from that of a subsidiary / associate / joint venture entity, that entity prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent company to enable it to consolidate the financial information, unless it is impracticable to do so.

b) The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company. Control is achieved when the parent company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

c) The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

d) When the parent company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The parent company considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the size of the parent company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the parent company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the parent company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

e) Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the parent company gains control until the date when it ceases to control the subsidiary.

f) Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the owners of the parent company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies.

g) All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

h) Details of subsidiary companies considered in the preparation of the consolidated financial statements are given in note 44.

i) Investments in associates and joint ventures

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

I) An 'Associate' is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

II) A 'Joint Venture' is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

III) The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

IV) The group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the associate or joint venture since the acquisition date.

V) The statement of profit and loss reflects the group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of associate or joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity.

VI) The aggregate of the group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

VII) Details of associate and joint venture companies considered in the preparation of the consolidated financial statements are given in note 44.

Note : 3 Summary of significant accounting policies

3.1 Property, Plant and Equipment (PPE)

i) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

ii) The cost of property, plant and equipment includes those incurred directly for the construction or acquisition of the asset, and directly attributable to bringing it to the location and condition necessary for it to be capable of operating in the manner intended by the management and includes the present value of expected cost for dismantling / restoration, wherever applicable.

iii) The cost of major spares is recognized in the carrying amount of the item of property, plant and equipment, in accordance with the recognition criteria set out in the standard. The carrying amount of the replaced part is derecognized at the time of actual replacement. The costs of the day-to-day servicing of the item are recognized in statement of profit or loss as incurred.

iv) Depreciation on tangible assets including those on leasehold premises is provided under straight line method over the useful life of assets specified in Part C of Schedule II to the Companies Act, 2013 and in the manner specified therein, except in respect of dies and moulds and 'secured land filling' (used for disposal of lead slag) which are depreciated over their technically estimated useful lives of 5 years and 10 years respectively on straight line method. Assets costing less than ₹5,000/- are fully depreciated in the year of purchase.

v) Depreciation methods, useful lives and residual values are reviewed at each reporting date and accounted as change in accounting estimate.

vi) Each component / part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately only when it has a different useful life. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in statement of profit or loss when the item is derecognized.

vii) Expenditure attributable /relating to PPE under construction / erection is accounted as below:

A) To the extent directly identifiable to any specific plant / unit, Trial run expenditure net of revenue is included in the cost of property, plant and equipment.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

B) To the extent not directly identifiable to any specific plant / unit, is kept under 'expenditure during construction' for allocation to property, plant and equipment and is grouped under 'capital work-in-progress'.

3.2 Intangible assets

i) Intangible asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Expenditure incurred for creating infrastructure facilities where the ownership does not rest with the entity and where the benefits from it accrue to the entity over a future period is also considered as intangible asset.

ii) New product development expenditure, software licences, technical knowhow fee, infrastructure and logistic facilities, etc. are recognised as intangible assets upon completion of development and commencement of commercial production.

iii) Intangible assets are amortized on straight line method over their technically estimated useful lives.

iv) Residual values and useful lives for all intangible assets are reviewed at each reporting date. Changes, if any, are accounted for as changes in accounting estimates.

3.3 Assets taken under Lease

i) In respect of equipment taken under finance leases, the lower of fair value of the leased asset and present value of minimum lease payments, is recognised as an asset and corresponding liability is created. The finance charges are allocated to the period over the lease term and are charged off.

ii) In respect of equipment taken under operating lease, lease payments are recognised as expense over the period of lease term.

iii) Cost of acquisition of leasehold land is amortized over the leasehold period.

3.4 Investment in subsidiaries, associates and joint ventures

i) Investments in associate and joint ventures are accounted for using equity method

ii) Investments in entities other than associate and joint venture are carried at cost and diminution / impairment with reference to market value is recognized.

3.5 Government grants

Government grants are recognised in the statement of profit or loss on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses.

3.6 Inventories are valued as under:

I)	Raw materials, components, consumables and stores & spares.	At lower of weighted average cost and net realisable value.
ii)	Work-in-progress and finished goods.	At lower of net realisable value and weighted average cost of materials plus cost of conversion and other costs incurred in bringing them to the present location and condition.
iii)	Long term contract work-in-progress (where the income it is not eligible for recognition as per income recognition policy stated elsewhere).	At direct and attributable costs incurred in relation to such contracts.
iv)	Stock-in-trade	At lower of cost and net realisable value
v)	Consumable tools	At cost less amount charged off (which is at 1/3rd of value each year).
vi)	Services work-in-progress	Lower of cost and net realisable value

3.7 Revenue recognition

i) Revenue on sale of goods is recognised when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Sales revenue is measured at fair value net of returns, trade discounts and volume rebates. Inter divisional transfers are not recognized as revenue.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

ii) Revenue on rendering of service is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion at the reporting date. Where services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight line basis over the specified period and when a specific act is much more significant than any other acts, the recognition of revenue is postponed unitll the significant act is executed.

iii) Claims against outside agencies are accounted on certainty of realization.

iv) Interest income is reported on an accrual basis using the effective interest method. Dividends, are recognized at the time the right to receive is established.

v) Export incentives under various schemes are recognized as income on certainty of realization.

vi) In case of contracts (long term) of complex equipment/systems/development order where the normal cycle time for completion is spreading over one or more accounting periods, revenue is recognised, subject to provision of anticipated losses, based on percentage completion as certified by technical committee/customers acceptance wherever applicable.

vii) Short term contracts involving supply and service where price breakup is available, revenue in respect of supplies are recognised when goods are delivered to customers unconditionally and service income is recognised on completion of service and bills submitted as per terms of the order.

3.8 Employee benefits

i) Short term benefits:

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

ii) Post-employment benefits:

A) Defined contribution plans:

The contribution paid/payable under provident fund scheme, ESI scheme and employee pension scheme is recognised as expenditure in the period in which the employee renders the related service.

B) Defined benefit plans:

An obligation towards gratuity is a defined benefit plan. The present value of the estimated future cash flows of the obligation under such plan is determined based on actuarial valuation using the projected unit credit method. Any difference between the interest income on plan assets and the return actuallyachieved and any changes in the liabilities over the year due to changes in actuarial assumptions or experienced adjustments within the plan are recognized immediately in OCI and subsequently not reclassified to the statement of profit and loss.

All defined benefit Plan obligations are determined based on valuation as at the end of the reporting period, made by independent actuary using the projected unit credit method. The classification of the entity's net obligation into current and non-current is as per the actuarial valuation report.

iii) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, is determined and recognised in the similar manner stated in the defined benefit plan.

3.9 Foreign currency

i) Transactions relating to non-monetary items and purchase and sale of goods/services denominated in foreign currency are recorded at the exchange rate prevailing or a rate that approximates the actual rate on the date of transaction.

ii) Assets & Liabilities in the nature of monetary items denominated in foreign currencies are translated and restated at prevailing exchange rates as at the end of the reporting period.

iii) Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

iv) Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss

v) For the purposes of presenting these consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in OCI and accumulated in equity (and attributed to non- controlling interests as appropriate).

vi) On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss.

vii) In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3.10 Current tax and deferred tax

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

ii) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits differ from the profit as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

iii) Deferred tax

Deferred tax is recognised 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

iv) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in OCI or directly in equity, in which case, the current and deferred tax are also recognised in OCI or directly in equity respectively.

3.11 Borrowing costs

i) Borrowing costs incurred for obtaining assets which take substantial period to get ready for their intended use are capitalized

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to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets.

ii) Other borrowing costs are treated as expense for the year

iii) Significant transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest method

3.12 Financial instruments (financial assets and financial liabilities)

i) All financial instruments are recognized initially at fair value. The classification of financial instruments depends on the objective of the business model for which it is held and the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purpose of subsequent measurement, financial instruments of the group are classified into (a) non-derivative financial instruments and (b) derivative financial instruments

ii) Non-derivative financial instruments

A) Security deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current financial assets are classified as financial assets under this clause.

B) Loans and borrowings, trade and other payables including deposits collected from various parties and eligible current and non-current financial liabilities are classified as financial liabilities under this clause.

C) Financial instruments are subsequently carried at amortized cost wherever applicable using Effective Interest Rate (EIR) method less impairment loss.

D) Transaction costs that are attributable to the financial instruments recognized at amortized cost are included in the fair value of such instruments.

iii) Derivative financial instruments

A) Derivative financial assets and liabilities are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date

B) Changes in the fair value of any derivative asset or liability are recognized immediately in the income statement and are included in other income or expenses

C) Cash flow hedge: Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized in OCI and presented within equity in the cash flow hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurence of the related forecasted transaction.

3.13 Impairment

i) Financial assets

A) The group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortized cost wherever applicable for e.g., loans, debt securities, deposits, and bank balance.
- Trade receivables

B) The group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component. The application of simplified approach does not require the group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

ii) Non-financial assets

The group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the group estimates the amount of impairment loss.

3.14 Provisions

i) Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

ii) The amount recognized 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.

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

iv) Provisions for onerous contracts are recognized when the expected benefits to be derived by the group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

3.15 Earnings Per Share (EPS)

i) Basic EPS is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year / period.

ii) Diluted EPS is computed by dividing the profit after tax, as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.16 Recent accounting pronouncements

i) In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS - 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by the International Accounting Standards Board (IASB) to IAS - 7, 'Statement of Cash Flows'. The amendments are applicable to the group from April 01, 2017

ii) The amendment to Ind AS - 7, requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

iii) The group is evaluating the requirements of the amendments and their effect on financial statements.

Note : 4 First-time adoption of Ind-AS

4.1 These CFS of the group for the year ended March 31,2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS101- First time adoption of Indian Accounting Standard, with April 01, 2015 as the transition date and IGAAP as the previous GAAP.

4.2 The transition to Ind AS has resulted in changes in the presentation of the CFS, disclosures in the notes there to and accounting policies and principles. The accounting policies set out in Note 3 have been applied in preparing the CFS for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the group's Balance Sheet, Statement of Profit and Loss, is set out in note 4.4. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 4.3.

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for the year ended March 31, 2017

4.3 Exemptions availed on first time adoption of Ind-AS 101

Ind AS 101 allows first - time adopters certain exemptions from the retrospective application of certain requirements under Ind AS and exemptions from other Ind AS. The the group has accordingly applied the following exemptions.

(A) Deferred government grants

The group is permitted to apply the requirements under Ind AS 109, financial instruments and Ind AS 20, accounting for government grants and disclosure of government assistance, prospectively to government loans existing at the date of transition to Ind AS. Accordingly, the measurement of borrowings - Interest Free Sales Tax Loan (IFST) is made prospectively.

(B) Property, plant and equiment and intangibles

The group may elect to use the previous GAAP carrying amount as the deemed cost for measurement of items of property, plant and equipment and intangible assets at the date of transition to Ind AS. Accordingly the group adopted the previous GAAP carrying amount that existed at the date of transition to Ind AS. Further, the carrying amount of an insignificant finance lease relating to office equipment included in PPE had been retained without according the treatment prescribed by Ind AS 109 on financial instruments.

(C) Investments in subsidiaries, joint ventures and associates

Where the group adopts to measure such investments at cost, in accordance with Ind AS 27 - separate financial statements, it has an option of measuring the same at Deemed Cost, being the previous GAAP carrrying amount as on the date of transition. Accordingly, the group adopted the previous GAAP carrying amount that existed at the date of transition to Ind AS.

4.4 Reconciliations

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101.

(A) Equity as at April 1, 2015 and March 31, 2016.

(B) Net profit for the year ended March 31, 2016.

A) Reconciliation of equity as previously reported under IGAAP to IND AS

₹ in Lakhs

	Particulars	Note	Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
			IGAPP	Effect of transition to Ind AS	Ind AS	IGAPP	Effect of transition to Ind AS	Ind AS
I)	ASSETS							
1	**Non current assets**							
	(a) Property, plant and equipment	a	42,647.15	-	42,647.15	39,231.09	(162.24)	39,068.85
	(b) Capital works-in-progress		1,558.98	-	1,558.98	2,008.62	-	2,008.62
	(c) Intangible assets		2,599.31	-	2,599.31	2,471.39	-	2,471.39
	(d) Intangible assets under development		3,379.31	-	3,379.31	2,798.41	-	2,798.41
	(e) Assets held for disposal	b	-	-	-	-	93.08	93.08
	(f) Equity accounted investments		-	-	-	-	-	-
			50,184.75	-	50,184.75	46,509.51	(69.16)	46,440.35
	(g) Financial assets							
	(i) Investments		760.01	-	760.01	769.51	-	769.51
	(ii) Other financial assets		1,317.67	-	1,317.67	2,966.30	-	2,966.30
	(h) Other non-current assets	c	470.06	13.42	483.48	297.31	13.40	310.71
	Total		**2,547.74**	**13.42**	**2,561.16**	**4,033.12**	**13.40**	**4,046.52**
2	**Current assets**							
	(a) Inventories	d	51,709.22	11.68	51,720.90	39,493.50	94.49	39,587.99
	(b) Financial assets							-
	(i) Investments		-	-	-	-	-	-

Notes forming part of the consolidated financial statements

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	Particulars	Note	Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
			IGAPP	Effects of transition to Ind AS	Ind AS	IGAPP	Effect of transition to Ind AS	Ind AS
	(ii) Trade receivables	e	39,014.74	-	39,014.74	42,657.79	3.92	42,661.71
	(iii) Cash and cash equivalents		2,185.60	-	2,185.60	1,686.34	-	1,686.34
	(iv) Other bank balances		2,654.31	-	2,654.31	1,718.74	-	1,718.74
	(v) Others	c	2,235.35	(13.98)	2,221.37	1,196.41	(13.97)	1,182.44
	(c) Current tax assets (net)		1,437.52	-	1,437.52	801.60	-	801.60
	(d) Other current assets	c	3,825.06	0.56	3,825.62	5,363.72	0.57	5,364.29
			1,03,061.80	(1.74)	1,03,060.06	92,918.09	85.02	93,003.11
	Total		**1,55,794.29**	**11.68**	**1,55,805.97**	**1,43,460.72**	**29.26**	**1,43,489.98**
II)	**EQUITY AND LIABILITIES**							
1	**Equity**							
	(a) Equity share capital		2,530.00	-	2,530.00	2,530.00	-	2,530.00
	(b) Other equity	f	54,074.56	3,875.21	57,949.77	55,886.09	2,495.34	58,381.43
	(c) Non-controlling interest		(116.15)	-	(116.15)	(123.37)	-	(123.37)
	Total		**56,488.41**	**3,875.21**	**60,363.62**	**58,292.72**	**2,495.34**	**60,788.06**
2	**Non-current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings	g	20,146.16	(3,421.73)	16,724.43	12,531.24	(1,850.77)	10,680.47
	(b) Provisions		197.89	-	197.89	199.18	-	199.18
	(c) Deferred tax liabilities (net)	h	1,851.91	-	1,851.91	1,499.53	(28.34)	1,471.19
	(d) Other non-current liabilities	i	-	279.61	279.61	-	223.69	223.69
	Total		**22,195.96**	**(3,142.12)**	**19,053.84**	**14,229.95**	**(1,655.42)**	**12,574.53**
3	**Current liabilities**							
	(a) Financial liabilities							
	(i) Borrowings		42,667.26	-	42,667.26	41,549.43	-	41,549.43
	(ii) Trade payables		18,284.58	-	18,284.58	16,466.74	-	16,466.74
	(iii) Other financial liabilities		8,701.77	-	8,701.77	5,666.00	-	5,666.00
	(b) Other current liabilities	j	5,472.08	2.47	5,474.55	4,679.56	105.07	4,784.63
	(c) Provisions	k	1,984.22	(723.87)	1,260.35	2,576.32	(915.73)	1,660.59
	(d) Current tax liabilities (net)		-	-	-	-	-	-
			77,109.91	(721.40)	76,388.51	70,938.05	(810.66)	70,127.39
	Total		**1,55,794.29**	**11.68**	**1,55,805.97**	**1,43,460.72**	**29.26**	**1,43,489.98**

Note :

The above IGAAP figures have been re-presented and re-grouped in view of the change in composition of entities within the group as detailed in Note 44 (b).

Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to IND AS

Reasons for adjustments:

a) Depreciation on PPE relating to previous year identified during the year and re-classification of assets held for sale /disposal.

b) Re-classification of assets held for sale / disposal.

c) Re-classification of other assets into current and non-current

d) Inclusion of freight element to the value of inventories.

e) Addition on account of prior period sales identified during the year.

f) Consequent to reclassification of financial instruments, dividends approved post to reporting period and prior period items.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

g) Unwinding and amortization of interest against interest free loans from related parties and government assistance by way of interest free sales tax loan.

h) Deferred tax effect on adjustments made to PPE

i) Recognition and amortization of deferred government assistance.

j) Recognition of liability against prior period expenses identified in subsequent years.

k) Discounting of provision for warranties and derecognition of liability for dividend declared post reporting period.

B) Reconciliation of statement of profit and loss as previously reported under IGAAP to IND AS ₹ in Lakhs

	Particulars	Note	Year ended March 31, 2016		
			IGAPP	Effect of transition to Ind AS	Ind AS
	Revenue				
I	Revenue from operations	l	1,29,853.12	10,734.79	1,40,587.91
II	Other income	m	1,282.27	55.92	1,338.19
III	**Total revenue (I + II)**		**1,31,135.38**	**10,790.72**	**1,41,926.10**
IV	Expenses				
	Cost of material consumed		76,666.49	-	76,666.49
	Purchases of stock-in-trade		349.33	-	349.33
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	n	1,058.07	(82.81)	975.26
	Excise duty on sale of goods	o	-	10,730.87	10,730.87
	Employee benefits expense	p	10,660.76	(279.92)	10,380.84
	Finance costs	q	5,270.88	1,570.96	6,841.84
	Depreciation and amortization expense	r	5,081.01	(12.76)	5,068.25
	Other expenses	s	27,999.87	42.06	28,041.93
	Total expenses (IV)		**1,27,086.41**	**11,968.40**	**1,39,054.81**
V	Profit before exceptional items and tax (III - IV)		4,048.97	(1,177.68)	2,871.29
VI	Exceptional items - (income)/expense		153.03	72.03	225.06
VII	**Profit before tax (V - VI)**		**3,895.94**	**(1,249.71)**	**2,646.23**
VIII	Share in (profit)/loss of associates/joint venture		(52.21)	-	(52.21)
IX	Profit before tax (VII - VIII)		3,948.15	(1,249.71)	2,698.44
VIII	Tax expense				
	(1) Current tax		1,641.06	(96.87)	1,544.19
	(2) Deferred tax (asset)/liability		(291.08)	(28.35)	(319.43)
	(3) Income tax relating to previous years		(9.47)	-	(9.47)
IX	**Profit for the period (VII - VIII)**		**2,607.64**	**(1,124.49)**	**1,483.15**
X	Other comprehensive income	m			
	Items that will not be reclassified to profit or loss -				
	Remeasurement of defined benefit plans		-	(279.92)	(279.92)
	Tax effect		-	(96.87)	(96.87)
	Items that may be reclassified to profit or loss -				
	Exchange differences in translating the financial statements of foreign operations		-	(177.25)	(177.25)
	Tax effect		-	61.34	61.34
XI	**Total comprehensive income for the period (IX+X)**		**2,607.64**	**(1,617.19)**	**990.45**

Note :

The above IGAAP figures have been re-presented and re-grouped in view of the change in composition of entities within the group as detailed in note 44 (b).

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Explanations for reconciliation of statement of profit and loss as previously reported under IGAAP to IND AS

Reasons for adjustments:

l) Inclusion of excise duty paid on sales and recognition of prior period sales.

m) Recognition of amortised government assistance.

n) Inclusion of freight element on inventories.

o) Expenditure on excise duty paid on sales shown as separate line item.

p) Recognition of actuarial gains and losses in other comprehensive income and consequential adjustment.

q) On account of finance cost on financial instruments as per IND AS.

r&s) On account of depreciation, prior period expenses, write-offs and discounting of liability towards warranties.

C) Cash flow statement

There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.

Note : 5 Property, plant and equipment as at March 31, 2017

₹ in Lakhs

Description	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As at April 1, 2016	Additions	Adjust-ments/ dele-tions	As at March 31, 2017	As at April 1, 2016	Transi-tional adjust-ment	For the period	Adjust-ments/ dele-tions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Land - freehold	3,765.75	101.64	17.69	3,849.70	-	-	-	-	-	3,849.70	3,765.75
Land - leasehold	246.99	13.13	-	260.11	26.14	-	2.67	-	28.81	231.30	220.85
	-	*	-		-	-	-	-			-
Buildings - factory	18,353.29	1,165.67	-	19,518.96	4,951.34	-	596.74	-	5,548.09	13,970.87	13,401.95
Buildings - others	734.24	10.32	-	744.56	98.44	-	13.08	-	111.52	633.04	635.80
	-	@	-		-	-	-	-			-
Plant and equipment	43,397.28	3,254.40	717.50	45,934.19	23,212.57	-	3,123.43	571.84	25,764.16	20,170.03	20,184.72
Furniture & fixtures	834.65	30.74	12.81	852.59	570.09	-	66.82	9.28	627.64	224.95	264.56
Vehicles	1,198.67	171.14	137.90	1,231.91	827.56	-	105.50	103.46	829.60	402.30	371.11
Office equipment	2,013.57	182.19	41.97	2,153.79	1,817.11	-	70.51	33.14	1,854.48	299.31	196.46
Office equipment under finance lease	86.48	-	-	86.48	58.83	-	10.31	-	69.13	17.35	27.66
Technical library	1.89	-	-	1.89	1.89	-	-	-	1.89	-	-
Total	**70,632.82**	**4,929.22**	**927.86**	**74,634.17**	**31,563.97**	**-**	**3,989.07**	**717.72**	**34,835.32**	**39,798.85**	**39,068.85**
Carrying value as of April 1, 2016	70,233.63	1,242.82	824.29	70,652.15	27,586.42	-	4,315.27	318.39	31,583.30	39,068.85	

Note: Amount of expenditure recognised in carrying amount of property, plant and equipment in the course of their construction

* Buildings ₹1,24,98,511/-. @ Plant and Equipment ₹1,47,11,239/-

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Property, plant and equipment as at March 31, 2016

₹ in Lakhs

Description	Gross carrying amount				Accumulated depreciation					Net carrying amount	
	As at April 1, 2015	Additions	Adjustments/ deletions	As at March 31, 2016	As at April 1, 2015	Transitional adjustment	For the period	Adjustments/ deletions	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
Land - freehold	3,856.67	43.22	134.14	3,765.75	-	-	-	-	-	3,765.75	3,856.67
Land - leasehold	246.99	-	-	246.99	23.48	-	2.65	-	26.14	220.85	223.50
Buildings - factory	18,193.90	121.65	(37.74)	18,353.29	4,218.76	-	756.48	23.90	4,951.34	13,401.95	13,975.14
Buildings - others	734.58	-	0.34	734.24	85.50	-	12.99	0.04	98.44	635.80	649.08
Plant and equipment	43,001.66	946.28	550.66	43,397.28	20,134.09	-	3,228.88	150.40	23,212.57	20,184.72	22,867.51
Furniture & fixtures	822.14	15.04	0.58	836.60	502.63	-	69.72	0.32	572.03	264.56	319.50
Vehicles	1,325.11	43.49	169.93	1,198.67	845.11	-	121.79	139.34	827.56	371.11	480.00
Office equipment	1,964.22	73.14	6.39	2,030.96	1,726.44	-	112.44	4.38	1,834.50	196.46	237.77
Office equipment under finance lease	86.48	-	-	86.48	48.52	-	10.31	-	58.83	27.66	37.97
Technical library	1.89	-	-	1.89	1.89	-	-	-	1.89	-	-
Total	**70,233.63**	**1,242.82**	**824.29**	**70,652.15**	**27,586.42**	**-**	**4,315.27**	**318.39**	**31,583.30**	**39,068.85**	**42,647.15**
Carrying value as of April 1, 2015	68,928.11	2,349.21	1,043.70	70,233.62	22,320.83	925.73	4,587.82	247.91	27,586.48	42,647.15	

5.1 In respect of dies and moulds and secure land filling included in plant & machinery group, the management had, in the past, technically estimated their useful lives at 5 years and 10 years respectively and the company had continued to charge such higher depreciation (as compared to Schedule II to the Act) on the same basis.

Note : 6 Capital work-in-progress

₹ in Lakhs

	March 31, 2017		March 31, 2016		April 1, 2015
Machinery under erection	520.12	-	1,485.37	-	1,267.85
Civil works-in-progress	59.14	-	151.76	-	47.98
Pre-operative expenses to be capitalised	237.24	-	371.50	-	243.15
Total	**816.49**		**2,008.62**		**1,558.98**

Note : 7 Intangible assets as at March 31, 2017

₹ in Lakhs

Description	Gross carrying amount				Accumulated amortization				Net carrying amount	
	As at April 1, 2016	additions	Adjustments/ deletions	As at March 31, 2017	As at April 1, 2016	For the period	Adjustments/ deletions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
New product development expenditure (internally generated)	3,179.17	278.45	-	3,457.62	2,232.80	497.28	-	2,730.08	727.54	946.37
Power facility	96.16	-	-	96.16	62.51	19.23	-	81.74	14.42	33.66
Technical knowhow fee	864.73	-	-	864.73	342.78	172.95	-	515.72	349.01	521.95
Software development	966.89	-	-	966.89	13.43	161.15	-	174.58	792.31	953.46
Trade marks and other business intangibles	55.95	-	-	55.95	40.00	10.00	-	50.00	5.95	15.95
Total	**5,162.90**	**278.45**	**-**	**5,441.35**	**2,691.51**	**860.61**	**-**	**3,552.12**	**1,889.23**	**2,471.39**
Carrying value as of April 1, 2016	4,749.19	966.89	549.77	5,166.30	2,148.77	752.98	206.85	2,694.91	2,471.39	

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Intangible assets as at March 31, 2016

Description	Gross carrying amount				Accumulated amortization				Net carrying amount	
	As at April 1, 2015	Additions	Adjust-ments/ dele-tions	As at March 31, 2016	As at April 1, 2015	For the period	Adjust-ments/ dele-tions	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
New product development expenditure (internally generated)	3,228.94	-	49.77	3,179.17	1,730.43	534.35	31.99	2,232.80	946.37	1,498.51
Power facility	96.16	-	-	96.16	43.27	19.23	-	62.51	33.66	52.89
Technical knowhow fee	1,364.73	-	500.00	864.73	344.90	172.95	175.07	342.78	521.95	1,019.83
Software development	-	966.89	-	966.89	-	13.43	-	13.43	953.46	-
Trade marks and other business intangibles	59.35	-	-	59.35	30.17	13.02	(0.21)	43.40	15.95	28.09
Total	**4,749.19**	**966.89**	**549.77**	**5,166.30**	**2,148.77**	**752.98**	**206.85**	**2,694.91**	**2,471.39**	**2,599.31**
Carrying value as of April 1, 2015	3,607.94	1,266.25	125.00	4,749.19	1,484.34	714.79	49.26	2,149.87	2,599.31	

Note : 8 Intangible assets under development

₹ in Lakhs

Description	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1) New product development expenditure (internally generated)			
a) Battery products	1,054.56	1,333.01	1,333.01
b) Electronic products	652.20	652.20	652.20
2) Technical knowhow fee paid	798.33	798.33	643.33
3) Power facility	14.88	14.88	14.88
4) Software development	-	-	735.89
Total	**2,519.97**	**2,798.41**	**3,379.31**

Note : 8A Equity accounted investments

Gulf Batteries Company (Joint venture company)

The group has a 40% interest in the entity which is involed in the manufacture of some of the groups main product lines out side India. The groups interest in the enity is accounted for using the equity method in the consolidated financial statements. The accounting year of the entity is the calender year, suitable adjustments for significant transactions, if any, are made unless it is impracticable to do so, to align the financials with the parent company's accounting year. Summarised financial information of the joint venture along with reconciliation is set out below: ₹ in Lakhs

Particulars	March 31,2017	March 31,2016	April 01,2015
Current assets	1,242.20	969.00	1,318.65
Non-current assets	869.37	924.64	998.44
Current liabilities	(903.53)	(617.65)	(868.87)
Non-current liabilities	(44.91)	(39.78)	(37.44)
Equity	1,163.13	1,236.21	1,410.78
Proportion of the group's ownership	40%	40%	40%
Carrying amount of the investment	465.25	494.48	564.31

Naval Systems and Technologies Private Limited (associate company)

The group has a 41% interest in the entity which is involved in providing services to foreign original equipment manufacturers. The groups interest in the enity is accounted for using the equity method in the consolidated financial statements. Summarised

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

financial information of the associate company along with reconciliation is set out below:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Current assets	1,045.24	1,097.86	577.39
Non-current assets	5.49	7.61	10.13
Current liabilities	(273.29)	(434.77)	(110.16)
Non-current liabilities	(0.69)	(0.13)	(0.28)
Equity	776.75	670.57	477.08
Proportion of the group's ownership	41%	41%	41%
Carrying amount of the investment	318.47	274.93	195.60

Equity accounted investments

	March 31, 2017	March 31, 2016	April 01, 2015
Gulf Batteries Company	465.25	494.48	564.31
Naval Systems and Technologies Private Limited	318.47	274.93	195.60
Total	**783.72**	**769.42**	**759.91**

Note : 8B Share in profit / (loss) of associate / joint venture

Summarised statement of profit and loss of Gulf Batteries Company

₹ in Lakhs

Particulars	March 31, 2017	March 31, 2016
Revenue	661.79	1,035.62
Cost of raw material and components consumed	(257.48)	(811.15)
Depreciation & amortisation	(56.05)	(83.34)
Finance cost	-	-
Employee benefit.	(36.49)	(96.96)
Other expenses	(383.36)	(211.71)
Profit before tax	(71.59)	(167.54)
Proportion of the group's ownership	40%	40%
Group's share of profit / (loss) for the year	(28.64)	(67.02)

Summarised statement of profit and loss of Naval Systems and Technologies Private Limited

₹ in Lakhs

Particulars	March 31, 2017	March 31, 2016
Revenue	709.02	1,260.31
Cost of raw material and components consumed	(291.90)	(476.67)
Depreciation & amortisation	(2.86)	(3.01)
Finance cost	(1.03)	(2.05)
Employee benefit.	(169.08)	(214.26)
Other expenses	(83.64)	(273.53)
Profit before tax	160.51	290.79
Proportion of the group's ownership	41%	41%
Group's share of profit / (loss) for the year	65.81	119.22

Share in profit / (loss) of associate / joint venture

₹ in Lakhs

	March 31, 2017	March 31, 2016
Gulf Batteries Company	(28.64)	(67.02)
Naval Systems and Technologies Private Limited	65.81	119.22
Total	**37.17**	**52.21**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Note : 9 Investments

Non-current investments-quoted:

₹ in Lakhs

				March 31, 2017	March 31, 2016	April 1, 2015
Other companies (listed but not quoted)						
200	200	₹10	Indian Lead Limited	0.10	0.10	0.10
Carrying value of non-current investments				**0.10**	**0.10**	**0.10**

Current investments-quoted:

₹ in Lakhs

In equity instruments of other companies: (fully paid-up)							
(Received in pursuance of business combination)							
	Number		**Face value**	**Name of the entity**			
	Current year	**Previous year**					
	690	-	₹1	JSW Steel Limited	2.58	-	-
In liquid mutual funds: (fully paid-up)							
(Received in pursuance of business combination)							
					-		
	1	-	₹10	Reliance Mutual Fund Shares Liquid BEES	0.01	-	-
TOTAL					2.59	-	-
		Less: aggrgate provision for diminution in value of investments			1.28	-	-
			Carrying value of current investments		1.30	-	-

		Non-current	Current	Non-current	Current	Non-current	Current
9.1	Aggregate amount of quoted investments	0.10	2.59	0.10	-	0.10	-
	Aggregate market value of quoted investments	Not available	1.30	Not available	-	Not available	-
	Aggregate amount of unquoted investments	-	-	-	-	-	-
	Aggregate amount of impairment / diminution in value of investments	-	1.28	-	-	-	-

Note : 10 Other financial assets

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Bank deposits (with more than 12 months maturity)			
Fixed deposits	31.05	23.97	18.93
Margin money deposits	1,581.80	1,705.18	224.29
Security deposits with government and others	1,074.17	1,224.67	1,059.14
Advances to employees	10.39	12.48	15.31
TOTAL	**2,697.41**	**2,966.30**	**1,317.67**

Note : 11 Other non-current assets

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	452.90	310.71	483.48
TOTAL	**452.90**	**310.71**	**483.48**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Note : 12 Inventories*

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Raw materials	20,283.07	20,890.13	30,790.47
Stores, spares, process chemicals, fuels & packing material	746.41	691.10	485.10
Stock -in-trade (in respect of goods acquired for trading)	1,179.75	616.96	786.57
Bonded stocks/In transit	1,081.16	1,050.66	2,409.07
Consumable tools	1.57	9.25	23.13
Salvagable stocks	-	-	87.83
Work-in-progress	11,961.69	10,746.34	12,783.80
Finished goods	5,518.09	5,583.55	4,354.93
TOTAL	**40,771.74**	**39,587.99**	**51,720.90**

12.1 *Inventories are valued as per accounting policy in note No. 3.6.

Note : 13 Trade receivables

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, considered good	47,103.37	42,661.71	39,014.74
Unsecured and considered doubtfull	546.00	196.00	196.00
Allowance for credit losses	(546.00)	(196.00)	(196.00)
TOTAL	**47,103.37**	**42,661.71**	**39,014.74**

Note : 14

₹ in Lakhs

14.1 Cash and cash equivalents

	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks in current accounts	464.38	865.89	798.18
Cash on hand	18.01	14.90	16.30
Fixed deposits (maturity of less than three months)	110.00	805.55	1,371.11
TOTAL	**592.39**	**1,686.34**	**2,185.59**

14.2 Other bank balances

	March 31, 2017	March 31, 2016	April 1, 2015
Fixed deposits	87.40	78.39	61.15
Margin money deposits	1,855.45	1,607.55	2,559.83
Dividend account	33.82	32.80	33.33
TOTAL	**1,976.67**	**1,718.74**	**2,654.31**

14.3 Financial assets - others (current)

	March 31, 2017	March 31, 2016	April 1, 2015
Security deposits with government and others	190.70	202.19	304.11
Advances to employees	42.44	71.67	46.44
Advances to related parties	-	-	1.90
Claims & other receivables	253.13	617.18	1,324.08
Interest accrued but not due on deposits	398.27	291.40	544.84
TOTAL	**884.54**	**1,182.44**	**2,221.37**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

14.4 Claims and other receivables include:

	March 31, 2017	March 31, 2016	April 1, 2015
a) Insurance claim on account of hud-hud cyclone	-	200.56	738.95
b) Insurance claim on account of heavy rainfall (Refer note: 14.5)	95.16	95.16	95.16
c) Payments under protest for pending litigations	142.65	211.36	180.29
d) Other receivables	15.32	110.10	309.68
TOTAL	**253.13**	**617.18**	**1,324.08**

14.5 During the year 2011-12, certain assets of the company were damaged due to heavy rainfall. The company had incurred ₹95.16 lakhs towards repairing the damages caused and was accounted for as claim recoverable. The cost of new assets acquired is capitalised. However, the claim is made for total cost of repairs and acquisition of assets, as the loss is covered under re-instatement policy which was in force. The total claim was repudiated by the insurer and the company filed a suit for recovery. The matter is still sub-judice.

Note : 15 Current tax assets (net)

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
MAT credit entitlement	-	110.17	767.60
Advance payment of income tax (including TDS)	-	4,046.64	3,141.13
Less : provision for income tax/wealth tax	-	3,355.22	2,471.21
TOTAL	-	801.59	1,437.52

Note : 16 Other current assets

₹ in Lakhs

		March 31, 2017	March 31, 2016	April 1, 2015
A)	**Advances other than capital advances:**			
	Advances to employees	76.89	61.55	42.77
	Advances to vendors for supply of goods / services	3,116.66	3,414.16	2,360.52
B)	**Others:**			
	Prepaid expenses	163.01	244.88	170.15
	Deferred contract cost	1,265.21	581.99	237.21
	Deposits/balances with excise	1,207.95	634.29	651.68
	Service tax input/VAT receivables	534.21	427.14	357.08
	Other advances	0.53	0.28	6.21
	TOTAL	**6,364.46**	**5,364.29**	**3,825.62**

Note : 17 Equity share capital

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Authorised			
31,25,00,000 equity shares of ₹1 each	3,125.00	3,000.00	3,000.00
(Previous year 30,00,00,000 equity shares of ₹1 each)			
Issued , subscribed and fully paid-up			
27,71,94,946 equity shares of ₹1 each	2,771.95	2,530.00	2,530.00
(Previous year 25,30,00,000 Equity shares of ₹1 each)			
TOTAL	**2,771.95**	**2,530.00**	**2,530.00**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

17.1 Scheme of arrangement and amalgamation (business combination) of transferor company Beaver Engineering & Holdings Private Limited (BEHPL) (holding company) with transferee company HBL Power Systems Limited (HBL) (subsidiary company) from the appointed date April 01, 2016:

The Board of Directors in their meetings held on March 23, 2016 approved a scheme of arrangement and amalgamation of the holding company BEHPL with its subsidiary company HBL from the appointed date April 01, 2016. The company's petition for amalgamation was allowed by the Hon'ble NCLT, Hyderabad Bench on May 09, 2017. As per the said scheme, the authorized share capital of HBL shall automatically stands increased and reclassified by the authorized share capital of BEHPL amounting to ₹125,00,000. Consequently, the authorized share capital of HBL was increased and reclassified as 31,25,00,000 equity share of ₹1/- each i.e. ₹31,25,00,000/-

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

Equity shares	March 31, 2017		March 31, 2016		April 1, 2015	
	No.of shares	Value ₹	No.of shares	Value ₹	No.of shares	Value ₹
At the beginning of the period	25,30,00,000	2,530.00	25,30,00,000	2,530.00	25,30,00,000	2,530.00
Additions during the period on account of business combination	17,40,94,389	1,740.94	-	-	-	-
Deductions during the period on account of business combination	14,98,99,443	1,498.99	-	-	-	-
Outstanding at the end of the period	27,71,94,946	2,771.95	25,30,00,000	2,530.00	25,30,00,000	2,530.00

17.3 Addition to and cancellation from issued, subscribed and paid-up capital:

i) **Addition to paid up capital** - As at the appointed date viz., 01.04.2016, the paid up capital of the BEHPL was ₹51,93,410 consisting of 3,04,726 Equity shares of ₹10/- each (₹30,47,260), 77,163 compulsorily convertible preferential shares (CCPS) of ₹10/- each (₹7,71,630) and 68,726 optionally convertible redeemable preferential shares (OCRPS) of ₹20/- each (₹13,74,520). In terms of the scheme of amalgamation, upon amalgamation HBL issued equity shares, credited as fully paid up, to the members of BEHPL, holding fully paid up equity shares and preference shares in the following proportion:

a) 3,883 fully paid equity shares of ₹1/- each of HBL issued as fully paid up for every 10 equity shares of ₹10/- fully paid up held in BEHPL i.e. issued 11,83,25,104 equity shares of ₹1/- each of HBL for 3,04,726 equity shares of ₹10/- each of BEHPL.

b) 3753 fully paid equity share of ₹1/- each of HBL issued as fully paid up for every 10 CCPS of ₹10/- each fully paid held in BEHPL i.e issued 289,59,273 equity share of ₹1/- each of HBL for 77,163 CCPS of ₹10/- each BEHPL.

c) 3901 fully paid equity shares of ₹1/- each of HBL issued for every 10 OCRPS of ₹20/- fully paid up held in BEHPL, i.e. issued 2,68,10,012 equity shares of ₹1/- each of HBL for 68,726 OCRPS of ₹20/- each of BEHPL.

Thus HBL issued a total of 17,40,94,389 equity shares of ₹1/- each to the members of BEHPL in proportion to their holding and the same is shown as addition to paid up capital during the year in note 17.2 above.

ii) **Cancellation of shares** - As at the appointed date viz., 01.04.2016, BEHPL was holding 14,98,99,443 equity shares of ₹1/- each in the equity share capital of HBL and as per the scheme of amalgamation, the said investment held by BEHPL stands cancelled and accordingly the same is shown as reduction during the year in note 17.2.

17.4 Terms/rights attached to equity shares

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

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

17.5 Shares held by holding/ultimate holding company

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

Name of the shareholder	March 31, 2017	March 31, 2016	April 1, 2015
	No.of shares	No.of shares	No.of shares
Beaver Engineering & Holdings Private Limited	-	14,98,99,443	14,30,59,443

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

Name of the shareholder	March 31, 2017		March 31, 2016		April 1, 2015	
	No. of shares	% holding in the class	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of ₹1 each fully paid						
Promoter and promoter group						
Beaver Engineering & Holdings Private Limited	-	-	14,98,99,443	59.25	14,30,59,443	56.55
Dr. A J Prasad	-	-	2,08,14,500	8.23	2,76,54,500	10.93
Barclays Wealth Trustees (India) Pvt Ltd -Aluru Family Pvt Trust	13,68,40,231	49.37	-	-	-	-
Public						
BanyanTree Growth Capital LLC	2,89,83,735	10.46	-	-	-	-
Oman India Joint Investment Fund Management Company Pvt Ltd	2,68,42,240	9.68				

Note : 18 ₹ in Lakhs

a) Other equity - (Refer statement of changes in equity)

	March 31, 2017		March 31, 2016		April 1, 2015	
Capital reserve		1.02		5,569.83		5,569.83
Capital redemption reserve						
Opening balance	-		-		-	
Addition during the year (in pursuance of business combination)	2.70	2.70	-	-	-	-
Investment subsidy from state government		55.77	-	55.77	-	55.77
Securities premium account						
Opening balance	10,437.77		10,437.77		10,437.77	
Addition during the year (in pursuance of business combination)	12,572.90	23,010.67	-	10,437.77	-	10,437.77
General reserve						
Opening balance	36,500.00		36,394.65		35,894.65	
Add: In pursuance of business combination	(4,227.65)		-		-	
Add: Transferred from retained earnings	-	32,272.35	105.35	36,500.00	500.00	36,394.65
Retained earnings (balance of surplus in the statement of changes in equity)		14,916.84		5,995.99		5,553.77
Foreign currency translation reserve		(118.91)		(177.93)		(62.02)
TOTAL		**70,140.44**		**58,381.43**		**57,949.77**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

b) Non-controlling interests

	March 31, 2017	March 31, 2016	April 1, 2015
In equity share capital	20.55	29.55	29.55
In other equity			
Opening balance (adjusted for change in percentage of shareholding)	(147.68)	(145.70)	-
Additions/deletions during the year	(26.79)	(7.22)	-
Closing balance	(174.47)	(152.92)	(145.70)
TOTAL	**(153.92)**	**(123.37)**	**(116.15)**

Note : 19 ₹ in Lakhs

19.1 Non-current - financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings			
A) Term loans from banks (secured)			
IDBI Bank Limited	1,250.20	833.40	1,250.00
HDFC Bank Ltd	1,000.00	2,000.00	3,831.00
HDFC Bank Ltd. - against vehicles	18.08	24.93	47.99
Loan from others (refer note - 19.5 (d))	159.62	196.97	216.15
TOTAL (A)	**2,427.90**	**3,055.30**	**5,345.14**
B) Loans from others (un-secured)			
Deferred payment laibility - interest free sales tax loan	324.16	412.82	570.14
Loan from related party - holding company	-	7,127.60	10,657.88
Long term maturities of finance lease obligations - from HPFSIPL	-	7.55	28.37
Loan from HPFSIPL - against equipment	-	17.20	62.90
Loan from others	60.00	60.00	60.00
TOTAL (B)	**384.16**	**7,625.17**	**11,379.29**
TOTAL (A)+(B)	**2,812.06**	**10,680.47**	**16,724.43**

19.2 Current - financial liabilities

Borrowings (current maturities)

	March 31, 2017	March 31, 2016	April 1, 2015
A) Long term bebt from banks (secured)			
IDBI Bank Limited	833.20	416.60	-
HDFC Bank Ltd	1,000.00	1,831.00	5,369.00
HDFC Bank Ltd. - against vehicles	26.05	54.04	50.10
Loan from others (refer note - 19.5 (d))	32.93	33.02	30.42
TOTAL (A)	**1,892.18**	**2,334.66**	**5,449.52**
B) Current maturities of finance lease obligations - from HPFSIPL TOTAL (B)	**7.55**	**20.81**	**18.46**
C) Loans from others (un-secured)			
Deferred payment laibility - interest free sales tax loan	164.86	258.56	321.87
Loan from HPFSIPL - against equipment	17.20	45.70	40.48
Lease finance obligation	-	-	1.64
TOTAL (C)	**182.06**	**304.26**	**363.99**
TOTAL (A+B+C)	**2,081.79**	**2,659.73**	**5,831.97**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

19.3 Current maturities of long term debt

Instalments due within 12 months from the date of balance sheet classified as current as shown above are disclosed under " Other current liabilities"

19.4 Term loans:

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

19.5 Term loan from IDBI and HDFC:

a) The capex term loan of ₹2,500 lakhs is sanctioned by IDBI Bank for setting up of spun concrete poles unit with a project cost of ₹3,350 lakhs with a capacity of 1,00,000 poles p.a. at Narsaraopet, Guntur District, Andhra Pradesh. The loan is secured by pari passu first charge on the entire property, plant and equipment of the company both present and future. This loan is also guaranteed by CMD, spouse of CMD, Director, and CFO in their personal capacity.

b) HDFC Term loan II of ₹2,000 lakhs is towards the refinancing of capital expenditure of the company. The loan is secured by a first charge on the entire property, plant and equipment of the company both present and future. This loan is also guaranteed by CMD, Director and CFO in their personal capacity.

Name of the bank	Loan amount drawn	No of instalments	% of interest	
IDBI BANK LIMITED				
- Term loan I	2500.00	12 (QTLY) commencing from 1-10-2016	12.00	2,083.40
HDFC Bank				
- Term loan II	2000.00	4 (HY) commencing from 30-09-2017	10.25	2,000.00

c) HDFC bank - vehicle loan

The term loans are secured by exclusive hypothecation of vehicles acquired through execution of demand promissory notes and are repayable by equated monthly installments (EMIs') as per the loan schedule sanctioned by the bank.

d) HBL U.S.A

Represents loan in the form of note entered into with the State of Connecticut Department of Economic and Community Development, U.S.A., which is repayable from October 1, 2014 in 96 installments at an interest rate of 2% and is secured by coporate assets.

19.6 Unsecured loans

a) Deferred payment liability - Interest Free Sales Tax Loan (IFST):

IFST Loan represents the sales tax payable by the company given as loan by state government under a scheme and is to be repaid without interest after 14 years from the date of availment. The loan requires creation of a charge on the assets of the company. Pending creation of charge, the amount is shown as 'unsecured Loan' to be regrouped as secured loan as and when the charge is created. Pursuant to requirement under Ind AS - 109 on financial instruments and in view of the option exercised under Ind AS - 101 on first time adoption of Ind AS, un-winding of interest using effective interest rate was made and the deferred government grant carved out, from the said loan, is being amortized in equal installments over the remaining repayment period of the IFST loan.

b) Term loan from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) towards implementation of SAP Project is repayable in 20 quarterly instalments from the date of loan with interest at the rate ranging between 11% and 13%. The loan is also guaranteed by a Director of the company.

c) Finance lease obligations from Hewlett-Packard Financial Services India Pvt Ltd (HPFSIPL) for Implementation of SAP Project is repayable by way of lease rentals over a period of 5 years and is also guaranteed by a Director of the company.

19.7 As on the balance sheet date, there were no continuing defaults in repayment of borrowings and interest.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Note : 20 — ₹ in Lakhs

20.1 Provisions (non-current)

	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits			
Provision for earned leave encashment	213.49	199.18	197.89
TOTAL	**213.49**	**199.18**	**197.89**

20.2 Provisions (current)

	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits			
Provision for earned leave encashment	15.89	7.08	5.16
Provision for gratuity	303.68	264.50	193.53
Other provisions	-	-	-
Provision for warranties	856.60	811.32	739.38
Provision for excise & customs duty on closing stocks	358.04	447.92	209.15
Provision for commission on profits to Director	156.53	129.77	113.14
Contingency provision (in pursuance of business combination)	30.00	-	-
TOTAL	**1,720.74**	**1,660.59**	**1,260.36**

Note : 21 Deferred tax liability (net) — ₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liability (as per last balance sheet)	**1,471.19**	**1,851.91**	**2,597.85**
Less: adjustment on account of depreciation based on Companies Act, 2013	-	-	320.38
Less : on account of business combination (DTA)	(3.30)	-	-
Add: deferred tax (asset)/liability for the year	(366.16)	(380.72)	(425.57)
Add: adjustment on account of re-classification	68.06	-	-
TOTAL	**1,169.79**	**1,471.19**	**1,851.90**

Note : 22 Other non-current liabilities — ₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Deferred government grant (Refer note 19.6 (a))	**167.77**	**223.69**	**279.61**
TOTAL	**167.77**	**223.69**	**279.61**

Note : 23 Borrowings — ₹ in Lakhs

		March 31, 2017	March 31, 2016	April 1, 2015
A)	**Loans repayable on demand from banks (secured)**			
	State Bank of India	12,691.11	13,139.42	12,424.94
	State Bank of Hyderabad	-	2,143.19	1,910.18
	IDBI Bank Ltd	1,867.73	5,895.05	3,321.25
	IDBI Short Term Loan	-	-	1,800.00
	ICICI Bank Ltd	6,840.46	4,969.12	3,706.43
	Axis Bank Ltd	4,482.01	4,592.78	2,938.21
	Buyer's credit from banks	1,909.70	556.02	4,730.94
	TOTAL (A)	**27,791.01**	**31,295.58**	**30,831.95**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

		March 31, 2017	March 31, 2016	April 1, 2015
B)	**Loans repayable on demand from related parties (unsecured)**			
	Inter-corporate deposit from holding company	-	665.00	380.00
	Inter-corporate deposit from others	-	-	-
	Loans from Directors	721.00	721.00	751.00
	TOTAL (B)	**721.00**	**1,386.00**	**1,131.00**
C)	**Other loans from banks (unsecured)**			
	Purchase bill discounting from Kotak Mahindra Bank Ltd	4,441.46	2,403.58	1,691.38
	Purchase bill discounting from IDBI Bank Ltd	6,111.54	4,501.42	3,353.19
	Sale bills (LC backed) discounted with SBI	2,726.25	962.84	1,391.96
	Sale bills (LC backed) discounted with Yes Bank	1,217.89	-	1,767.77
	HDFC short term loan	-	1,000.00	2,500.00
	TOTAL (C)	**14,497.14**	**8,867.84**	**10,704.30**
	TOTAL (A+B+C)	**43,009.15**	**41,549.42**	**42,667.25**

23.1 Working capital loans

The demand loans from banks are secured by a first charge on all the chargeable current assets and by a second charge on the property, plant and equipment (both present and future) of the company. All the loans are also guaranteed by CMD, spouse of CMD, Director, and CFO in their personal capacity.

23.2 Purchase bill discounting from Kotak Mahindra Bank Ltd. Is guaranteed by CMD and a Director of the company in their personal capacity and purchase bill discounting from IDBI Bank Ltd. Is secured by accepted bill of exchange and post dated cheque/standing instructions for making payment on due date.

23.3 Loan from Directors is repayable on demand with interest @ 11% p.a.

Note : 24 Trade payables

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Total outstanding dues of :			
Micro Enterprises & Small Enterprises (MESE)	284.50	443.79	624.39
Payables other than MESE	16,112.04	16,022.95	17,660.19
TOTAL	**16,396.54**	**16,466.74**	**18,284.58**

24.1 Details relating to Micro, Small & Medium Enterprises (relating to parent company):

	March 31, 2017	March 31, 2016	April 1, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier at the year end:			
Principal amount	284.50	443.79	624.39
Interest	8.72	14.24	23.04
The amount of interest paid by the company along with the amounts of the payment made to the supplier beyond the appointed day			
Principal amount	4184.08	3543.06	5503.00
Interest	-	-	-
The amount of interest due and payable for the period of delay in			
making payment (beyond the appointed day during the year)	15.71	30.46	118.24
The amount of interest accrued and remaining unpaid	24.43	44.70	141.28
The amount of further interest remaining due and payable for the earlier years	737.65	692.95	551.68

Notes forming part of the consolidated financial statements

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Note: The information has been given in respect of those suppliers who have intimated that they are registered as micro, small and medium enterprises. Some of the vendors who come under the MSMED Act 2006 have been associated for a long time and have a continuous business relationship. The parent company is usually prompt in servicing these vendors as per mutually agreed payment terms. In view of such longstanding relationship, no claims were received by the parent company. The parent company expects that there will be no claims in future also for interest.

Note : 25 Other financial liabilities-current

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Current maturities of long-term debt(refer note - 19.2)	2,074.24	2,638.92	5,813.50
Current maturities of finance lease obligations refer note - 19.2)	7.55	20.81	18.46
Interest accrued but not due on loans	77.61	120.65	173.70
Unpaid/unclaimed dividends (refer note - 25.1)	33.82	32.80	33.33
Trade deposits	196.94	249.14	229.53
Creditors for capital expenditure	167.80	269.03	621.87
Statutory dues	657.39	441.92	490.19
Directors' current account	220.02	176.08	142.84
Accrued compensations to employees (refer note - 25.2)	1,566.43	1,715.16	1,178.13
Others	3.60	1.50	0.23
TOTAL	**5,005.40**	**5,666.01**	**8,701.78**

25.1 As at March 31, 2017, does not include any amount outstanding which is required to be credited to Investor Education and Protection Fund (IEPF).

25.2 Includes ₹264.20 lakhs towards additional provision made in financial year 2015-16 on account of amendment to Payment of Bonus Act, 1965 with retrospective effect.

Note : 26 Other current liabilities

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Advances against sales	1,990.44	3,171.13	4,237.60
Accrued expenses	1,146.57	1,613.50	1,236.95
TOTAL	3,137.01	4,784.63	5,474.55

Note : 27 Current tax liabilities (net)

₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Provision for income tax	3,197.45	-	-
Less: advance payment of income tax (including TDS)	2,934.73	-	-
TOTAL	**262.72**	**-**	**-**

Note : 28 Revenue from operations

₹ in Lakhs

	March 31, 2017	March 31, 2016
a) Sale of products (including excise duty)	1,49,956.55	1,37,216.96
b) Sale of traded goods	552.12	442.81
c) Sale of services	3,158.98	2,863.21
d) Other operating revenue - sale of scrap	43.15	64.94
TOTAL	**1,53,710.80**	**1,40,587.92**

Notes forming part of the consolidated financial statements

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Note : 29 Other income

₹ in Lakhs

		March 31, 2017	March 31, 2016
a)	**Interest income**		
	Interest received on deposits with banks/others	352.78	388.37
	Interest on IT refunds	125.27	-
b)	**Other non-operating income (net of directly attributable expenses)**		
	Exchange gains	611.24	497.77
	Deferrend income-govt grant	55.92	55.92
	Miscellaneous income (net)	618.38	390.08
	TOTAL	**1,763.59**	**1,332.14**

Note : 30 Cost of material consumed

₹ in Lakhs

		March 31, 2017	March 31, 2016
Opening stocks		20,890.13	30,793.66
Purchases, material, components & consumables		88,630.83	66,783.34
		1,09,520.96	97,577.00
Less : closing stocks		20,283.07	20,890.13
		89,237.89	76,686.87
Less : internal capitalisation		76.83	20.38
Cost of material consumed	**TOTAL**	**89,161.06**	**76,666.49**

Note : 31 (Increase) / decrease in inventories of finished goods, stock-in-trade and work-in-progress

₹ in Lakhs

		March 31, 2017	March 31, 2016
a)	**Manufactured goods**		
	i) Opening stocks		
	a) Semi finished goods	10,746.34	12,783.80
	b) Finished goods	5,583.55	4,351.74
	TOTAL (i)	**16,329.89**	**17,135.54**
	ii) Closing stocks		
	a) Semi finished goods	11,961.69	10,746.34
	b) Finished goods	5,518.09	5,583.55
	TOTAL (ii)	**17,479.78**	**16,329.89**
	(Increase) / decrease (i - ii)	**(1,149.89)**	**805.65**
b)	**Traded goods**		
	Opening stock of traded goods	616.96	786.57
	Add : in pursuance of business combination	503.72	-
		1,120.68	786.57
	Closing stock of traded goods	1,179.75	616.96
	(Increase) / decrease	**(59.07)**	**169.61**
	(Increase) / decrease in inventory [(a) + (b)]	**(1,208.96)**	**975.26**

Notes forming part of the consolidated financial statements

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Note : 32

₹ in Lakhs

	March 31, 2017	March 31, 2016
Employee benefits expense:		
Salaries & bonus	8,004.91	8,520.97
Contribution to provident & other funds	642.42	667.24
Gratuity	60.35	25.03
Staff welfare expenses	928.56	901.61
Recruitment & training	14.89	22.73
Remuneration to directors:		
Salaries & allowances	146.40	103.65
Contribution to provident fund	11.52	8.16
Commission on profits	156.53	129.77
Directors sitting fees	2.30	1.68
TOTAL	**9,967.88**	**10,380.83**

Note : 33 Finance cost *

₹ in Lakhs

	March 31, 2017	March 31, 2016
Interest on term loans	527.95	849.47
Interest on bank borrowings	3,161.68	3,462.96
Interest on vehicle loans	7.18	10.78
Interest on other loans	6.86	10.49
Interest on unsecured loans	79.31	1,613.39
Interest - others	218.09	203.80
Bank charges & commission	734.43	860.38
	4,735.50	7,011.27
Less: transfers to pre-operative expenses	108.68	169.43
TOTAL	**4,626.82**	**6,841.84**

*The parent company capitalized actual interest paid on borrowings made specifically for the purpose of obtaining such qualifying assets.

Note : 34 Depreciation and amortization expense

₹ in Lakhs

	March 31, 2017	March 31, 2016
Depreciation of tangible assets	3,989.07	4,315.27
Amortisation of intangible assets	860.61	752.98
TOTAL	**4,849.68**	**5,068.25**

Note : 35 Other expenses

₹ in Lakhs

	March 31, 2017	March 31, 2016
Stores & spares consumed	1,945.38	1,798.78
Equipment lease rentals	28.76	41.99
Factory rent	32.90	33.41
Consumable tools charged off	10.19	13.79
Contract wages	8,361.01	7,893.55
Testing charges	194.76	70.31

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

	March 31, 2017	March 31, 2016
Power and fuel	5,280.70	5,162.45
Installation charges paid	645.51	667.15
Televan hire charges	109.68	123.10
Rent	339.98	329.33
Rates, duties & taxes	551.55	465.39
Insurance	318.52	212.82
Professional & consultancy charges	1,271.77	597.13
Expenditure incurred on corporate social responsibility activities	57.69	51.05
Repairs and maintenance	1,158.39	1,182.43
Travelling and conveyance	1,452.02	1,417.26
Sundry expenses	1,582.75	1,521.79
Payments to auditors - towards audit fee	36.15	41.36
Audit expenses	2.34	7.60
Advances & deposits written off	218.29	26.38
Freight & insurance on sales	4,294.03	3,777.21
Liquidated damages	248.20	187.09
Commission On sales	148.96	290.86
Provision / write off of trade receivables	1,195.60	1,330.50
Provision for warranties (net)	45.28	71.94
Other selling expenses	547.61	721.23
TOTAL	**30,078.02**	**28,035.90**

Note : 36 Exceptional items of (income)/expenditure ₹ in Lakhs

	March 31, 2017	March 31, 2016
Profit on sale of investments	(439.10)	-
Loss/(profit) on sale of assets	225.63	55.13
Profit on exchange of land	(42.43)	-
Loss on exchange of land	5.72	-
Loss on sale of intangible assets	-	169.93
TOTAL	**(250.18)**	**225.06**

Note : 37 Disclosure as per Ind AS - 33 Earnings Per Share (EPS) - Face value of share : ₹1/- each ₹ in Lakhs
Computation of EPS (basic and diluted)

	March 31, 2017	March 31, 2016
Profit after tax (₹)	3,732.52	990.45
No. of shares (basic)	27,71,94,946	25,30,00,000
No. of shares (diluted)	27,71,94,946	25,30,00,000
EPS (basic)	1.35	0.39
EPS (diluted)	1.35	0.39

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Note : 38 Disclosure as per schedule III of the Act and Ind AS-37 on provisions, contingent liabilities and contingent assets

₹ in Lakhs

38.1 Provisions

	Particulars	Provision for warranties	Provision for excise & customs duty closing stocks	Contingency provision
a)	the carrying amount at the beginning of the period ;	811.32	447.92	0.00
b)	(i) additional provisions made in the period, inluding increases to existing provisions ;	710.50	358.04	
	(ii) additions in pursuance of business combination			30.00
c)	amounts used (ie incurred and charged against the provision) during the period	0.00	(447.92)	0.00
d)	unused amounts reversed during the period	(657.35)	0.00	0.00
e)	the increase during the period in the discounted amount arising from the passage of time and the effect of any change in the discount rate.	(7.87)	0.00	0.00
f)	**the carrying amount at the end of the period ;**	**856.60**	**358.04**	**30.00**

Unused amounts of provision for warranties represents provision reversed from the opening balance (after warranty period). It is expected that provision for warranties will be incurred in the next 12 to 24 months. Actual expenditure incurred during warranty period towards replacements etc. is charged off under respective heads of expenditure.

38.2 Contingent liabilities not provided for and commitments:

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

Nature of contingent liability	March 31, 2017	March 31, 2016	April 1, 2015
i) Contingent liabilities not provided for:			
HBL Power Systems Limited			
a) Claims against the company not acknowledged as debts towards:			
Excise duty	658.84	743.53	743.53
Sales tax	258.33	589.72	496.50
Custom duty	491.70	488.70	488.70
Service tax	-	8.51	8.51
Income tax	65.08	65.08	65.08
Property tax	134.25	27.64	27.64
Fuel surcharge adjustment (FSA)	148.16	138.79	134.38
Enhancement of land cost	168.44	168.44	168.44
Erstwhile promoters of SCIL Infracon Private Limited	188.31	188.31	188.31
Others	9.50	9.50	11.50
SCIL Infracon Private Limited			
Income tax dispute for assessment year 2008-09	0.34	0.34	1.34
Erstwhile promoters of Shakti Concrete Industries Limited	188.31	188.31	188.31
b) Un-expired guarantees issued on behalf of the company by banks for which the company gave counter guarantees			
HBL Power Systems Limited	14036.71	14956.22	14,382.47
SCIL Infracon Private Limited	31.62	31.62	31.62
ii) Commitments:			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	**637.73**	**737.13**	**122.47**
b) Other commitments:			
Legal undertakings (LUTs) given to custom's authorities for clearing the imports at Nil / concessinal rate of duty	124.84	1451.07	2,448.63

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

The group has other commitments, for purchase / sale orders which are issued after considering requirements per operating cycle for purchase / sale of goods and services, employee benefits in the normal course of business. The group does not have any long term committments or material non-cancellable contractual committments / contracts, which might have material impact on the financial statements.

38.3 Commitment towards dividend and dividend distribution tax

The parent company's Board in its meeting held on May 26, 2017 recommended a dividend of ₹0.25 per equity share of ₹1/- each for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held, and if approved would result in a cash outflow of ₹692.99 lakhs towards dividend and ₹141.08 lakhs towards corporate dividend distribution tax.

38.4 Contingent assets

During the year 2011, some assets at one of the plants of the parent company, were damaged due to heavy rain. The parent company's claim for the loss was repudiated by the insurers. A case was filed for recovery of the claim of ₹234.60 Lakhs towards loss sufferred apart from interest thereon. The matter is sub judice.

During the year 2014, there was a heavy damage to the assets and inventory at two plants of the parent company, due to hud-hud Cyclone. The parent company's claim for the resultant losses was partly allowed by the Insurers and the balance claims were repudiated. The matter relating to the claim of ₹400 lakhs towards damages to assets and inventory and ₹921.75 Lakhs towards loss of profits, apart from interest thereon, was referred to arbitration. The matter is sub judice.

Note : 39 Income tax and sales tax assessments

Taxes due as per returns filed have been paid. The liability, if any, in respect of pending income / sale tax assessments, that may arise upon completion is not ascertainable at this stage.

Note : 40 Confirmation of balances

The parent company had sent letters seeking confirmation of balances to various parties under trade payables, trade Receivables, advance to suppliers and others, advance from customers. Based on the confirmations received and upon proper review, corrective actions have been initiated and the amounts have been trued up, accounting adjustments have been made wherever found necessary. Such confirmations are awaited from some parties, comprising of government departments and public sector undertakings, mainly.

Note : 41 Disclosures as prescribed by Indian Accounting Standard (Ind AS)

41.1 Disclosure as per Ind AS - 2 - inventories

During the year ended March 31, 2017, the parent company has recognised ₹22.64 lakhs as an expense in respect of inventories carried at net realisable value and an amount ₹76.58 lakhs representing carrying value of obsolete inventories, was recognized as an expense in the statement of profit & loss.

41.2 Disclosure as per Ind AS -11 - construction contracts

A) The parent company recognised revenue based on percentage completion method whereby stage of completion of a contract is determined with reference to the proportion that contract costs incurred (for work performed up to the reporting date) bear to the estimated total contract cost and wherever applicable after completion of inspection/certification of the work performed by the customers as stipulated in the contract.

B) In respect of contracts in progress on March 31, 2017 ₹ in Lakhs

	March 31, 2017	March 31, 2016
a) Contract revenue recognised in the period	232.69	271.48
b) Aggregate contract costs incurred upto the reporting date.	3056.69	2,950.02
c) Aggregate amount of recognised profits upto the reporting date.	3012.07	2,886.04
d) Amount of advances received from customer outstanding as on date	166.67	166.67
e) Retention amount (amount billed less amount received / advance adjusted)	385.09	381.19

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

41.3 Disclosure as per Ind AS -12 - Income tax

a) The income tax expense for the year can be reconciled to the accounting profit as follows: ₹ in Lakhs

Particulars		Year ended March 31, 2017	Year ended March 31, 2016
Profit before tax		5,434.78	2,698.44
Current tax @ 34.608%	(A)	**1,880.87**	**933.87**
Effect of unused tax losses of subsidiaries / associates		(89.55)	(90.61)
Effect of income exempt / taxed at lower rate		472.13	401.40
Effect of profit of foreign subsidiaries not liable to indian tax		24.91	17.95
Others		53.13	(610.15)
Total	(B)	**460.63**	**(281.41)**
Income tax expense recognised in statement of profit and loss	(A - B)	**1,420.24**	**1,215.28**

b) The income tax on other comprehensive income ₹ in Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Income tax benefit arising on income / (expense) recognised in other comprehensive income		
Tax on remeasurement of defined benefit plan	(87.68)	(96.87)
Others	(31.24)	61.34
Income tax benefit recognised in other comprehensive income	(118.92)	(35.53)

c) Details of income tax assets and income tax liabilities are as follows: ₹ in Lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Advance tax / MAT credit / TDS	2,934.73	4,156.81	3,908.73
Provision for income tax	(3,197.45)	(3,355.22)	(2,471.21)
Asset / (liability)	(262.72)	801.59	1,437.52

d) The gross movement in the current income tax asset / (liability) are as follows: ₹ in Lakhs

	March 31, 2017	March 31, 2016
Net current income tax asset / (liability) at the beginning	801.59	1,437.52
Add : income tax paid / adjusted (net of refunds received)	908.02	1,005.15
Less provision for current tax	1,972.33	1,641.06
Net current income tax asset / (liability) at the end	(262.72)	801.59

e) The tax effects of significant temporary differences that resulted in deferred income tax asset and liability are as follows:

₹ in Lakhs

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liability			
Property, plant and equipment	1,801.46	2,186.64	2,491.06
Total	1,801.46	2,186.64	2,491.06
Deferred tax asset			
Warranties	295.64	334.24	295.64
Employee benefits	79.38	71.38	137.25
Provision for bad debts	334.31	213.19	206.26
Other comprehensive income	(31.24)	61.34	-
Others	(46.42)	35.30	-
Total	**631.67**	**715.45**	**639.15**
Deferred tax liability after set off of deferred tax asset	1,169.79	1,471.19	1,851.91

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

f) The gross movement in the deferred income tax account are as follows: ₹ in Lakhs

	March 31, 2017	March 31, 2016
Net deferred tax liability at the beginning	1,471.19	1,851.91
Credit / (charge) relating to temporary differences	(301.40)	(380.72)
Net deferred income tax liability at the end	**1,169.79**	**1,471.19**

41.4 Disclosure as per Ind AS-17 - leases

a) Finance leases (un-discounted) (refer note 4.3(B)) ₹ in Lakhs

	March 31, 2017	March 31, 2016
Amount of finance lease	28.37	46.82
Less : lease amount repaid during the period	20.82	18.45
Amount outstanding at the end of the period	7.55	28.37
Amount payable not later than one year	7.55	20.82
Amount payable later than one year and not later than five years	-	7.55

b) Operating lease

The parent company had taken office and residential facilities under cancellable operating leases. The rental expenses under such canellable operating lease for the year ended March 31, 2017 was ₹276.63 lakhs (previous year ₹261.79 lakhs).

41.5 Disclosure as per Ind AS-19 -employee benefits

a) Defined contribution plan:

Contribution to defined contribution plan, recognised as expense for the year are as under: ₹ in Lakhs

	March 31, 2017	March 31, 2016
Employer's contribution to PF/ESI/ pension plan	653.94	675.40

b) Defined benefit plan:

(i) Gratuity obligation of the parent company :

To cover the employer's obligation towards gratuity, under the payment of Gratuity Act, the parent company has taken a group gratuity policy of LIC of India. As per the valuation made under projected unit credit method and demanded by LIC of India, the fund required to be maintained, to cover the present value of past service benefit and current service cost, is fully funded/ provided for by the parent company. Apart from the said funding, to keep the policy alive, the parent company also paid the annual risk premium and recognised it as expense for the year.

Assets and liability (balance sheet position) ₹ in Lakhs

Particulars	March 31, 2017	March 31, 2016
Present value of obligation	1424.30	1240.87
Fair value of plan assets	1120.62	977.58
Surplus / (deficit)	303.68	263.29
Effects of asset ceiling, if any	-	-
Net asset/(liability)	303.68	263.29

The liability as at March 31, 2016 is the provisional amount, which has been taken from AS 15 certificate as advised by the parent company.

Expense recognized during the period ₹ in Lakhs

Particulars	March 31, 2017
In income statement (P&L a/c-expense provision)	50.32
In other comprehensive income (balance sheet item)	253.36

Characteristics of defined benefit plan and risks associated with it

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Actuarial valuation method

The valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Defined benefit
Employer's contribution	100%
Employee's contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal retirement age	58
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time).
"Benefit on early retirement / termination / resignation / withdrawal"	Same as normal retirement benefit based on the service upto the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	₹10,00,000
Gratuity formula	(15/26) x last drawn salary x number of completed years

Description of regulatory framework in which plan operates

The payment of gratuity is required by the Payment of Gratuity Act, 1972.

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the parent company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest rate risk: The plan exposes the parent 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 the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the parent company is not able to meet the short-term gratuity payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

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. 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 liabilty.

Demographic risk: The parent company has used certain mortality and attrition assumptions in valuation of the liability. The parent company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. increase in the maximum limit on gratuity of ₹10,00,000).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the parent company to market risk for volatilities/fall in interest rate.

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

Effect of any amendments, curtailments and settlements - not applicable in this case.

Explanation of amounts in financial statements

The valuation results for the defined benefit gratuity plan as at March 31, 2016 are produced in the tables below:

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Changes in the present value of obligation

₹ in Lakh

Particulars	For the period ending	
	March 31, 2017	March 31, 2016
Present value of obligation as at the beginning	**1240.87**	**1175.61**
Current service cost	24.82	11.75
Interest expense or cost	99.27	94.05
Actuarial (gains) / loss on obligations	258.59	248.92
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	199.25	289.46
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	**1424.30**	**1240.87**
Bifurcation of net liability		
Current liability (short term)	54.44	33.01
Non-current liability (long term)	1369.86	1207.86
Net liability	**1424.30**	**1240.87**

Changes in the fair value of plan assets

₹ in Lakh

	March 31, 2017	March 31, 2016
Fair value of plan assets as at the beginning	977.58	982.08
Acquisition adjustment	56.50	0.00
Expected return on plan assets	78.21	78.57
Contributions	264.50	205.02
Benefits paid	199.25	289.46
Actuarial gain/(loss) on plan assets	5.23	1.37
Fair value of plan assets as at the end	1120.62	977.58

Change in the effect of asset ceiling

₹ in Lakh

	March 31, 2017	March 31, 2016
Effect of asset ceiling at the end	nil	nil
Interest expense or cost (to the extent not recognised in net interest expense)	nil	nil
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	nil	nil
Effect of asset ceiling at the end	nil	nil

Expenses recognised in the income statement

₹ in Lakh

	March 31, 2017
Current service cost	24.82
Past service cost	0.00
Expected return on plan assets	(78.21)
Interest cost	103.71
Expenses recognised in the income statement	50.32

Other comprehensive income

₹ in Lakh

	March 31, 2017
Actuarial (gains) / losses	
Actuarial (gains) / loss on obligations	258.59
Actuarial (gains) / loss on plan assets	5.23
Total OCI	**253.36**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Return on plan assets, excluding amount recognised in net interest expense

Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling

Components of defined benefit costs recognised in other comprehensive income

Major categories of plan assets (as percentage of total plan assets)

	March 31, 2017
Other investments - LIC	100%
Total	**100%**

Actuarial assumptions

Financial assumtpions

Particulars	For the period ending	
	March 31, 2017	March 31, 2016
Discount rate (per annum)	7.00%	8.00%
Salary growth rate (per annum)	4.00%	4.00%

Demographic assumptions

Indian assured lives mortality (2006-08) Ult	100%	

Attrition rate:

Age at valuation date / valuation date	March 31, 2017	March 31, 2016
18-30	15%	15%
31-40	5%	5%
41 &+	1%	1%

Disability: no explicit allowance

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase in reported cost.

Table of sample mortality rates from indian assured lives mortality 2006-08

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Membership status

₹ in Lakh

Particulars	As at	
	March 31, 2017	March 31, 2016
Number of employees	2118	2204
Total monthly salary (in ₹)	38512	38912
Average past service (years)	8	8
Average age (years)	37	37
Average remaining working life (years)	21	21

Number of completed years valued

Decrement adjusted remaining working life (years): 16.07

Amount, timing and uncertainity of future cash flows

Sensitivity analysis

Significant actuarial assumptions for the detemination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	March 31, 2017
Defined benefit obligation (base)	1,42,430.019
Discount rate:(% change compared to base due to sensitivity)	
Increase: +1%	1,29,938.184
Decrease: -1%	1,56,914.686
salary growth rate:(% change compared to base due to sensitivity)	
Increase: +1%	1,58,091.610
Decrease: -1%	1,28,365.726
Attrition rate:(% change compared to base due to sensitivity)	
Increase: +50%	1,49,851.889
Decrease: -50%	1,33,709.362
Mortailtiy rate:(% change compared to base due to sensitivity)	
Increase: +10%	1,42,551.174
Decrease: -10%	1,42,309.017

Please note that the 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.

There is no change in the method of valuation for the prior period. For change in assumptions please refer to section 5 above, where assumptions for prior period, if applicable, are given.

Asset liability matching strategies

The parent 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 parent 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. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the parent 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).

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Effect of plan on entity's future cash flows

Funding arrangements and funding policy

The parent company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance parent company carries out a funding valuation based on the latest employee data provided by the parent company. Any deficit in the assets arising as a result of such valuation is funded by the parent company.

Expected contribution during the next annual reporting period

The parent company's best estimate of contribution during the next year.

Maturity profile of defined benefit obligation

Weighted average duration (based on discounted cashflows) in years	16.79
Expected cash flows over the next (valued on undiscounted basis):	
1 year	54.44
2 to 5 years	131.24
6 to 10 years	495.36
More than 10 years	2753.71

(ii) Long term compensated absences - leave encashment:

The present value of obligation for long term compensated absences is determined on actuarial valuation using project unit credit method (PUC) and is charged to profit & loss account. The obligation is not funded.

Assets and liability (balance sheet position) ₹ in Lakh

Particulars	March 31, 2017	March 31, 2016
Present value of obligation	220.20	203.84
Fair value of plan assets	-	-
Surplus / (deficit)	220.20	203.84
Effects of asset ceiling, if any	-	-
Net asset/(liability)	**220.20**	**203.84**

The liability as at 31-03-2016 is the provisional amount, which has been taken from AS 15 certificate as advised by the parent company.

Expense recognized during the period ₹ in Lakh

Particulars	March 31, 2017	March 31, 2016
In income statement (P&L a/c--expense provision)	58.58	50.85

Characteristics of defined benefit plan and risks associated with it

Actuarial valuation method

"The valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

The benefits valued

The benefit valued in this report are summarised below:

Type of plan	Long term benefit
Employer's contribution	100%
Employee's contribution	NIL
Salary for calculation of leave encashment benefit	Last drawn salary
Normal retirement age	58
Vesting period	Not applicable

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Benefit on normal retirement	Leave salary[gross salary) subject to a maximum of 30 days' salary
Benefit on early retirement / termination / resignation / withdrawal	As above
Benefit on death in service	As above
Limit	Yes
Benefit formula	No. of days' leave encashable x last drawn salary

Description of regulatory framework in which plan operates

The payment of leave encashment benefit is required as per parent company's scheme.

Description of risk exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the parent company is exposed to various risks in providing the above benefit which are as follows:

Interest rate risk: The plan exposes the parent 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 the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity risk: This is the risk that the parent company is not able to meet the short-term benefit payouts. This may arise due to non availabilty of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

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. 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 liabilty.

Demographic risk: The parent company has used certain mortality and attrition assumptions in valuation of the liability. The parent company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory/contractual risk: benefit is paid in accordance with the requirements of the enterprise's scheme (as amended from time to time). There is a risk of change in regulations /rules requiring higher benefit payouts (e.g. increase in the maximum limit on benefit amount).

Asset liability mismatching or market risk: The duration of the liabilty is longer compared to duration of assets, exposing the parent company to market risk for volatilities/fall in interest rate.

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

Explanation of amounts in financial statements

The valuation results for the defined benefit gratuity plan as at 31-3-2016 are produced in the tables below:

Changes in the present value of obligation ₹ in Lakh

Particulars	March 31, 2017	March 31, 2016
Present value of obligation as at the beginning	203.84	200.86
Current service cost	6.12	4.02
Interest expense or cost	16.31	16.07
Actuarial (gain)/ loss on obligations	36.16	30.77
Past service cost	-	-
Effect of change in foreign exchange rates	-	-
Benefits paid	(42.22)	(47.88)
Acquisition adjustment	-	-
Effect of business combinations or disposals	-	-
Present value of obligation as at the end	220.20	203.84

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Bifurcation of net liability ₹ in Lakh

Particulars	March 31, 2017	March 31, 2016
Current liability (short term)	6.71	4.66
Non-current liability (long term)	213.48	199.18
Net liability	220.20	203.84

Changes in the fair value of plan assets ₹ in Lakh

Particulars	March 31, 2017	March 31, 2016
a) Fair value of plan assets at the start:	-	-
b) Acquisition adjustments		
c) Expected return on plan assets		
d) Contributions		
e) Benefits paid	(42.22)	(47.88)
f) Actuarial gain /(loss) on plan assets	-	-
g) Fair value of plan assets as at the end	-	-

Change in the effect of asset ceiling ₹ in Lakh

Effect of asset ceiling at the beginning	nil
Interest expense or cost (to the extent not recognised in net interest expense)	
Re-measurement (or actuarial) (gain)/loss arising because of change in effect of asset ceiling	
Effect of asset ceiling at the end	nil

Expenses recognised in the income statement ₹ in Lakh

Particulars	March 31, 2017	March 31, 2016
Current service cost	6.12	4.02
Past service cost	-	-
Expected return on plan assets	-	-
Interest cost	16.31	16.07
Net actl. (gain)/ loss recognized in the period:	36.16	30.77
Expenses recognised in the income statement	58.58	50.85

Actuarial assumptions: The valuation has been carried out using the projected unit credit method as per Ind AS 19 to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

Financial assumtpions

Particulars	March 31, 2017	March 31, 2016
Discount rate (per annum)	7.00%	8.00%
Salary growth rate (per annum)	4.00%	4.00%
Demographic assumptions		
Indian assured lives mortality (2006-08) Ult	100%	100%%
Attrition rate:		
Age at valuation date / valuation date		
18-30	15.0%	15.0%
31-40	5.0%	5.0%
41 &+	1.0%	1.0%

Disability: no explicit allowance

The results are particularly sensitive to some assumptions, such as the discount rate, level of salary inflation, level of assumed price inflation and mortality. A decrease in the discount rate assumed or an increase in salary inflation will lead to an increase

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

in reported cost.

Table of sample mortality rates from Indian assured lives mortality 2006-08

Age	Male	Female
20 years	0.089%	0.089%
25 years	0.098%	0.098%
30 years	0.106%	0.106%
35 years	0.128%	0.128%
40 years	0.180%	0.180%
45 years	0.287%	0.287%
50 years	0.495%	0.495%
55 years	0.789%	0.789%
60 years	1.153%	1.153%
65 years	1.700%	1.700%
70 years	2.585%	2.585%

Membership status ₹ in Lakh

Particulars	March 31, 2017	March 31, 2016
Number of employees	2118	2204
Total monthly salary (₹ in Lakhs)	38512	38912
Average past service (years)	8	8
Average age (years)	37	37
Average remaining working life (years)	21	21
Number of completed years valued	0	
Decrement adjusted remaining working life (years)	16.07	

41.6 Disclosure as per Ind AS -21 - the effects of changes in foreign exchange rates ₹ in Lakh

	March 31, 2017	March 31, 2016
a) Exchange differences arising out of settlement / translation on account of export sales for the year	(231.46)	663.19
b) Exchange differences arising out of settlement / translation on account of previous year; imports	817.71	(281.04)
c) Exchange differences arising out of settlement / translation on account of others	24.99	115.62
Net gain (loss) recognised during the year	**611.24**	**497.77**

41.7 Disclosure as per Ind AS– 24 - related party disclosures

1	Joint venture	Gulf Batteries Company Limited, Kingdom of Saudi Arabia	
2	Associate / directors' interested companies	Naval Systems & Technologies Private Limited	
		Guided Missile Engineering India Private Limited	
3	Designated partners of LLP interested company	Secure Power India Private Limited	
4	Investors of subsidiaries	Shakti Concrete Industries Limited (SCIL)	
5	Partners of joint venture company	Abdullah Hamoud Al Shuwayer Sons Trading Company	
		Advance Electronic Company Limited	
6	Key management personnel	Dr A J Prasad	Chairman & Managing Director
		M S S Srinath	Whole Time Director
		Kavita Prasad	Chief Financial Officer
		K Mahidhar	Vice-President (F&A)
		M V S S Kumar	Company Secretary
		K. Surendra Babu	Director of SCIL Infracon Private Limited
		K. Gyan Sagar	Director of SCIL and former Promoter

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Deepa Shashidhar Kuckian	Designated Partner of LLP
Cmde. Arvind Sharma (Retd.)	CEO / Director of Associate Company
Non-Executive Directors	
P. Ganapathi Rao	Independent Director
Preeti Khandelwal	Independent Director
Ajay Bhaskar Limaye	Non- Executive Director
Mitin Jain	Non- Executive Director

Disclosure of transactions with related parties and the status of outstanding balances as at March 31, 2017

Sl. No	Name	Nature of transaction	Transactions during the year	As at March 31, 2017	
				Gross trade & other receivables (un-secured)	Gross trade & other payables
1	Joint venture	Sale of goods	87.95	536.84	
2	Designated partners of LLP interested company	Advance for capital purchase	-	193.43	
3	Key management personnel	Funds borrowed	-	-	721.00
		Remuneration paid	239.88	-	230.33
		Commission on profits	156.53	-	
		Rent paid	6.39	-	
		Interest paid	79.31	-	
		Sitting fee paid to Non-Executive Directors	2.30	-	-

Against the above gross trade receivables, the parent company had made a provision for doubtful debts of ₹350 lakhs for joint venture.

41.8 Disclosure as per Ind AS - 103 - business combinations

A) Beaver Engineering & Holdings Private Limited (BEHPL, the combining entity) is the holding company of HBL Power Systems Limited (HBL, the combined entity) and was carrying on the activities relating to trading of goods and investing in other entities. As per the approved scheme of arrangement and amalgamation, the appointed dated for obtaining control of the combining entity by the combined entity is April 01, 2016.

B) HBl had issued a total of 17,40,94,389 Equity shares of ₹1/- each to the members of BEHPL in proportion to their holding. The percentage of equity shares exchanged by the combined enity, to effect the business combination, to the combined total issued and paid up share capital is 62.80 %.

C) The business combination was effected by adopting 'pooling of interest' method. The amount of difference between the consideration and the value of net identifiable assets acquired and the treatment thereof is as follows: ₹ in Lakh

Net identifiable carrying value of assets acquired	51.93
Consideration representing value of equity shares issued in pursuance of business combination (refer note 17.3 (i))	1,740.94
Difference adjusted to general reserve	1,689.01
Add: difference between face value of shares and cost of investments in BEHPL	2,635.06
Less : Adjustment of Balance of General Reserve of the merged entity on April 1, 2016	96.42
Net balance appearing in the statement of changes in equity	4,227.65

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

41.9 Disclosure as per Ind AS-108 - operating segments

₹ in Lakh

	March 31, 2017		March 31, 2016	
Segment revenue				
Batteries				
Exports	9655.04		16090.20	
Domestic sales	118151.37	127806.41	98188.92	114279.12
Electronics				
Exports	1841.81		2135.11	
Domestic sales	14480.87	16322.68	14085.87	16220.98
Unallocated				
Exports	61.15		160.11	
Domestic sales	9609.47	9670.62	10360.04	10520.15
Total		**153799.71**		**141020.25**
Less : Inter-segment revenue		88.91		432.33
Net revenue		**153710.80**		**140587.92**
Identifiable operating expenses				
Batteries	101039.63		90225.07	
Electronics	13758.50		11929.51	
Unallocated	7203.87	122002.00	7437.27	109591.85
Allocated expenses				
Batteries	10154.15		9714.86	
Electronics	3322.70		2718.72	
Unallocated	6490.71	19967.56	5888.39	18321.97
Segment operating income		**11741.24**		**12674.11**
Unallocable expenses		3730.78		4293.27
Operating profit		**8010.46**		**8380.84**
Other income		1763.59		1332.14
Profit before interest and exceptional items		**9774.05**		**9712.98**
Exceptional items - income/(expenses)		250.19		(225.06)
Interest expenses		4626.82		6841.84
Share in (profit) / loss of associate / joint venture		37.17		52.21
Profit before income taxes		**5434.58**		**2698.28**
Income tax expenses		1420.04		1215.13
Net profit		**4014.54**		**1483.15**
(Segment depreciation (including amortisation of intangible assets)				
Batteries		3472.62		3786.96
Electronics		446.43		454.35
Unallocated		930.63		826.94
Total		**4849.68**		**5068.25**
Segment assets				
Batteries		102344.86		98416.54
Electronics		18315.52		20798.67
Unallocated		25992.77		24274.77
Total assets		**146653.15**		**143489.98**
Segment liabilities				
Batteries		15912.38		15947.42
Electronics		4556.84		5868.21
Unallocated (includes term loans, bank loans, hire purchase loans)		53425.45		60886.29
Total liabilities		**73894.67**		**82701.92**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

41.10A FINANCIAL INSTRUMENTS

A) Capital management

The group manages its capital structure and make adjustments to it, in light of changes in economic condition. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholder, or issue new shares. No changes were made in the objectives, policies and procedures in the past three years.

The group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The group includes within net debt, borrowings, trade and other payables, other liabilities, less cash and cash equivalents. Capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders.

B) Financial instruments by category

The carrying and fair value of financial instruments by categories as at March 31, 2017 were as follows: ₹ in lakhs

Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
	Amortised cost	Total carrying value	Total fair value	Amortised cost	Total carrying value	Total fair value	Amor tised cost	Total carrying value	Total fair value
Assets :									
Cash / cash equivalents	592.39	592.39	592.39	1,686.34	1,686.34	1,686.34	2,185.59	2,185.59	2,185.59
Other bank balances	1,976.67	1,976.67	1,976.67	1,718.74	1,718.74	1,718.74	2,654.31	2,654.31	2,654.31
Investments in others	1.40	1.40	1.40	0.10	0.10	0.10	0.10	0.10	0.10
Trade receivables	47,103.37	47,103.37	47,103.37	42,661.71	42,661.71	42,661.71	39,014.74	39,014.74	39,014.74
Other financial assets	3,581.95	3,581.95	3,581.95	4,148.74	4,148.74	4,148.74	3,539.04	3,539.04	3,539.04
Total	**53,255.78**	**53,255.78**	**53,255.78**	**50,215.63**	**50,215.63**	**50,215.63**	**47,393.78**	**47,393.78**	**47,393.78**
Liabilities :									
Trade payables	16,396.54	16,396.54	16,396.54	16,466.74	16,466.74	16,466.74	18,284.58	18,284.58	18,284.58
Borrowings	47,903.00	47,903.00	47,903.00	54,889.62	54,889.62	54,889.62	65,223.65	65,223.65	65,223.65
Other financial liabilities	2,923.61	2,923.61	2,923.61	3,006.28	3,006.28	3,006.28	2,869.81	2,869.81	2,869.81
Total	**67,223.15**	**67,223.15**	**67,223.15**	**74,362.64**	**74,362.64**	**74,362.64**	**86,378.04**	**86,378.04**	**86,378.04**

41.10B FINANCIAL INSTRUMENTS

B) Financial risk management

Financial risk factors

The group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The respective managements, review and design policies and procedures to minimise potential adverse effects on its financial performance. The primary market risk to the group is foreign exchange risk. The group's exposure to credit risk is influenced mainly by the customers' repayments. The group's exposure to liquidity risks are on account of interest rate risk on borrowings. The following sections provide details regarding the group's exposure to the above mentioned financial risks and the management thereof.

Market risk

The group operates internationally and a portion of the business is transacted in several currencies and consequently the group is exposed to foreign exchange risk through its sales and services in those countires. The exchange rate between the local and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the group's operations are affected as the local currency appreciates/ depreciates against these foreign currencies. The group leaves exchange rate risk with regard to foreign exposures unhedged when the local currency is depreciating against the foreign currency and hedges this risk when the local currency is appreciating against the foreign currency. Currently the foreign exchange risk of the group is covered through natural hedge and the group uses the foreign currency denominated accounts to mitigate the exchange rate variation.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017:

Particulars	U.S. dollars	Euro	GBP	JPY	SGD	Total
Trade receivables	61.39	39.29	0.60	-	-	101.28
Other financial assets	-	-	-	-	-	-
Trade payables	(36.37)	(4.85)	(0.18)	(4.46)	(0.67)	(46.53)
Other financial liabilities	-	-	-	-	-	-
Net assets/(liabilities)	**25.02**	**34.44**	**0.42**	**(4.46)**	**(0.67)**	**54.75**

The following table analyzes foreign currency risk from financial instruments as of March 31, 2016 :

Particulars	U.S.dollars	Euro	GBP	JPY	SGD	Total
Trade receivables	55.13	29.79	1.94	-	1.32	88.18
Other financial assets	-	-	-	-	-	
Trade payables	(32.65)	(15.49)	(0.16)	-	(2.00)	(50.30)
Other financial liabilities						
Net assets/(liabilities)	**22.48**	**14.31**	**1.78**	**-**	**(0.68)**	**37.89**

For the year ended March 31, 2017 and March 31, 2016, the depreciation / appreciation in the exchange rate between the local currency and respective unhedged foreign currency exposures, has resulted in incremental operating margins by approximate ₹611.24 lakhs and ₹503.82 lakhs respectively.

Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹47,103.37 lakhs and ₹42,661.71 lakhs as of March 31, 2017 and March 31, 2016, respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and overseas. Credit risk has always been managed by the group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the group uses expected credit loss model to assess the impairment loss or gain. he group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the companie's historical experience for customers.

The following table gives details in respect of percentage of revenues generated from top customer and top five customers:

Particulars	March 31, 2017	March 31, 2016
Revenue from top customer	6.95%	5.94%
Revenue from top five customers	21.79%	20.83%

Credit risk exposure

The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2017 was ₹350 lakhs. The allowance for lifetime expected credit loss on customer balances for the year ended March 31, 2016 was ₹ NIL.

₹ in lakhs

Particulars	March 31, 2017	March 31, 2016
Balance at the beginning	196.00	196.00
Credit loss recognised/reversed	350.00	0.00
Amounts written off		
Balance at the end	546.00	196.00

Credit risk on cash and cash equivalents is limited as the group generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies with no history of default.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Liquidity risk

The group's principal sources of liquidity is cash and cash equivalents and the cash flow that is generated from operations. The group also has long term and short term borrowings from banks and financial institutions. Term loans are project specific and for refinancing of capital expenditures. Short term loans repayable on demand from banks and are obtained for the working capital requirements of the group.

As of March 31, 2017, the group has a working capital of ₹28,162.91 lakhs including cash and cash equivalents of ₹592.39 lakhs. As of March 31, 2016, the group has a working capital of ₹22,875.71 lakhs including cash and cash equivalents of ₹1,686.34 lakhs .

As of March 31, 2017 and March 31, 2016, the outstanding gratuity and compensated absences were ₹533.06 lakhs and ₹470.76 lakhs, respectively, which have been substantially funded. Accordingly, no liquidity risk is perceived.

Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of the group's financial instruments will fluctuate because of the change in market ineterest rates. The group is exposed to interest rate risks as it has significant interst bearing loans from banks and financial institutions. These fluctuations are managed through negotiated and prefixed interest rates on term loans enabling the management to plan its future financial commitments and exposures. Short term loans repayable on demand are a subject to prevailing market rate fluctuations and sanctioned facilities are availed on a need to borrow basis to ensure minimun exposure to interst rate fluctuations.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2017:

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	16,396.55	-	-	16,396.55
Long term borrowings	2,085.38	2,172.61	635.86	4,893.85
Short term borrowings	43,009.14	-	-	43,009.14
Other financial liabilities (excluding borrowings from banks and financial institutions)	2,894.31	-	29.30	2,923.61

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

Particulars	< 1 year	1-2 years	2-3 years	Total
Trade payables	16,466.74	-	-	16,466.74
Long term borrowings	9,754.32	2,047.94	1,504.94	13,307.20
Short term borrowings	41,582.42	-	-	41,582.42
other financial liabilities (excluding borrowings from banks and financial institutions)	2,976.98	-	29.30	3,006.28

Note : 42 Disclosures relating to corporate social responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend atleast two percent of its average net profits for the immediately preceding three years, on Corporate Social Responsibility (CSR) activities. The areas for CSR activities are eradication of hunger and malnutrition, promotion of education, art and culture, health care, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the parent company, as per the Act. The funds were utilized through the year on these activities which are specified in schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the parent company during the year : ₹50.51 Lakhs

b) The details of amounts spent during the year on CSR activities are as follows:

i) Promotion of education of children	16.00
ii) Eradication of malnutrition	12.74
iii) Health care	21.63
iv) Contribution to eligible orphanages/oldage homes	7.32
Total	**57.69**

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Note : 43 Disclosure of details of Specified Bank Notes (SBN)

Details of SBNs' held and transacted during the period from November 08, 2016 to December 30, 2016 are as follows

Amount in ₹

	SBNs	Other denomination notes	Total
Closing cash in hand as at November 08, 2016	19,47,000	4,43,981	23,90,981
(+) Permitted receipts	1,98,000	54,95,255	56,93,255
(-) Permitted payments	-	42,32,811	42,32,811
(-) Amount deposited in banks	21,45,000	-	21,45,000
Closing cash in hand as at December 30, 2016	-	17,06,425	17,06,425

Note : 44

a) Subsidiary companies, associate company and joint venture company considered in the preparation of the CFS.

Name of entity	Principal place of business	Country of incorporation	Proportion of ownership interest & voting right		
			March 31, 2017	March 31, 2016	April 1, 2015
Subsidiary companies					
HBL Germany GMBH	Zwickau	Germany	100%	100%	100%
SCIL Infracon Private Limited	Hyderabad	India	100%	100%	100%
HBL America Inc.	Connecticut	U.S.A.	100%	100%	100%
HBL Suntech LLP	Mumbai	India	60%	60%	60%
Kairos Engineering Limited	Hyderabad	India	46.7%	23.35%	23.35%
Associate company					
Naval Systems & Technologies Private Limited	Hyderabad	India	41%	41%	41%
Joint venture company					
Gulf Batteries Company Limited	Dammam	Kingdom of Saudi Arabia	40%	40%	40%

b) Change in the group composition :

Kairos Engineering Limited was considered as an associate company up to March 31, 2016. In view of additional holding by virtue of business combination and relative control the same is considered as a subsidiary. Gulf Batteries Company Limited, a joint venture company, was consolidated upto March 31, 2016 by using proportinate consolidation method. In view of the Ind AS requirements, the same is consolidated by following equity method. Accordingly, for the purpose of CFS, the financials of both the companies have been recast effective from April 01, 2015 (date of transition) to bring them in conformity with the requirements of Ind AS.

Note : 45

Additional information as required by paragraph 2 of the general instruction for preparation of CFS to schedule III to the Companies Act, 2013 is attached.

Note : 46

Form AOC -1 as required under Section 129 (3) of the Companies Act, 2013, read with rule 5 of Companies (Accounts) Rules, 2014 is attached.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Note : 47

Previous years figures as per previous GAAP have been regrouped / reclassified wherever necessary to correspond with the current year classifications / disclosures.

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants
FRN No. 03089 S

On behalf of the board

Anirban Pal
Partner
M.No: 214919

Dr A J Prasad
Chairman & Managing Director

M S S Srinath
Director

Place : Hyderabad
Date : August 11, 2017

Kavita Prasad
Chief Financial Officer

M V S S Kumar
Company Secretary

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT 2013: (refer note: 45)

₹ in Lakh

Name of the entity		Net assets i.e. total asset less total liabilities		Share in profit/ (Loss)		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	amount	As % of consolidated profit or (loss)	amount	As % of other comprehensive income	amount	As % of total comprehensive income	amount
Parent	HBL Power Systems Limited	105.24%	76,570.04	104.23%	4,212.40	120.93%	(341.04)	102.98%	3,871.36
Subsidiaries	**Indian**								
	SCIL Infracon Private Limited	-1.42%	(1,034.76)	-1.70%	(68.79)	0.00%	-	-1.83%	(68.79)
	HBL Suntech LLP	-0.34%	(243.95)	-1.66%	(67.25)	0.00%	-	-1.79%	(67.25)
	Kairos Engineering Limited	-0.01%	(10.38)	0.00%	0.20	0.00%	-	0.01%	0.20
	Foreign								
	HBL Germany GMBH	-1.06%	(771.77)	1.78%	71.83	-16.54%	46.65	3.15%	118.47
	HBL America Inc.	-1.33%	(970.73)	-3.68%	(148.75)	-4.53%	12.77	-3.62%	(135.98)
	Non-controlling interest in all subsidiaries	-0.21%	(153.92)	0.66%	26.79	0.00%	-	0.71%	26.79
Associates *	**Indian**								
	Naval Systems & Technologies Private Limited	0.46%	332.99	1.08%	43.53	0.00%	-	1.16%	43.53
Joint Venture*	**Foreign**								
	Gulf Batteries Company Limited	-1.32%	(959.05)	-0.71%	(28.63)	0.14%	(0.40)	-0.77%	(29.02)
Total		**100.00%**	**72,758.47**	**100.00%**	**4,041.33**	**100.00%**	**(282.02)**	**100.00%**	**3,759.31**

*Investment as per Equity method.

Notes forming part of the consolidated financial statements

for the year ended March 31, 2017

Referred to in note No. 46

AOC-I : Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture (Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014).

Part " A" : Subsidiaries

₹ in Lakh

Sl. No.	Name of subsidiary company	Reporting period	Reporting currency	Exchange rate on the last date of the financial year	Share capital	Other equity	Total assets (excluding investment)	Total liabilities	Investments	Turnover	Profit before taxation	Provision for tax & def. tax	Profit after taxation	Dividend proposed	% of Shareholding
1)	SCIL Infra Con (P) Ltd	31.03.2017	INR	-	1000.00	(774.12)	358.11	132.23	-	0.00	(97.92)	(29.13)	(68.79)	-	100
2)	HBL Suntech LLP	31.03.2017	INR	-	18.30	(406.58)	39.70	427.98	-	0.00	(67.25)	-	(67.25)	-	60.00
3)	Kairos Engineering Limited	31.03.2017	INR	-	38.55	(22.22)	16.59	0.26	-	0.00	0.30	0.09	0.21	-	46.70
4)	HBL Germany, GmBH	31.03.2017	EURO	69.25	14.92	(721.43)	1938.43	2644.94	-	4737.79	115.21	(0.09)	115.30	-	100
5)	HBL America	31.03.2017	USD	64.84	323.02	(862.75)	736.37	1276.10	-	1822.75	(154.98)	0.20	(155.18)	-	100

Part " B" : Associates and joint ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to associate companies and joint ventures.

Sl No	Name of the company	Naval Systems & Technologies Pvt Ltd	Gulf Batteries Company
	Associates/joint venture	Associate	Joint Venture
1	Latest audited balance sheet date	31.03.2017	31.12.2016
2	Shares held by the company at the year end		
	Number of shares	41000	1100000
	Amount of investment (₹ in lakhs)	4.10	1424.51
	Extent of holding %	41	40
3	Description of how there is significant influence	Common Directors	As joint venture partner
		(₹ in lakhs)	(₹ in lakhs)
4	Networth attributable to shareholding as per latest audited balance sheet	318.47	465.25
5	Profit/(loss) for the year	160.50	(71.59)
	i. Considered in consolidation	65.81	(28.64)
	i. Not considered in consolidation	94.69	(42.95)

As per our report of even date annexed

for **Rao & Kumar**
Chartered Accountants, FRN No. 03089 S

On behalf of the board

	Anirban Pal	**Dr A J Prasad**	**M S S Srinath**	**Kavita Prasad**	**M V S S Kumar**
Place : Hyderabad	*Partner*	*Chairman & Managing Director*	*Director*	*Chief Financial Officer*	*Company Secretary*
Date : August 11, 2017	M.No: 214919				

HBL®

HBL POWER SYSTEMS LIMITED

CIN: L40109TG1986PLC006745

Regd. Office: 8-2-601, Road No.10, Banjara Hills, Hyderabad-500034

Phone No. 040-23355575, Fax: 040-23355048, e-mail :investor@hbl.in

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING. NO ATTENDANCE SLIP WILL BE ISSUED AT THE MEETING VENUE.

Folio No. / DP ID No. / Client ID No.	
Name and registered address of the member	
Name(s) of the Joint Holder(s) if any	
Number of Shares held	
Full Name of the Proxy (IN BLOCK LETTERS)	

I hereby record my presence at the 31st Annual General Meeting of the company held at KLN Prasad Auditorium, Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 at 4.00 p.m. on Tuesday, September 26, 2017.

Name of the Proxy in Block Letters

Signature of the Shareholder/Proxy*

** Strike off whichever is not applicable*

1. Members are requested to handover the attendance slip, duly signed in accordance with their specimen signature(s) registered with the company for admission to the meeting hall. Members/Proxy holders are requested to bring their copies of the Annual Report to the AGM.
2. Only members/representatives of the corporate members or proxies are allowed to attend the AGM. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013 (Act). A copy of authorisation should be deposited with the company.

To

M/S Karvy Computershare Private Limited

Unit : HBL Power Systems Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli,

Financial District, Nanakramguda,

Hyderabad – 500 032

Dear Sir,

Sub: e-mail address registration

With reference to the subject, I would like to register my e-mail address to receive all communication from the company including notice of AGM and notices of other general meetings and explanatory statement(s) thereto, Financial Statements, Reports of the Director's and Auditors etc. or any other Communication from the company. Therefore, please register my following e-mail address in your records for sending communication through e-mail:

Folio No. / DP ID & Client ID	
Name of first Registered Holder	
Name of Joint Holder(s), if any	
Registered Address	
E-mail ID (to be registered)	
Contact details	Mobile :
	Landline:

Signature:

Place:

Date:

Shareholder(s) are requested to keep the company informed as and when there is any change in the e-mail address.

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PROXY FORM - FORM MGT – 11

31st Annual General Meeting

26th September 2017

Name of the member(s)	
Residential Address	
E-mail ID	
Folio/DP-ID-Client ID	

I/We ________________________ being a member(s) of above mentioned company, hereby appoint:

1. Name ________________________ Address ________________________
   email ID________________________ Signature________________________or failing him/her,
2. Name ________________________ Address________________________
   email ID________________________ Signature________________________or failing him/her,
3. Name ________________________ Address ________________________
   email ID ________________________ Signature________________________or failing him/her,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the company to be held on Tuesday, September 26, 2017 at 4.00 p.m. at KLN Prasad Auditorium, Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad 500 004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Subject matter of the Resolution	Optional*	
ORIDINARY BUSINESS		**FOR**	**AGAINST**
1	Adoption of audited financial statements of the company for the financial year ended March 31, 2017 together with the reports of the Board of Directors' and Auditors' thereon.		
2	Declaration of dividend for the year ended March 31, 2017		
3	Appoint a Director in place of Mr. Ajay Bhaskar Limaye, who retires by rotation and being eligible for re-appointment.		
4	Re-appointment of Auditors and fixation of their remuneration.		

Signed this .... day of 2017

______________________ ______________________

Signature of the member Signature of the Proxy Holder(s)

NOTE:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.

*3. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For ' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.

4. Please complete all details including detail of member(s) in above box before submission.

HBL Power Systems Limited
No. 8-2-601
Road No. 10, Banjara Hills,
Hyderabad-500 034, Telangana, India
www.hbl.in