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Board of Directors	<p>Dr. A J Prasad</p> <p>Mr. M S S Srinath</p> <p>Mrs. Kavita Prasad</p> <p>Mr. P Ganapathi Rao</p> <p>Mr. V V Rao</p> <p>Mrs. Preeti Khandelwal</p> <p>Mr. Vivek Mundra</p>	<p>Chairman & Managing Director</p> <p>(IDBI Nominee Director)</p>
Audit Committee	<p>Mr. P Ganapathi Rao</p> <p>Mrs. Kavita Prasad</p> <p>Mr. V V Rao</p> <p>Mrs. Preeti Khandelwal</p>	<p>Chairman of the Committee</p>
Company Secretary	<p>Mr. D Mabu Basha</p>	
Registered Office	<p>8-2-601, Road # 10</p> <p>Banjara Hills</p> <p>Hyderabad - 500 034</p>	
Auditors	<p>M/s Satyanarayana & Co.</p> <p>Chartered Accountants</p> <p>Amar Mansion, Ranigunj</p> <p>Secunderabad-500003</p>	
Cost Auditors	<p>M/s Narasimha Murthy & Co.</p> <p>Cost Accountants, Hyderabad</p>	
Bankers	<p>State Bank of India</p> <p>State Bank of Hyderabad</p> <p>IDBI Bank Ltd.</p> <p>State Bank of Indore</p> <p>Axis Bank Ltd.</p>	

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of **HBL POWER SYSTEMS LIMITED** will be held at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004 on Monday, the 27th day of September, 2010 at 4.00 p.m., to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Balance Sheet as at 31st March 2010 and the Profit and Loss Account for the year ended on 31st March 2010, together with the Director's Report and the Auditors' Report thereon.
2. To declare Dividend for the year ended 31st March 2010.
3. To appoint a Director in place of Mr. P Ganapathi Rao, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the year 2010-11 till the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration. M/s. Satyanarayana & Co., Chartered Accountants, the retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS:

TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATION THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTIONS:

5. To Appoint Mr. Vivek Mundra as a Director of the Company:

"RESOLVED THAT pursuant to the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the company Mr. Vivek Mundra, who was appointed as an Additional Director at the meeting of the Board of Directors of the company and who holds office upto the date of ensuing Annual General Meeting, be and is hereby appointed as Director of the company, he shall be liable to retire by rotation".

6. To Re-Appoint Dr. A J Prasad as Chairman and Managing Director of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to Members approval at this Annual General Meeting of the Company and other approval as may be necessary Dr. A J Prasad be and hereby appointed as Chairman & Managing Director of the Company for a period of 5 years, with effect from 1st October, 2010 to 30th September 2015 on the following remuneration, terms and conditions as detailed below:

- I. Basic Salary : Rs.24,00,000 per annum.

Period : 1st October, 2010 to 30th September, 2015

Commission: Subject to the overall limits laid down in Section 198 and 309 of the Companies Act, 1956, 3% Commission to be paid as percentage of the Profit of the Company for the year.

- II Perquisites:

- a) House Rent Allowance or Provision of House Accommodation subject to a maximum monthly rent at 60% of basic salary, over and above 10% payable by the Managing Director.

The Expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax Rules, 1962. This shall however subject to ceiling of 10% of the salary.

- b) Leave Travel Allowance: Actual Traveling Expenses incurred for self and dependents, not exceeding one-month basic salary for every year of service.
- c) Medical Reimbursement: Membership or the Subscription paid to any hospital and /or doctors schemes or and insurance company in India and all hospital and medical expenses incurred for self and family subject to ceiling of one month's salary in a year.

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- d) Club Fees: Fees of clubs subject to maximum of two clubs, excluding admission and the life membership fees.
- e) Personal Accident Insurance: Actual Premium borne by the company.
- f) Company's Contribution to Provident and Superannuation fund to the extent of these either singly or put together are not taxable under the Income Tax Act. Gratuity payable shall not exceed half month's salary for each completed year of service.
- g) Encashment of Leave at the end of the tenure will not be included in the computation of perquisites.
- h) The Company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of a car with driver for use on company's business and telephone facility at the residence will not be considered as perquisites.
- i) Notwithstanding any thing mentioned above, wherein any financial year during the currency of tenure of the Managing Director, the company has no profit or its profit are inadequate it may pay the Managing Director remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration under Section II of Part II of Schedule XIII of the Companies Act, 1956.
- III. The Appointment is subject to determination by giving three months notice by either party and other rules and regulation of the Company."
- 7. To Appoint Mr. M S S Srinath as Whole Time Director of the Company:**
- "RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to Members approval at this Annual General Meeting of the Company and other approval as may be necessary Mr. M S S Srinath be and is hereby appointed as Whole Time Director of the Company for a period of 5 years, with effect from 1st September, 2010 to 31st August, 2015 on the following remuneration, terms and conditions as detailed below:
- I. Basic Salary : Rs.12,00,000/- per annum.
CCA : Rs. 12,000/- per annum
- II. Perquisites :
- a. House Rent Allowance or Provision of House Accommodation subject to maximum monthly rent at 40% of the basic salary.
- b. Salary of a Driver appointed by the appointee for engaging on official duties will be reimbursed by the Company.
- c. Leave Travel Allowance: Actual traveling expenses incurred for self and dependents, not exceeding one month's basic salary for every year of Service.
- d. Reimbursement of Medical Expenses incurred by self and dependents not exceeding Rs.15,000/- for every year of service.
- e. Annual Leave with Salary as per the rules of the Company.
- f. Company's contribution to Provident Fund and Gratuity as per the rules of the Company.
- g. Provision of a car for the use of Company's business and telephone at residence will not be considered as perquisites.
- h. Notwithstanding any thing mentioned above, wherein any financial year during the currency of tenure of the Whole Time Director, the company has no profit or its profit are inadequate it may pay the Whole Time Director remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration under Section II of Part II of Schedule XIII of the Companies Act, 1956.
- III. The Appointment is subject to determination by giving three months notice by either party and other rules & regulations of the Company."

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8. To Appoint Mrs. Kavita Prasad as Whole Time Director of the Company:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to Members approval at this Annual General Meeting of the Company and other approval as may be necessary Mrs. Kavita Prasad be and is hereby appointed as Whole Time Director of the Company for a period of 5 years, with effect from 1st September, 2010 to 31st August 2015 on the following remuneration, terms and condition as detailed below:

- I. Basic Salary : Rs.12,00,000/- per annum.
CCA : Rs. 12,000/- per annum
- II. Perquisites :
 - a. House Rent Allowance or Provision of House Accommodation subject to maximum monthly rent at 40% of the basic salary.
 - b. Salary of a Driver appointed by the appointee for engaging on official duties will be reimbursed by the Company.
 - c. Leave Travel Allowance: Actual traveling expenses incurred for self and dependents, not exceeding one month's basic salary for every year of Service.
 - d. Reimbursement of Medical Expenses incurred by self and dependents not exceeding Rs.15,000/- for every year of service.
 - e. Annual Leave with Salary as per the rules of the Company.
 - f. Company's contribution to Provident Fund and Gratuity as per the rules of the Company.
 - g. Provision of a car for the use of Company's business and telephone at residence will not be considered as perquisites.
 - h. Notwithstanding any thing mentioned above, wherein any financial year during the currency of tenure of the Whole Time Director, the company has no profit or its profit are inadequate it may pay the Whole Time Director remuneration by way of salary and perquisites not exceeding the limits specified above as minimum remuneration under Section II of Part II of Schedule XIII of the Companies Act, 1956.

- III. The Appointment is subject to determination by giving three months notice by either party and other rules and regulations of the Company.”

For and on behalf of the Board

Place: Hyderabad
Date : August 09, 2010

D Mabu Basha
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office or Investor Service Department of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 in respect of item No. **5 to 8** set out above is annexed hereto.
4. The Register of Members and Share transfer books of the Company shall remain closed from **22nd September, 2010 to 27th September, 2010** (both days inclusive).
5. The dividend, if any, declared would be paid to those members whose names appear on the Register of Members of the Company as on **27th September, 2010**.
6. Members desirous of making nomination in respect of their shareholding may approach the Company for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.
7. Members are requested to intimate immediately their change of address to the Company, quoting Registered Folio Number, Change in the address, if any, with the Pin Code Number.
8. Members attending the meeting are requested to bring with them the Attendance slip attached to the Annual Report duly filled in and signed and hand over the same at the entrance of the hall.

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EXPLANATORY STATEMENT

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

Item No. 5:

The Board of Directors of the company at their meeting held on 29th May, 2010 appointed Mr. Vivek Mundra as an Additional Director (Independent) in place of Mr. M S Ramakrishna. Mr. Vivek Mundra, is a Founder Director of Jet Age Securities Pvt. Ltd., which is a member of the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. He is an expert in capital markets and portfolio management and your board felt the need of his services to the Company. Now it is proposed to regularize his appointment as Director of the Company.

Your Directors recommend the resolution for the approval of the Shareholders as an Ordinary Resolution.

None of the Directors are interested in this resolution except Mr. Vivek Mundra .

Item No. 6:

Dr A J Prasad is a Technocrat Entrepreneur and also a Founder-Promoter of the company, who holds (along with his relatives and associate company) more than 70% of the share capital. As the Managing Director, he has no other business interests.

Dr. A J Prasad was appointed as Chairman and Managing Director at the 22nd Annual General Meeting held on 4th September, 2008 and his term expires on 30th September, 2010.

Remuneration committee at its meeting held on 9th August, 2010 has reviewed the Remuneration, terms and conditions of appointment and the Board of Directors at their meeting held on 9th August, 2010 has approved

the re-appointment of Dr. A J Prasad as Chairman and Managing Director for a period of five years from 1.10.2010 to 30.09.2015 subject to members approval. The particulars of remuneration as set out in the resolution and the terms of appointment are in pursuance to the Schedule-XIII of the Companies Act, 1956. He shall not be liable to determination by retirement of Directors by rotation as per the provisions of Section 255 of the Companies Act, 1956.

Your Directors recommend the resolution for the approval of the Shareholders as an Ordinary Resolution.

None of the Directors other than Dr. A J Prasad, Mr. M S Srinath and Mrs. Kavita Prasad are interested in this resolution.

Item No.7:

Mr. M S Srinath was appointed as Executive President of the Company under section 314(1-B) of the Act, for a period of 5 years upto 30th September, 2012 at the Annual General Meeting held on 4th September, 2008, subject to approval of Central Government and accordingly obtained the Central Government approval.

Mr. Srinath has resigned as President with effect from 31.08.2010 and to utilize his expertise and services in the interest of the company, it is proposed to appoint him as whole time Director of the Company.

Accordingly the Remuneration Committee at its meeting held on 9th August, 2010 reviewed the Remuneration, terms and conditions of appointment and the Board of Directors at their meeting held on 9th August, 2010 has approved the appointment of Mr. M S Srinath as whole time director for a period of five years from 1.09.2010 to

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31.08.2015 subject to members approval. The particulars of remuneration are set out in the resolution and the terms of appointment are in pursuance to the Schedule-XIII of the Companies Act, 1956. He shall not be liable to determination by retirement of Directors by rotation as per the provisions of Section 255 of the Companies Act, 1956.

Your Directors recommend the resolution for the approval of the Shareholders as an Ordinary Resolution.

None of the Directors other than Mr. M S S Srinath, Dr. A J Prasad, and Mrs. Kavita Prasad are interested in this resolution.

Item No. 8:

Mrs. Kavita Prasad was appointed as non-executive Director of the company. To utilize her expertise and services in a better manner it is proposed to appoint her as whole time director of the company.

Accordingly the Remuneration Committee at its meeting held on 9th August, 2010 has reviewed the Remuneration, terms and conditions of appointment and the Board of Directors at their meeting held on 9th August, 2010 has approved the appointment of Mrs. Kavita Prasad as whole time director for a period of five years from 1.09.2010 to 31.08.2015 subject to members approval. The particulars of remuneration are set out in the resolution and the terms of appointment are in pursuance to the Schedule-XIII of the Companies Act, 1956. She shall not be liable to determination by retirement of Directors by rotation as per the provisions of Section 255 of the Companies Act, 1956.

Your Directors recommend the resolution for the approval of the Shareholders as an Ordinary Resolution.

None of the Directors other than Mrs. Kavita Prasad, Dr. A J Prasad and Mr. M S S Srinath are interested in this resolution.

For and on behalf of the Board

Place: Hyderabad
Date : August 09, 2010

D Mabu Basha
Company Secretary

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

(In pursuant to clause 49 of the Listing Agreement)

Name of the Directors	Mr. Vivek Mundra	Mr. Ganapathi Rao	Dr. A J Prasad	Mr. M S Srinath	Mrs. Kavita Prasad
Date of Birth	14.09.1960	01.09.1955	03.11.1945	23.04.1969	11.12.1971
Date of first appointment	29.05.2010	25.04.2005	Founder- Promoter Since Inception	24.11.1997	11.05.2000
Qualification	MBA(IIMA)	FCA	B. Tech from IIT, Khargpur MS in Management from MIT USA Doctorate in International Business from Columbia University, USA	BA Hons(Economics)	B Com, PGDCA
Expertise in specific functional Area	Founder Director of Jet Age Securities Pvt. Ltd., which is a member of the Bombay Stock Exchange Ltd & the National Stock Exchange of India Ltd., primarily into Equity and Economic Research and empanelled with several domestic and foreign institutional investors.	Practicing Chartered Accountant and has expertise in Finance, Audit Systems and as well as Capital Market.	Overall management of the company with specific focus on product development and promotion of export sales.	Overall Marketing activities and other administrative affairs of the company.	Overall Financial activities and Specific focus on Export Marketing activities of the company.
Details of other Directorships	Jet Age Finance Pvt. Ltd. Neelkantha Steels Ltd. Avro Commercial Co. Ltd Jet Age Securities Pvt. Ltd. Narayani Marketing Pvt. Ltd. Semantic Space Technologies Ltd. Deccan Textile Pvt. Ltd.	NIL	Beaver Engineering Ltd	Beaver Engineering Ltd. Kairos Engineering Ltd. Naval Systems and Technologies Pvt. Ltd. HBL ELTA Avionics Systems Pvt. Ltd. HBL Electric Drives Pvt. Ltd. GSE (Vizag) Pvt. Ltd.	Beaver Engineering Ltd Kairos Engineering Ltd Naval Systems and Technologies Pvt. Ltd HBL ELTA Avionics Systems Pvt. Ltd HBL Electric Drives Pvt. Ltd. Sankhya Infotech Ltd.
Details of Committee and membership status	Member of Share Transfer Committee Chairman of the Remuneration Committee	Chairman of the Audit Committee	NIL	NIL	Chairperson -Share Transfer Committee; Member of Audit Committee.

DIRECTORS' REPORT

Dear Members,

Your Board of Directors take pleasure in presenting the Annual Report for the financial year ended on 31st March 2010. The financial performance is presented below.

(Rs. In Lakhs)

Sl. No.	Particulars	2009-10	2008-09
1	Net Sales	110951	124390
2	Other Income	654	509
3	Total Income	111606	124899
4	Total Expenditure	90569	104414
5	Profit before interest, depreciation and extra-ordinary items	21037	20485
6	Finance Cost	3831	3883
7	Depreciation	2807	2784
8	Extra-ordinary losses/non-recurring cost	0	136
9	Profit before tax	14399	13682
10	Provision for tax & tax adjustment	4117	4370
11	Deferred tax liability	240	216
12	Net Profit	10042	9096
13	Transfer to General Reserve	8000	8000
14	Earnings Per Share (Diluted EPS of Rupees)	4.06	3.75
15	Dividend	30%	30%

Performance Review 2009-10:

Overall Sales of the Company for the year 2009-10 were Rs. 1109.51 crores as compared to previous year sales of Rs. 1243.90 crores. This decrease is on account of a reduction of price levels in lead batteries (primarily telecom). The company passed on the reduction in the average cost of lead. This impact was reinforced by lower demand from the telecom sector due to macro economic factors. Profit after tax was Rs.100.42 crores for the year 2009-10 as compared to previous year of Rs. 90.96 crores and this improved performance is owing to reduction of raw material cost.

Expansion plans:

The Company's expansion plans for other lead acid battery markets is in progress and is expected to commence commercial operations during first quarter of next fiscal year.

Preferential Issue:

A. Issue details:

The Company made a preferential issue of 10,20,445 equity shares of Rs.10/- each at a issue price of Rs.340/- per share (inclusive of Rs 330/- per share as premium) during the year under Portfolio Investment Scheme to Foreign Institutional Investor i.e. Citigroup Global Markets Mauritius Private Limited and your Company utilizing the proceeds as per the objects of the issue.

B. Utilisation of proceeds of Preferential Issue:

The preferential issue was made to finance the General Corporate Investments in related companies and for other General Corporate purposes. The total Proceeds of preferential issue of capital including share premium was Rs 3469.51 lakhs

DIRECTORS' REPORT

Utilisation upto 31.03.2010:

S No	Particulars	Rs in Lakhs
1.	Investment in the Equity of M/s. Autotec Systems Ltd, Bangalore	300.34
2.	Advance for Investment in the Equity of M/s. SCIL Infracon (P) Ltd., Secunderabad	397.98
3.	Inter Corporate Loan to M/s. Biological E. Ltd., Hyderabad	500.00
4.	Funds temporarily parked in cash credit loans taken from Banks to reduce interest burden	2270.69
5.	Balance in Current Account with Banks	0.50
Total		3469.51

Sub-Division of Equity Shares:

During the year the company sub-divided its equity shares of Rs.10/- each into 10 shares of Re 1/- each with effect from 26.11.2010 (Record Date on 25.11.2010).

Dividends:

Your Directors are pleased to recommend a dividend of Rs.0.30/- per equity share of Re.1/- fully paid up share @30% (Previous Year 30%) for the Financial Year 2009-10, subject to the approval of the members at the ensuing Annual General Meeting. The proposed dividend including Corporate Dividend Tax will absorb Rs.885.06 lakhs.

Investment in Subsidiary/ Joint Venture Companies:

HBL (UK) Limited a wholly owned subsidiary in UK has been liquidated and wound up and the investment of Rs. 72.29 lakhs, Advance against investment of Rs.30.95 lakhs and other dues Rs.14.40 lakhs have been written off after obtaining necessary approvals from RBI. Exports are continuing through a value added reseller.

Bhagirath Energy Systems Private Ltd (BES) a wholly owned subsidiary in Nepal is in the process of winding up. Provision for diminution in the value of investment has been made based on Official Liquidators certificate of cash available as on 31.03.2005. No further provision is considered necessary, as there is no reduction in cash balance as on 31.03.2010.

HBL Power Systems (M) SDN BHD : A Joint Venture Company in Malaysia has reported a profit of Rs. 5.85 lakhs for the year and accumulated profit of Rs. 2.34 lakhs up to 31.03.2010. Further a sum of Rs. 16.24 lakhs remitted towards share capital is shown under loans and advances pending allotment of shares.

HBL ELTA Avionics Systems Pvt. Ltd - the company has invested Rs. 225 lakhs as joint venture partner, wherein the company hold 50% of the Equity. The Joint Venture Company is in operation.

Gulf Batteries Co. Ltd (Kingdom of Saudi Arabia):

During the year the company has invested Rs. 1424.51 lakhs as joint venture partner, wherein the company holds 40% of the Equity. The Joint Venture Company is expected to commence commercial production during current fiscal year. Both lead and nickel batteries will be produced for the local market.

Directors' Responsibility Statement:

In Compliance with the Provisions of Section 217(2AA) of the Companies Act, 1956, your Directors wish to place on record:

1. That in preparing the Annual Accounts, all applicable Accounting Standards have been followed;
2. That the Accounting Policies adopted are consistently followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial Year and the Profit and Loss Account of the Company for the Financial Year under review;
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing /detecting fraud and other irregularities; and

DIRECTORS' REPORT

4. That the Annual Accounts have been prepared on a Going Concern basis.

Corporate Governance:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled "Report on Corporate Governance" is attached to the Annual Report.

Consolidation of Accounts:

In accordance with the requirements of Accounting Standard AS-21 read with AS-27 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its Subsidiaries / JVS are annexed to this Annual Report. The consolidated Accounts includes HBL Power Systems (M) SDN BHD, Malaysia; Bhagirath Energy Systems Pvt. Ltd, Nepal and HBL ELTA Avionics Systems Private Limited and Gulf Batteries Company Limited a Jointly Controlled Entities (Proportionate holding of 50% / 40% respectively as per AS-27).

A statement pursuant to Section 212(1) of the Companies Act, 1956 in respect of HBL Power Systems (M) SDN. BHD., Malaysia and Bhagirath Energy Systems Pvt. Ltd, Nepal are appended to the Annual Report.

Auditors' Report:

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

1. **Point No 5 (a):** Reference is invited *Note: 9 of Schedule- 20(B) regarding balances appearing under Debtors, Creditors, advances received / paid which are subject to confirmation/ reconciliation and consequential adjustments, the impact of which on these financial Statements is not quantifiable by us.*

Our Reply: Letters for confirmation of balances as appearing under Debtors and Creditors, Advances to the suppliers have been sent by the Company. Some of the parties have replied confirming the balances. This is a continuous process and the company has not faced any problem on these accounts.

2. **Point No 5 (b):** Reference is invited to *Note 12 of Schedule 20(B) in terms of approval received from Central Government under Section 314(B) of the Companies Act, 1956, the company has to recover Rs. 24.47 lakhs being the excess remuneration paid*

for the period from 01.10.2007 to 20.08.2009 to relative of Directors which has not been recovered and kept in abeyance for the reasons stated in the notes referred to.

Our Reply: The Company has made an application seeking approval of the Central Government under Section 314(B) of the companies Act, 1956 for appointment Mr. M S S Srinath as President and holding office or place of profit being a relative of Directors for a period of 5 years from 01.10.2007 to 30.09.2012. However, the approval was received for remuneration for the period from 21.08.2009 to 30.09.2012 with a condition that remuneration paid for the period prior to approval shall be recovered from the appointee. The remuneration paid to be recovered was Rs. 24,47,264/- from 01.07.2007 to 20.08.2009, for which, the company has made a representation through Form 24B to Central Government (CG) for waiver of Recovery of the said amount, final approval from the Ministry is awaited.

3. **Point No 5 (c):** Reference is invited to *Note 13 of Schedule 20(B) regarding disclosure made under section 22 of the MSMED Act, 2006 which is as complied by the management and relied upon by us. Further, the company has neither paid nor provided the applicable interest on such dues from the date the Act came into force and the amount of which is not ascertained.*

Our reply: The company is of the view that the amounts involved under these transactions are not material in nature; hence, the provision for interest has not been made.

4. **Point No 5 (d):** Reference is invited to *Note 15(I) of Schedule 20(B) regarding Joint Venture Companies and non compliance with the disclosure requirements as required under AS-27 relating to Company's interest in Assets and Liabilities and Income and Expenses in the Joint Venture Companies.*

Our Reply: The Audited financial statements of the Joint Venture companies were not available at the time of approving the Financial Statements of the company. The audited statements of HELA are now available and unaudited financial statement of Gulf Batteries Company Limited have since been received as on date, hence the company is unable to disclose the same.

DIRECTORS' REPORT

Annexure referred to in Paragraph 4 of Our report of even date (under CARO Report):

5. Point No i (a): Subsequent to acquisition, there have been shifting and interdivisional transfer of assets. However, the Company has not maintained or updated the assets register as required showing location wise details recording the shifting/ transfer, Asset wise Depreciation and its written down value and other relevant particulars / identification details to facilitate physical verification.

Our reply: The Company has already taken steps to update the Location/ Division wise fixed assets register as recommended by the Auditor.

6. Point No i (b) : the Fixed assets have not been physically verified by the management. In the absence of physical verification, we are not in position to comment on the discrepancies, if any, between physical and book balances and the impact thereof.

Our Reply : The Company has already initiated steps for physical verification of the fixed assets.

7. Point No iv : During the course of our Audit, no major weakness have been noticed in the internal control in respect of these areas. *However, the internal control procedures with regard to (a) capitalization of assets including linking the additions to the Assets already in existence (c) review and reconciliation of book balances of customers/ vendors and (c) compliance with VAT/ Service Tax procedures, needs to strengthened considering increasing volume of business and transaction.*

Our Reply: The company already initiated measures for timely action, to improve the internal control and procedure in the areas of Assets capitalization, reconciliation of balances with customer/ vendors and compliance with VAT/ Service Tax procedure to meet the CARO requirement.

8. Point No vii : The company has appointed three firms of Chartered Accountants to carry out the internal audit function of the transaction of the Company. *In our opinion, the scope and coverage of Internal audit in the areas of review and*

reconciliation of vendors/ customers accounts and accounting of different components of Fixed Assets needs to be strengthened to be commensurate with the size of the Company and nature of its business.

Our Reply:

The company has already taken appropriate steps to strengthen and enlarge the scope of Internal Audit. Accordingly the company has already appointed the firms of Chartered Accountant as internal auditor to do the same.

Directors:

Mr. P Ganapathi Rao, Director retiring by rotation and being eligible, offers himself for re-appointment.

Auditors:

M/s Satyanarayana & Co., Chartered Accountants, Auditors of the Company retires at the forthcoming Annual General Meeting and is eligible for re-appointment. Audit Committee has recommended for the re-appointment of M/s Satyanarayana & Co., Chartered Accountants as Auditors at the ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, by the Company for the year 2010-11 will be within the limit prescribed under Section 224(1-B) of the Companies Act, 1956.

The Board of Directors recommends their re-appointment.

Cost Auditor:

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

Personnel & Industrial Relations:

Your Company continues to enjoy cordial relations with the employees.

There were no employees, covered by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended and except Mr. P. Satish Kumar, CFO of the Company has paid the remuneration of Rs. 29 Lakhs during the year.

DIRECTORS' REPORT

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

The information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in a separate statement attached hereto and forms part of this report.

Compliance Certificate from a Practicing Company Secretary:

The company obtained a compliance certificate under section 383A of the Companies Act, 1956 is annexed to this report (as it is not a mandatory requirement).

Group for Inter Se Transfer of Shares:

Based on the information received from the promoters and as required under Clause 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, persons constituting group as defined in the Monopolies and Restrictive Trade Practice Act, 1969 for the purpose of Regulation 3(1)(e)(i) of the aforesaid SEBI Takeover

Regulations comprises: Beaver Engineering Limited, Dr. A J Prasad, Dr. A J Prasad (HUF), Mrs. A Uma Devi, Mr. M S S Srinath, Mrs Kavita Prasad, Master Advay Bhagirath, Baby Deeksha, Aluru Family Private Trust and Mikkilineni Family Private Trust.

Acknowledgements:

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

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

For and on behalf of the Board

Place: Hyderabad

Date : 09.08.2010

Dr. A J Prasad

Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR 2009-10

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

- Conservation of Energy:** Operations of the Company are not energy intensive. However, energy saving measures such as re-cycling of Heat and use of alternate sources of energy, are being implemented.
- Technology Absorption:** The Company has in-house R&D facilities and may avail Consultancy Services from outside experts as and when needed.
- Foreign Exchange Earnings and Outgo (Cash basis):** (Rs.in Lakhs)

Particulars	2009-10	2008-09
1 Value of Imports on C.I.F. (Cash basis)		
Raw Materials, Components & Spares	28587.10	39097.45
Capital items/ Equipment	819.85	1141.16
2 Expenditure in Foreign Currency		
Commission on export Sales	133.60	36.93
Traveling expenses	103.47	84.31
Royalty	28.25	45.94
Professional charges	9.65	23.35
Technical Know How	669.08	340.46
Marketing Expenses	90.78	104.48
3 Investments		
Investment in Joint Venture Company	1424.51	-
Other investment	32.72	-
4 Foreign Exchange Earnings		
Export sales	11480.57	11674.85

DIRECTORS' REPORT

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary companies:

Name of the Subsidiary Company	Bhagirath Energy Systems Pvt. Ltd.	HBL Power Systems (M) SDN. BHD.
Financial year of the Subsidiary company ended on	31.03.2010	31.03.2010
No. of Shares in the subsidiary company held by HBL Power Systems Ltd.	172160	160000
Extent of interest	100%	80%
The net aggregate losses of the subsidiary companies so far as concerned to the members of HBL POWER SYSTEMS LTD		
1. Deals with in the accounts of HBL POWER SYSTEMS LTD amounting to (Rs. in lakhs):		
a. for subsidiary's financial year ended 31 st March, 2010	Nil	Nil
b. for previous financial year of the subsidiary since it became subsidiary of HBL POWER SYSTEMS LTD.	Nil	Nil
2. Not dealt within the accounts of HBL POWER SYSTEMS LTD to (Rs. In lakhs):		
a. for subsidiary's financial year ended 31 st March, 2010	N.A*	16.52
b. for previous financial year of the subsidiary since it became subsidiary of HBL POWER SYSTEMS LTD	NA*	(3.51)

Change in the interest of HBL POWER SYSTEMS LTD, not applicable since all the accounts are drawn between the end of the subsidiary's financial year and up to 31st March 2010.

*Company is under voluntary winding up.

For and on behalf of the Board

Place: Hyderabad
Date : 09.08.2010

Dr. A J Prasad
Chairman and Managing Director

COMPLIANCE CERTIFICATE

Registration No. of the Company : 01- 6745 of 1986-87

CIN : L40109AP1986PLC006745

Nominal Capital : Rs.30,00,00,000/-

To

The Members

HBL Power Systems Limited

8-2-601, Road No.10, Banjara Hills

Hyderabad – 500 034

I have examined the registers, records, books and papers of **HBL Power Systems Limited** as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made there under and all entries there in have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Registrar of Companies, Central Government or other authorities as per the provisions of the Act and the rules made there under along with additional fee wherever required.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met six times respectively on 21/05/2009; 25/06/2009; 30/07/2009; 18/09/2009; 28/10/2009 and 29/01/2010 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 10th September, 2009 to 17th September, 2009 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31/03/2009 was held on 17/9/2009 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. An Extra-Ordinary General Meeting was held on 20/10/2009 after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors and / or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of the contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. The Company has obtained necessary approvals from the Board of Directors, the Members and the approval of the Central Government pursuant to Section 314 of the Act, for appointment of President for the period 21.08.2009 to 30.09.2012.
12. The Board of Directors or the duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company has:
 - (i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate bank account on 22/09/2009 which is within five days from the date of declaration of such dividend;

COMPLIANCE CERTIFICATE

- (iii) paid / posted warrants for dividend to all the members within a period of 30 (thirty) days from the date of declaration and that all unclaimed / unpaid dividend has been transferred to Unpaid Dividend Account with M/s IDBI Bank Limited, Hyderabad on 04/11/2009;
 - (iv) as there were no amounts in unpaid dividend account which have remained unclaimed or unpaid for a period of seven years, no transfer need be made to Investor Education and Protection Fund;
 - (v) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointments of Directors and Additional Directors have been duly made.
 15. The Company has not appointed any Managing Director/ Whole-time Director during the financial year.
 16. The company has not appointed any sole selling agents during the financial year.
 17. The company was not required to obtain any approvals of the Company Law Board, Regional Director, Registrar and / or such other authorities as prescribed under various provisions of the Act during the financial year. However, an application was made to the Central Government under Section 314(1B) for permission to waive the excess remuneration paid to the President of the Company for the period from 01.10.2007 to 20.08.2009 and the approval is awaited.
 18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has issued 10,20,445 equity shares on preferential basis during the financial year.
 20. The company has not bought back any shares during the financial year.
 21. The company has not issued any preference shares/ debentures so far and hence the question of redemption does not arise.
 22. There were no transactions necessitating the company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
 24. The amounts borrowed by the company from Financial Institutions, Banks and others during the financial year ending 31st March, 2010 are within the borrowing limits of the Company and that necessary resolution as per Section 293(1)(d) of the Act has been passed in duly convened annual general meeting.
 25. The Company has made loans or advances for investments and investments to other bodies corporate in compliances with the provisions of the Act and has made necessary entries in the Register kept for the purpose.
 26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one State to another during the year under scrutiny.
 27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
 28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
 29. The company has altered the provisions of the Memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.

COMPLIANCE CERTIFICATE

30. The company has altered its Articles of Association after obtaining approval of the members in general meeting held on 17th September, 2009 and the amendments to the Articles of Association have been duly filed with the Register of Companies.
31. There was / were no prosecution initiated against or show cause notices received by the company and no fines and penalties or any other punishment imposed on the company during the financial year, for offences under the Act.
32. The company has not received any money as security from its employees during the financial year.
33. The company has not constituted a separate Provident Fund Trust for its employees or class of employees as contemplated under Section 418 of the Act.

Place : Hyderabad
Date : 09.08.2010

Name of the Company Secretary : Y. Ratan Kumar
C.P No : 1112

ANNEXURE - A

REGISTERS AS MAINTAINED BY THE COMPANY:

- | | |
|---|--------------------|
| 1. Register of Members and Index of Members | U/s 150
U/s 151 |
| 2. Registers & Returns | U/s 163 |
| 3. Minutes Book of Meetings | U/s 193 |
| 4. Books of Accounts & Cost records | U/s 209 |
| 5. Register of Directors, Managing Directors & Secretary | U/s 303 |
| 6. Register of Director's Shareholding | U/s 307 |
| 7. Register of Particulars of Contracts | U/s 301 |
| 8. Register of Investments/Loans | U/s 372 A |
| 9. Register of Charges | U/s 143 |
| 10. Copies of instruments creating charge | U/s 136 |
| 11. Register of Duplicate Share Certificate under Rule 7 of the Companies (Issue of Share Certificate) Rules, 1960. | |

Other Registers :

1. Register of Fixed Assets
2. Register of Share Transfers
3. Register of Director's Attendance
4. Register of Shareholders' Attendance
5. Register of Proxies

COMPLIANCE CERTIFICATE

ANNEXURE – B

Forms and Returns as filed by the company with the Registrar of Companies / Central Government during the financial year ending on 31st March, 2010.

Sl. No.	Form No. /Returns	Filed under Section	For	Date of filing	Whether filed with in the prescribed time yes/no	If delay in filing whether requested additional fee paid Yes/ No/NA
1	8	125	04.06.2009	09.07.2009	No	Yes
2	23C	233B	25.06.2009	22.01.2010	Yes	NA
3	8	125	09.09.2009	13.10.2009	Yes	No
4	23AC/ACA	220	17.09.2009	24.09.2009	Yes	No
5	20B	159	17.09.2009	01.10.2009	Yes	No
6	23	192	17.09.2009	18.11.2009	No	Yes
7	5	95	17.09.2009	19.11.2009	No	Yes
8	32	303	17.09.2009	24.09.2009	Yes	No
9	23	192	20.10.2009	30.10.2009	Yes	No
10	2	75	28.10.2009	31.10.2009	Yes	No
11	8	125	30.11.2009	11.12.2009	Yes	No
12	8	125	02.12.2009	29.12.2009	Yes	No
13	8	125	02.12.2009	31.12.2009	Yes	No
14	8	125	02.12.2009	28.12.2009	Yes	No
15	8	125	18.12.2009	13.01.2010	Yes	No
16	8	125	20.01.2010	02.02.2010	Yes	No
17	24B	314(1B)	29.01.2010	04.02.2010	Yes	NA
18	32	303	31.03.2010	28.04.2010	Yes	No

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

Company's Philosophy:

The Company's follows the Principles of Corporate Governance:

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

Board of Directors Composition and Category of Directors as on 31st March 2010:

In pursuance of Clause 49 of the Listing Agreement the Board consists of 7 Directors:

4 are Independent Directors and 2 are Executive Directors, which includes the Chairman and Managing Director and 1 Director is a non-executive Promoter Director.

S. No.	Name & Designation	Category	No of Board Meetings		Other Director-ships	Attendance at last AGM
			Held	Attended		
1	Dr. A J Prasad Chairman & Managing Director	Promoter & Executive Director	6	6	2	Yes
2	Mr. J K Verma Whole-time Director	Executive Director	6	4	Nil	Yes
3	Mrs. Kavita Prasad Director	Non-Executive Director	6	4	4	No
4	Mr. V V Rao Nominee Director	Independent Director	6	5	1	Yes
5	Mr. P Ganapati Rao Director	Independent Director	6	5	Nil	Yes
6	Mr. M S Ramakrishna Director	Independent Director	6	1	23	No
7	Mrs. Preeti Khandelawal Director	Independent Director	6	5	1	No

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

Details of Changes in Directorship during the year 2009-10

Name	Status	No of Board Meetings		Attendance at Last AGM	Date of joining	Date of Cessation
		held	attended			
Mr.Ashok Nagarkatti	Executive Director	6	2	Yes	30.10.2006	31.03.2010

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

Meetings of the Board of Directors

During the financial year 2009-10, there were six meetings of the Board of Directors:

- i) 21st May, 2009
- ii) 25th June, 2009
- iii) 30th July, 2009
- iv) 18th September, 2009
- v) 28th October, 2009
- vi) 29th January, 2010

Remuneration Committee:

There have been no major changes in the Composition during the year and compensation of the Board and hence the need is not yet felt for forming of such a Committee.

Directors Remuneration for the year ended on March 31, 2010

Name of the Directors	Designation	Remuneration Paid for the year (Rs.)
Dr. A J Prasad	Chairman and Managing Director	10,32,000
Mr. Ashok Nagarkatti	Director- Battery Technology	15,49,898
Mr. J K Verma	Director-Operations	14,76,579
Total		40,58,477
Add: Commission on profit to Dr. A J Prasad		4,48,22,000
Grand Total		4,88,80,477

Non-Executive Director and independent Directors were paid sitting fees for the Board meetings attended by them.

Name of Directors	Meetings Held	Meetings Attended	Sitting Fees Paid. in Rs
Mrs. Kavita Prasad	6	4	16,000
Mr. P Ganapathi Rao	6	5	20,000
Mr. M S Ramakrishna	6	1	4,000
Mr. V V Rao	6	5	20,000
Mrs. Preeti Khandelwal	6	5	20,000
Total			80,000

Mrs. Kavita Prasad, Director has been paid Rs.4.80 lakhs as rental charges for the premises **owned** by her, which was under lease to the Company.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

Audit Committee

1. Terms of Reference & Composition:

Terms of reference of this committee cover the matters under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee has been reconstituted on 25th April 2005; on 3rd October, 2008 and; 30th July, 2009. The Audit Committee consists of four Non-Executive Members out of which three are Independent Directors. Chief Finance Officer Mr. P Satish Kumar and Auditors were invitees to various meetings. The Company Secretary of the Company is the Ex-Officio Secretary of the Audit Committee. The Committee met Four times (4 meetings) during year on 25th June 2009, 30th July 2009, 28th October 2009 and 29th January 2010 respectively.

Name of the Director	Status	Membership Status	No. of meetings attended
Mr. P Ganapati Rao	Member & Chairman of the Committee	Independent Director	4
Mrs. Kavita Prasad	Member	Non-Executive Director	3
Mr. V V Rao	Member	Independent Director	3
Mrs. Preeti Khandelwal	Member	Independent Director	2

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

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

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

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

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

Share Transfer/ Investors Grievances Committee

The Share Transfer Committee has been reconstituted on 25th April 2005 and on 3rd October, 2009, due to changes in composition of the Board, to look after the Transfer of Shares, Demat, Remat, etc. and to address the Investors grievances. The Committee met during the year on 20th April, 2009, 11th May 2009, 30th May 2009, 20th June 2009, 10th July 2009, 30th July 2009, 09th September 2009, 30th September 2009, 30th October 2009, 10th November 2009, 25th November 2009, 11th January 2010, 30th January 2010, 20th February 2010, 10th March 2010 and 20th March 2010.

Composition

Mrs. M Kavita Prasad	Chairperson of the Committee
Mr. P Ganapathi Rao	Member
Mr. M S Ramakrishna(Resigned)	Member

Mr. D Mabubasha, Company Secretary is the Compliance Officer.

Details of Investor Complaints/ Queries during the year 2009-10.

Sl. No.	Nature of Complaints / Query	Number of Complaints/ Queries			
		Opening	Received	Attended	Pending
1	Non-receipt of Dividend Warrants	Nil	27	27	Nil
2	Non-receipt of Securities	Nil	18	18	Nil
3	Non-receipt of Share Certificates after Transfer	Nil	08	08	Nil
4	Non-receipt of Refund Orders	Nil	01	01	Nil
TOTAL		Nil	54	54	Nil

Venue and Time of the last three Annual General Meetings

Date	Venue	Time	No. of Special Resolutions Passed
September 17, 2009	Federation of AP Chambers of Commerce & Industry, Red Hills, Hyderabad-500 004	4.00P.M.	1
September 04, 2008	-do-	4.00P.M.	4
September 26, 2007	-do-	4.30 P.M.	3

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

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

Postal Ballot

The Company has not opted for Postal Ballot during the year and none of the business transacted in the Annual / Extra Ordinary General Meeting held during the year 2009-2010 are covered under Section 192A read with Rule 4 of "Companies (Passing of the Resolutions by Postal Ballot) Rules 2001".

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 is it a Business or Financial risk or Legal and Statutory risk or a Management risk. In fact the very Philosophy of the Corporate Governance vouches the effort in imparting the right education and management practices at functional level.

Prevention of Insider Trading - Code of Conduct

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

Annual declaration regarding compliance with the code is obtained from every person covered by the code. A declaration to this effect signed by CEO forming part this report.

Disclosures:

Related Party Transactions:

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

Shareholding of Non Executive Directors as on 31.03.2010

S No.	Name of the Director	No of Shares held	%
1	Mrs. Kavita Prasad	40,34,650	1.59
2	Mr. P Ganapathi Rao	Nil	Nil
3	Mr. V V Rao	Nil	Nil
4	Mr. M S Ramakrishna	Nil	Nil
5	Mrs. Preeti Khandelwal	Nil	Nil

Compliances by the Company:

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

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

Whistle Blower Policy:

The Company does not have any Whistle Blower Policy as of now, but no personnel are being denied access to the Audit Committee.

Non-Mandatory Requirement:

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

Means of Communications:

The Company has displayed its financial results on website at www.hbl.in for the information of shareholders and public. The financial results of the Company are usually published in Business Line in English version and Andhra Prabha in Telugu version.

In accordance with Clause 51 of the Listing Agreement the Company has displayed the Shareholding pattern, Quarterly/ Annual Financial results, Annual report and other compliances as required under the corporate governance guidelines on the Electronic Data Information Filing and Retrieval (EDIFAR) System website at: www.sebiedifar.nic.in. maintained by National Informatics Centre (NIC) upto 31.03.2010.

General Shareholder Information :

1. Forth Coming Annual General Meeting :
Date, Time : 27th September 2010 at 4.00 p.m.
Venue : KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, Red Hills, Hyderabad - 500 004
2. Financial Calendar Year : Financial year 2009-10
Financial Reporting :
First quarter ending 30/6/09 : 30th July, 2009
Half-year ending 30/9/09 : 28th October, 2009
Third quarter ending 31/12/09 : 29th January, 2010
Audited Annual Results : 29th May, 2010
3. Dates of Book-Closure : From 22.09.2010 to 27.09.2010 (Both days inclusive)
4. Dividend : Dividend on equity share capital @30%
5. Registered Office : 8-2-601, Road no.10, Banjara Hills, Hyderabad - 500 034
6. Secretarial Office : Sy.No.26, Kubera Towers, Trimulgherry, Secunderabad - 500 015
Contact person: Mr. D Mabu Basha
Phone: 040-27791641
Fax: 040-27795419
E-Mail: contact@hbl.in
investor@hbl.in
7. Registrars for Electronic Transfer and Physical Transfer of Shares : M/s Karvy Computershare Private Limited
17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081
Contact Person: Mr. S Krishnan
Senior Manager
Phone nos. 040-23420815-20
Fax: 040-23420859
E-mail : mailmanager@karvy.com

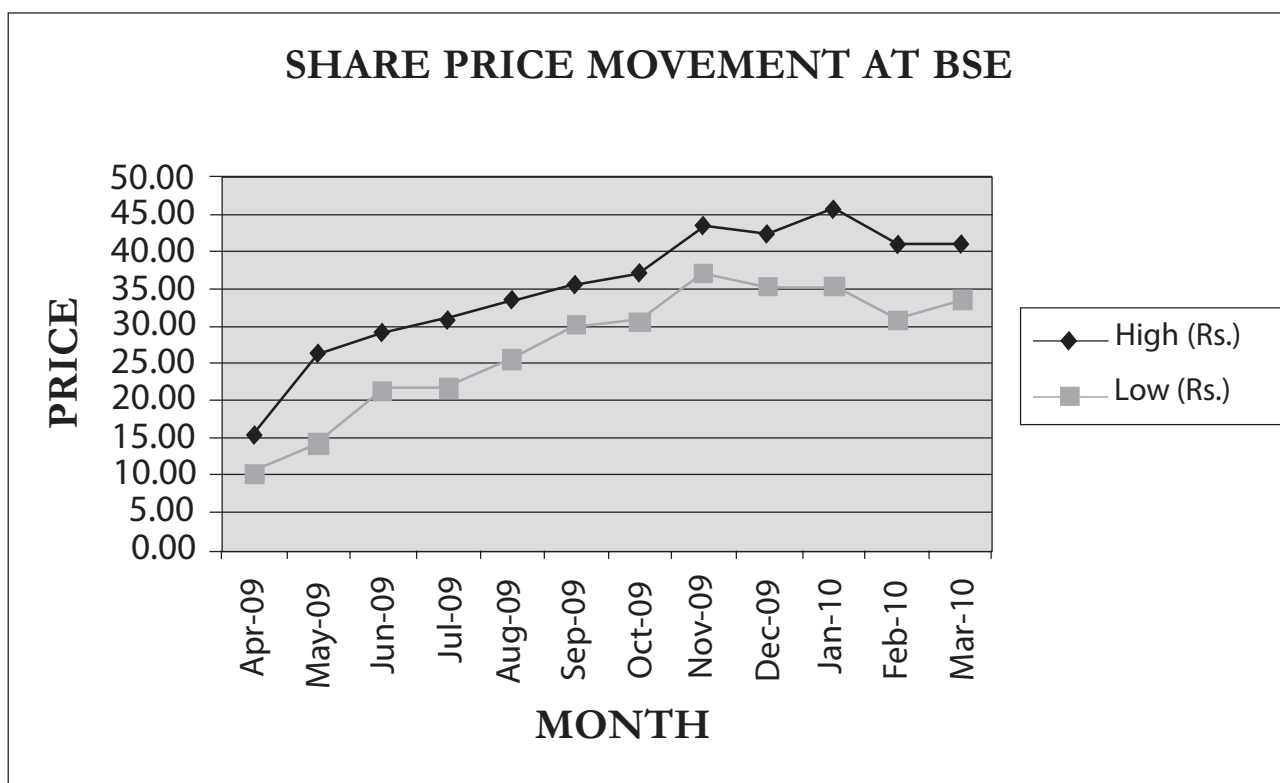
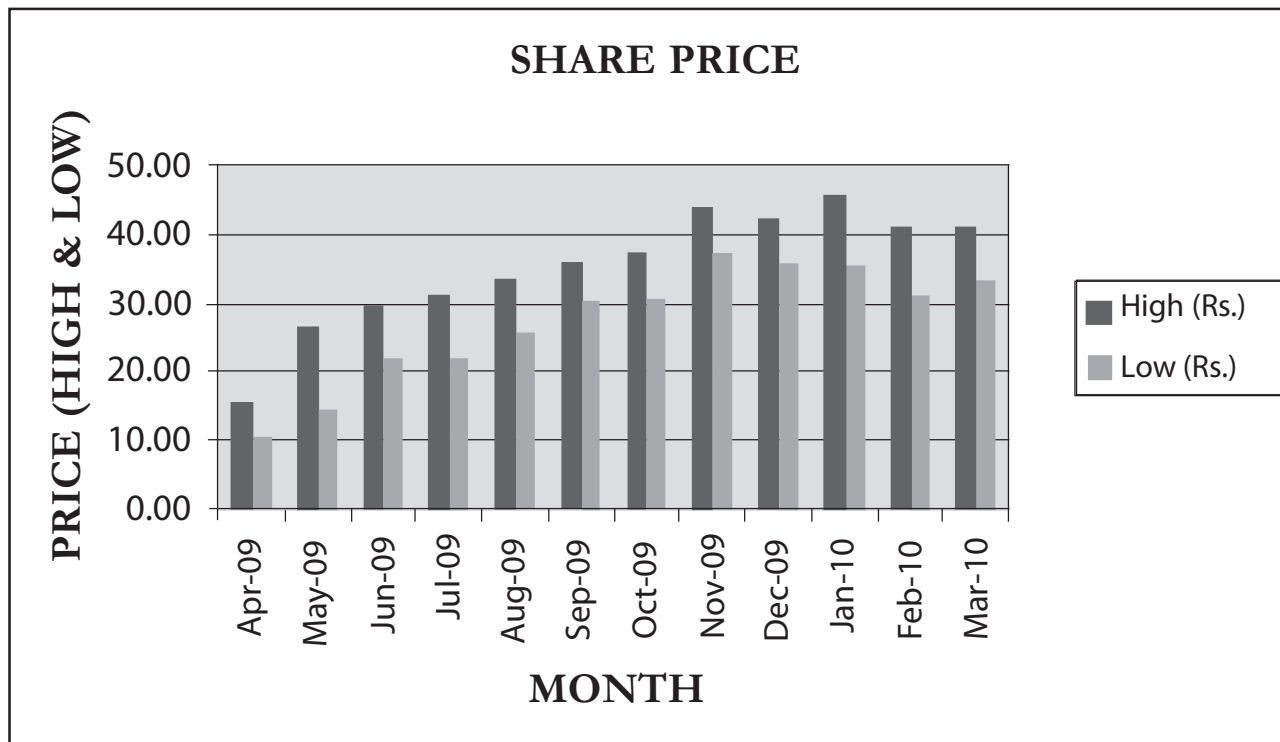
REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

8. Plant Locations : 1. Aliabad(V), Shameerpet(M), RR Dist., AP
 2. Nandigoan(V), Kothur(M), Mahabubnagar Dist., AP
 3. Seripally (V), Bhoothpur,(M) Mahabubnagar Dist., AP
 4. Kandivalasa(V), Posapatirega(M), Vizainagaram Dist., AP
 5. VSEZ, Visakhapatnam, AP
 6. Thumkunta(V), Shameerpet(M), RR Dist, AP
 7. Haridwar, Uttarakhand
 8. IMT, Manesar, Haryana
9. Listing on Stock Exchanges : Bombay Stock Exchange Limited
 National Stock Exchange of India Limited
10. Stock Code-BSE : 517271
 BSE/ NSE Trading name : HBL P SYS/ HBLPOWER
 Demat ISIN number: : INE292BO1021

11. Stock Market Price Data during 2009-10:

Sub-Division of Shares: The Company's existing shares of Rs. 10/- each as on record date of 25.11.2009 have been sub-divided into 10 shares of Re.1/- each w.e.f. 26.11.2009. The prices shown below have been suitably reported for Re. 1/- each for comparison purposes quoted at the Bombay Stock Exchange Limited, Mumbai.

Month	High Price	Low Price	No. of Shares traded
April-09	15.40	10.51	2277670
May-09	26.40	14.20	21363620
June-09	29.39	21.60	1162290
July-09	31.00	21.70	780700
August-09	33.40	25.61	475080
September-09	35.70	30.30	1029340
October-09	37.20	30.81	824280
November-09	43.70	37.05	6129420
December-09	42.40	35.50	1283835
January-10	45.60	35.20	12033205
February-10	41.00	31.00	4833272
March-10	40.90	33.50	4121576



REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

12. Distribution of Shareholding as on 31st March 2010:

Shareholder Category	No. of Shares held	% of Shares held
a. Indian Promoters and relatives	17,73,26,560	70.09
b. Foreign Promoters	Nil	Nil
c. Foreign Collaborator	Nil	Nil
d. Others (Public, Bodies Corporate, etc.)	7,56,73,440	29.91
Total	25,30,00,000	100.00

Distribution of Shareholding as on 31st March 2010 as follows:

Sl. No	Category From - To	No. of Shareholders	% of Shareholders	Amount (Rs.)	% of Amount
1	1 - 5000	17429	96.02	1,31,47,232	5.20
2	5001 - 10000	322	1.77	24,89,223	0.98
3	10001 - 20000	196	1.08	29,58,024	1.17
4	20001 - 30000	66	0.36	15,97,545	0.63
5	30001 - 40000	32	0.18	11,08,107	0.44
6	40001 - 50000	24	0.13	11,35,153	0.45
7	50001 - 100000	40	0.22	29,80,408	1.18
8	100001 and above	43	0.24	22,75,84,308	89.95
Total		18152	100.00	25,30,00,000	100.00

Preferential Issue : The Company made a preferential issue of 10,20,445 equity shares of Rs. 10/- each at a issue price of Rs. 340/- per share (inclusive of Rs. 330/- per share as premium) during the year under Portfolio Investment Scheme to Foreign Institutional Investor i.e. Citigroup Global Markets Mauritius Private Limited.

13. Unclaimed Dividend:

From the financial year 1997-98 Unclaimed dividend has to be transferred to 'the Investor Education and Protection Fund (IEPF)' established by Central Government. Accordingly the Company has transferred the unclaimed dividend to IEPF for the financial year 1997-98 on 21st November 2005; 1998-99 on 12.02.2007 and 1999-2000 on 29.01.2008.

It is the Company's Moral responsibility to inform those shareholders who have not claimed the dividend amount of respective years to lodge their claim as early as possible with the Company. Please note that once the Unclaimed Dividend is transferred to IEPF, Government of India, the entitlement for any such claims would have to be forfeited.

AGM in which Declared	Date of Declaration of Dividend	Rate of Dividend	Total Dividend in Rs.	Book Closure/ Record Date	Unclaimed Dividend as on 31.03.2010 in Rs.	Due for transfer to IEPF
17 th	23.08.2003	15%	3,01,08,485	18.08.2003 to 23.08.2003	3,05,736	14.09.2010
18 th	23.09.2004	12%	2,40,86,788	16.09.2004 to 23.09.2004	2,77,032	13.11.2011
19 th	24.09.2005	15%	3,01,08,485	19.09.2005 to 24.09.2005	3,02,876	09.11.2012
20 th	30.09.2006	15%	3,64,19,662	25.09.2006 to 30.09.2006	2,74,383	13.11.2013
21 st	26.09.2007	15%	3,64,19,662	20.09.2007 to 26.09.2007	2,22,630	09.11.2014
22 nd	04.09.2008	15%	3,64,19,833	01.09.2008 to 04.09.2008	3,09,562	14.10.2015
23 rd	17.09.2009	30%	7,28,38,665	10.09.2009 to 17.09.2009	5,67,645	04.10.2016

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

14. Share Transfer System

As per the notification issued by SEBI, the shares of the Company are traded compulsorily in dematerialised form by all investors with effect from 8th May, 2000.

The Company has appointed M/s Karvy Computershare Private Limited as Registrars and Share Transfer Agents for share transfer work. The Company processes shares sent for transfer or transmission thrice every month. Transfers / Transmissions which are complete in all respects are processed and the Demat-cum-Transfer Option Letter sent to the shareholder giving 30 days time to exercise their option. If the shareholder does not exercise the option within 30 days the concerned physical share certificates is sent to the shareholder. The share transfers / transmissions takes around 15 days time. Since the Transfer cum Demat Scheme was withdrawn by SEBI with effect from 6/2/2004, the company is sending physical share certificates to the shareholders immediately after transfer.

Dematerialization of shares and liquidity as on 31.03.2010:

Form of existence	Agency	No of Shareholders	No of shares	% of Total Issued Capital
Dematerialized	Central Depositories Securities Limited (CDSL)	5,378	14,06,81,906	55.61
-do-	National Securities Depositories Limited (NSDL)	9,315	6,29,74,783	24.89
Physical		3,459	4,93,43,311	19.50
Total		18,152	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.

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

16. CEO and CFO Certification

The certificate from CEO and CFO of the Company regarding Compliance under clause 49 of the Listing Agreement is annexed.

17. Compliance Certificate:

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

For and on behalf of the Board

Place : Hyderabad
Date : 09th August, 2010

Dr A J Prasad
Chairman & Managing Director

DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, the Board Members and the Senior Management Personnel have affirmed to the compliance with Code of Conduct for the year ended 31st March, 2010.

For and on behalf of the Board

Place: Hyderabad
Date: 09th August, 2010

Dr A J Prasad
Chairman & Managing Director

CEO AND CFO CERTIFICATION

We, A J Prasad, Chairman and Managing Director and P Satish Kumar, Chief Finance Officer, responsible for the financial functions certify that:

- a) We have reviewed the financial statements and cash flow statement and to the best of our knowledge and belief;
 - i) These statements do not contain any material untrue statements or omit any material fact or contain statements that might be misleading;
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal control for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Statutory Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant changes in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant changes in accounting policies apart from change in the Depreciation Policy with regard to "Assets Costing Rs. 5,000/- or below" and "Issue Expenses" requiring disclosure in the notes forming part of Financial statements (as disclosed in Note 14 Schedule 20(B)); and
 - iii) We are not aware of any instances during the year of any significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date: 09th August, 2010

P Satish Kumar
Chief Finance Officer

A J Prasad
Chairman and Managing Director

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

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

To
The Members of
M/s HBL Power Systems Limited

We have examined the compliance of conditions of corporate governance by **HBL Power Systems Limited** for the year ended 31st March 2010 as stipulated under Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

For **Satyanarayana & Co**
Chartered Accountants
FRN : S3680

Ch. Seshagiri Rao
Partner
Membership No: 18523

Place : Hyderabad
Date: 09th August, 2010

MANAGEMENT DISCUSSION AND ANALYSIS 2009-10

The decline in sales, and increase in profit for 2009-10 as compared to 2008-09, may appear to be mixed signals. Management view is that the two years 2009-11 are a period of consolidation, after the rapid growth during 2006 - 09. Several initiatives are under implementation for growth in future.

Telecom Sector : Demand Fluctuations :

In 2009-10 the company had retained its more than 50% market share in telecom because we continue to provide the best service and prices competitive with imports. This market share was retained at some cost to margins.

Regarding demand, financial market turbulence had initially led to deferment of roll outs. This delay was compounded due to intense competition among service providers, and the consequent declining average revenue per user led to a slow down in capital budgets. Finally BSNL completely dropped their huge program to add capacity. As the company with the largest market share in this sector, the impact on HBL top line has been significant. But, equally important had been the drop in the cost of lead in the global market. As HBL prices reflect lead prices, our sales figures reveal the impact: Sales growth was amplified during 2008-09 and attenuated in 09-10 by changing lead prices.

Telecom investment in infrastructure in the next five years is expected to match the investment of the previous fifteen years. When towers are shared, larger batteries are needed. Growth in rural areas will mean faster replacement of batteries; and HBL is the technology leader in batteries for rural sites. For all these reasons, HBL sees stability in the demand from Telecom in future, inspite of the price pressures currently being faced.

Growth Markets; In Batteries :

Solar Photovoltaic (SPV) Systems need backup batteries, which are a substantial part of a SPV system cost in off grid applications. Lead Acid batteries are most often used, but Nickel Cadmium batteries are not uncommon. HBL is well placed to meet the needs of this market because of the wide range of products we can offer, and our background in electronics for DC Systems.

Diesel Engine Generator set starting batteries have been sold by HBL for several years. With this experience, retail sales of batteries for diesel engine vehicles have commenced this year. HBL has a unique type of lead battery that outperforms conventional reputed battery designs; this product is being received well by retail channels.

HBL Batteries have been introduced as replacements for electric two wheelers and as OEM for "Solar" electric rickshaws. We also see applications for HBL technology in Hybrid Electric Vehicles.

Exports of both Lead & Nickel batteries are expected to grow rapidly. Gulf Batteries Company Ltd, the Joint Venture in Saudi Arabia, has commenced commercial production of Nickel Batteries. Sales of Lead batteries will also commence by December, 2010.

Investments :

Apart from continuing investments to expand battery capacity, three investments were made since the last AGM, in companies whose activities strategically relate to HBL plans.

Auto TEC Systems Pvt Ltd, Bangalore (www.autotecsyste.ms.com)

Design and supply of embedded electronics subsystems and test equipment. Applications primarily in defence.

MANAGEMENT DISCUSSION AND ANALYSIS 2009-10

SCIL Infracon Pvt Ltd, Hyderabad (www.Scilinfra.com)

Design and production of Spun Reinforced Concrete Poles which can replace steel towers used in Cellular telecom networks and power transmission. Also Concrete piles for foundations, and precast slabs for buildings.

Sankhya InfoTech Ltd, Hyderabad (www.sankhya.net)

Software development for training and simulation in many sectors including aviation, banking, defense, railways.

The combined investment commitment in all three companies together is below Rs. 30 crores. Apart from return on equity, HBL top line will also increase due to these investments, because of value added reselling of some of their products through HBL.

Power Electronics :

Power Electronics sales are growing steadily, and several new products – controllers for Solar PV, Energy Savers, and Battery Monitoring Systems will add to growth this year.

Railway Signaling :

Share holders were informed that long delays had occurred in this area. On the negative side, analysis has revealed that:

- 1) The company's project management competence has not been up to the mark. It is acknowledged that this deficiency has cost us two years of time in getting qualification for the Electronic Interlocking System (EIS) project. The revised date for this qualification is December, 2010.
- 2) There were a few products for which demand did not materialize. (eg: Train actuated warning system for unmanned level crossing gates). The error in these cases was poor market research. Technical success does not always ensure that customers are willing to buy.

On the positive side, progress in this domain which was totally new to the company, has been consistent. A tipping point should occur within two years, positioning HBL as the one company that can meet India's railway signaling needs. HBL has been a tortoise; but the goal post is now in sight.

Products that are making rapid progress are Train Collision Avoidance Systems, Digital Axle counters and Audio Frequency Track circuits. Rapid progress in these projects has been a result of continued learning, both on knowledge of the domain and from the mistakes of earlier years on older projects.

AUDITORS' REPORT

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

1. We have audited the attached Balance Sheet of M/s. HBL Power Systems Limited, Hyderabad as at March 31, 2010, the Profit and Loss account, and also the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Attention is invited to Note: 14 of Schedule 20 (B) regarding changes in the Accounting policies with retrospective effect and the resultant impact on the accounts disclosed in the notes referred to.
4. As required by the Companies (Auditors Report) Order (CARO) 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered necessary and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
5. Our comments on the financial statements for the year are as under:
 - a) *Reference is invited to Note: 9 of Schedule 20(B) regarding balances appearing under Debtors, Creditors, advance received / paid which are subject to confirmation / reconciliation and consequential adjustments, the impact of which on these Financial Statements is not quantifiable by us.*
 - b) *Reference is invited to Note 12 of Schedule 20(B); In terms of approval received from Central Government u/sec.314(B) of the Companies Act, 1956, the company has to recover Rs.24.47 lakhs being the excess remuneration paid for the period from 1.10.2007 to 20.08.2009 to relative of Directors which has not been recovered and kept in abeyance for the reasons stated in the Note referred to.*
 - c) *Reference is invited to Note 13 of Schedule 20(B) regarding disclosure made under section 22 of the MSMED Act, 2006 which is as compiled by the management and relied upon by us. Further, the company has neither paid nor provided the applicable interest on such dues from the date the Act came into force and the amount of which is not ascertained.*
 - d) *Reference is invited to Note 15(I) of Schedule 20(B) regarding Joint Venture Companies and non compliance with the disclosure requirements as required under A.S.27 relating to Company's interests in Assets & Liabilities and Income & Expenses in the Joint Venture Companies.*
6. Further to our Comments in the annexure referred to in paragraph 4 and subject to our comments given in paragraph 5 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

AUDITORS' REPORT

- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- c) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred in sub section 3(c) of Section 211 of the Companies Act 1956, to the extent applicable except the non-compliance with AS-27 referred to above.
- e) On the basis of the written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of sections 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Accounting Policies and Notes forming part of the accounts and further read with our comments given in the annexure referred to in Paragraph 4 and *subject to comments given in Paragraph 5 above, the impact of which is not quantifiable*, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the affairs of the Company as at March 31, 2010;
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Hyderabad
Date : 29th May, 2010

Ch Seshagiri Rao
Partner
Membership No. 18523

AUDITORS' REPORT

Annexure referred to in Paragraph 4 of our report of even date :

- (i) (a) The Company has maintained yearwise details of Fixed Assets acquired location wise showing relevant particulars including original costs capitalized at the time of initial acquisition. *Subsequent to acquisition, there have been shifting and interdivisional transfers of Assets. However, the Company has not maintained or updated the assets register as required showing location wise details recording the shifting / transfers, Asset wise depreciation and its written down value and other relevant particulars / identification details to facilitate physical verification.*
- (b) *The Fixed assets have not been physically verified by the management. In the absence of physical verification, we are not in a position to comment on the discrepancies, if any, between physical and book balances and the impact thereof.*
- (c) The Company has not disposed off of fixed assets having, affect on going concern.
- (ii) (a) The Inventories within the factory premises/stores have been physically verified by the management during the year and also at the year end. For material, lying with ancilliary parties confirmations have been obtained in some cases. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management, are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material and such differences have been properly dealt with and physical inventories have been considered and valued for the purpose of financial statements.
- (iii) (a) The company has not granted any advances in the nature of Loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company gave an unsecured loan of Rs.500 Lakhs to a Company (not covered within the scope of Section 301 of the Companies Act, 1956) by way of Inter Corporate Deposit, the rate of interest and other terms and conditions of which are not prima facie, prejudicial to the interest of the Company.
- (c) The above referred Inter Corporate Deposit and interest thereon has not fallen due as on 31.03.10.
- (d) As the above referred Inter Corporate Deposit has not fallen due on 31.03.10, the clause relating to steps taken for recovery of the principal and interest on over dues of more than one lakh is not applicable to the company.
- (e) The Company has not taken any loans from Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans from such parties the clause relating to rate of interest and other terms and conditions is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness have been noticed in the internal control in respect of these areas. *However, the internal control procedures with regard to (a) capitalisation of Assets including linking the additions to the assets already in existence, (b) review and reconciliation of book balances of customers / vendors and (c) compliance with Input VAT / Service Tax procedures, needs to be strengthened considering the increasing volume of business and transactions.*

AUDITORS' REPORT

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section, to the extent applicable.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at mutually agreed prices having regard to the explanation that certain items purchased / sold are of special nature for which suitable alternatives do not exist to compare with prevailing market prices.
- (vi) The company has not accepted any deposits from public.
- (vii) The company has during the year appointed three firms of Chartered Accountants to carry out the Internal audit function of the transactions of the Company. *In our opinion, the scope and coverage of Internal audit in the areas of review and reconciliation of vendors/customers accounts and accounting of different components of Fixed Assets needs to be strengthened to be commensurate with the size of the Company and nature of its business.*
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory duties applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty and Excise Duty were in arrears, as at 31.03.10 for a period more than six months from the date they became payable *except sales tax of Rs.83.19 lakhs.*
- (c) There were no dues on account of Cess under Section 441A of the Companies Act, 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- (d) According to the information and explanations given to us, the following demands have not been deposited on account of disputes.

Name of the Statute	Nature of the dues	Amount Rs. in Lakhs	Forum where the Dispute is pending
Excise Act 1944	Claim for duty on Intermediate goods emerged out of jobworks and used in the manufacture of exempted Finished Goods.	94.85	Departmental Appeal before High Court, Mumbai
Customs Act	Classification of goods	4.71	CESAT – Bangalore
	Classification of goods	31.96	Dy. Commissioner, Chennai

- (x) The company has no accumulated losses and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and Banks.

AUDITORS' REPORT

- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or Nidhi / Mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures or other investments. Therefore, the provisions of Clause 4(xiv) of the Companies (Auditor's report) order, 2003 are not applicable to the Company.
- (xv) The company has given guarantee for loan sanctioned to a Joint Venture Company by Bank amounting to Rs.927.13 lakhs, the terms and conditions of which are prima facie, not prejudicial to the interest of the company. The company also gave a corporate guarantee for USD 11,86,808 (equivalent to Rs.532.88 lakhs) to a foreign company towards Trade advances paid to the said Joint Venture Company.
- (xvi) According to the explanations and information given by the Company and on the basis of the records examined by us and on the basis of review of utilisation of funds pertaining to term loans on an over all basis, the term loans raised by the company to the extent utilised were prima facie applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the company, we are of the opinion that funds raised on short term basis have not been used for long term investment.
- (xviii) During the year under review, the company has not made any preferential allotment of shares to any parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The company has not issued any debentures.
- (xx) During the year the company has raised funds by way of preferential allotment amounting to Rs.3469.51 Lakhs including a premium of Rs.3367.47 Lakhs and the Company disclosed the utilization of the funds raised and the same has been verified.
- (xxi) Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for **Satyanarayana & Co.**
Chartered Accountants
(Firm Registration No.: S3680)

Place : Hyderabad
Date : 29th May, 2010

Ch. Seshagiri Rao
Partner
Membershhip No.18523

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 Rs.		As at March 31, 2009 Rs.	
Sources of Funds					
A Share Holders Funds					
Share Capital	1	25,30,00,000		24,27,95,550	
Reserves and Surplus	2	4,86,03,24,964	5,11,33,24,964	3,60,79,05,133	3,85,07,00,683
B Loan Funds					
Secured Loans	3	4,098,078,308		3,50,40,79,973	
Unsecured Loans	4	17,16,36,510	4,26,97,14,818	17,16,36,510	3,67,57,16,483
C Deferred taxes					
Deferred Income Tax	5		17,31,42,000		14,91,42,000
Total			9,55,61,81,782		7,67,55,59,166
Application of Funds					
A Fixed Assets	6	4,50,96,92,664		3,67,60,10,206	
<u>Less:</u> Depreciation to date		1,15,00,02,225		87,48,45,691	
Net Fixed Assets		3,35,96,90,439		2,80,11,64,515	
Intangible Assets		7,00,98,754	3,42,97,89,193	8,03,54,964	2,88,15,19,479
B Capital Works in Progress	7		78,82,06,191		66,37,40,459
C Investments	8		20,61,21,160		3,36,35,700
D Current Assets, Loans and Advances	9				
Inventories		2,28,30,63,937		1,79,98,26,192	
Receivables		3,37,67,34,604		2,82,63,56,247	
Cash & Bank Balances		54,20,04,390		81,70,27,695	
Other Current Assets		6,89,76,957		5,47,97,221	
Loans & Advances		55,60,77,037		36,97,73,935	
		6,82,68,56,925		5,86,77,81,290	
E <u>Less:</u> Current Liabilities and Provisions	10				
Current Liabilities		1,45,32,67,157		1,53,53,39,746	
Provisions		24,15,24,530		24,08,83,615	
		1,69,47,91,687		1,77,62,23,361	
Net Current Assets			5,13,20,65,238		4,09,15,57,929
F Miscellaneous expenditure (to the extent not written off)					
Preliminary Expenses	11		-		51,05,599
Total			9,55,61,81,782		7,67,55,59,166
Accounting Policies & Notes on Accounts	20				

Per Our Report of even date annexed

for **M/s Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M. Kavita Prasad
Director

Place : Hyderabad
Date : 29th May 2010

Place : Hyderabad
Date : 29th May 2010

D. Mabu Basha
Company Secretary

Profit & Loss Account for the Year ended March 31, 2010

Particulars	Schedule	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Income			
Gross sales (Net of Discount>Returns)	12	12,03,02,25,910	14,01,26,75,583
Less : Duties and taxes	12 A	93,50,77,286	1,57,37,17,730
Net sales		11,09,51,48,624	12,43,89,57,853
Other Income	13	6,54,01,405	5,08,85,209
		11,16,05,50,029	12,48,98,43,062
Expenditure			
Material Cost	14	6,39,90,25,746	8,20,30,37,130
Manufacturing and Service Cost	15	71,94,98,098	67,36,34,899
Employees Cost	16	97,57,78,661	72,73,57,313
Administrative, Selling & Other Costs	17	95,23,52,320	82,70,06,544
Finance Cost	18	38,31,43,610	38,82,89,196
Depreciation		28,06,60,917	27,83,97,097
Amortisation of Intangible Assets		1,02,56,210	1,02,56,210
		9,72,07,15,562	11,10,79,78,389
Profit before extra-ordinary items		1,43,98,34,467	1,38,18,64,673
Extra-ordinary items	19	-	1,35,81,692
Profit before tax		1,43,98,34,467	1,36,82,82,981
Less:Income Tax Provision		41,50,00,000	42,00,00,000
Less:Wealth Tax Provision		10,00,000	6,50,000
Less: Fringe Benefit Tax Provision		-	1,50,00,000
Less:Deferred Tax liability/ (asset) for the year		2,40,00,000	2,15,56,000
Less:Income & Wealth Tax Adj. relating to Previous Years		(43,44,555)	15,20,488
Profit after Tax		1,00,41,79,022	90,95,56,493
Surplus as per last Balance Sheet		19,51,96,098	17,08,57,201
		1,19,93,75,120	1,08,04,13,694
<u>Less: Appropriations</u>			
Transfer to General Reserve		80,00,00,000	80,00,00,000
Provision for Dividend		7,59,00,000	7,28,38,665
Tax on dividend		1,26,06,041	1,23,78,931
		88,85,06,041	88,52,17,596
Surplus Carried to Balance Sheet		31,08,69,079	19,51,96,098
Earnings per Share (Basic)		4.065	3.746
Earnings per Share (Diluted)		4.062	3.746
Accounting Policies & Notes on Accounts	20		

As per our report of even date

for **M/s. Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch Seshagiri Rao
Partner
M.No: 18523

Dr A J Prasad
Chairman & Managing Director

M. Kavita Prasad
Director

Place : Hyderabad
Date : 29th May 2010

Place : Hyderabad
Date : 29th May 2010

D. Mabu Basha
Company Secretary

Schedules Forming Part of Balance Sheet

	As at March 31, 2010 Rs.		As at March 31, 2009 Rs.	
Schedule : 1				
Share Capital				
Authorised 30,00,00,000 Equity shares of Re.1 each <i>(Previous Year 3,00,00,000 Equity shares of Rs.10 each)</i>		30,00,00,000		30,00,00,000
Issued , Subscribed & Fully Called & Paid-up 25,30,00,000 Equity shares of Re.1 each <i>(Previous Year 2,42,79,555 Equity shares of Rs.10 each)</i>		25,30,00,000		24,27,95,550
		25,30,00,000		24,27,95,550
Schedule : 2				
Reserves and Surplus				
Capital Reserve		1,02,300		1,02,300
Investment Subsidy from State Government		55,77,050		55,77,050
Share Premium Account		1,04,37,76,535		70,70,29,685
General Reserve				
Opening Balance	2,70,00,00,000		1,90,00,00,000	
Add: Transferred from Profit & Loss Account	80,00,00,000	3,50,00,00,000	80,00,00,000	2,70,00,00,000
Surplus as per Profit & Loss Account		31,08,69,079		19,51,96,098
		4,86,03,24,964		3,60,79,05,133
Schedule : 3				
Secured Loans				
A) Term Loans from				
IDBI Bank Limited	1,10,53,24,658		90,97,55,815	
State Bank of Indore	23,54,31,615		28,22,01,992	
State Bank of India	40,90,20,273		7,57,17,046	
State Bank of Hyderabad	37,37,69,247		28,34,59,694	
Exim Bank Ltd	-		63,014	
Axis Bank Ltd	47,84,92,018		35,37,29,560	
HDFC Ltd	42,39,553	2,60,62,77,364	66,51,722	1,91,15,78,843
B) Working Capital Loans from				
State Bank of India	95,57,34,132		1,05,75,58,844	
State Bank of Hyderabad	3,93,11,506		3,57,17,404	
IDBI Bank Ltd	32,77,58,292		32,32,44,744	
State Bank of Indore	10,84,94,727	1,43,12,98,657	10,50,07,107	1,52,15,28,099
C) Other Loans from				
Against Vehicles from HDFC Bank	1,80,34,326		1,93,78,246	
Against Equipment from FLCIL	4,24,67,961	6,05,02,287	5,15,94,785	7,09,73,031
		4,09,80,78,308		3,50,40,79,973
Schedule : 4				
Unsecured Loans				
Interest Free Sales Tax Loan		17,16,36,510		17,16,36,510
		17,16,36,510		17,16,36,510
Schedule : 5				
Deferred Tax				
Deferred Income Tax Liability		14,91,42,000		12,75,86,000
Add : Deferred tax liability for the year		2,40,00,000		2,15,56,000
		17,31,42,000		14,91,42,000

Schedules Forming Part of Balance Sheet

Rupees

Schedule : 6 Fixed Assets (at Cost)

Description	Gross Block			Depreciation Block			Net Block	
	As on April 1, 2009	Additions	Adjustments/ Deletions	As on March 31, 2010	As on April 1, 2009	For the Adjustments/ Deletions Period	As on March 31, 2010	As on March 31, 2009
Land - Freehold	14,63,62,737	1,98,34,070	-	16,61,96,807	-	-	16,61,96,807	14,63,62,737
Land - Leasehold	92,56,549	-	-	92,56,549	-	-	92,56,549	92,56,549
Buildings - Factory	69,94,55,179	27,38,88,843	-	97,33,44,022	9,10,87,887	2,56,54,408	11,67,42,295	60,83,67,292
Buildings - Others	3,94,33,594	2,88,20,424	-	6,82,54,018	30,65,069	6,88,147	37,53,216	3,63,68,525
Plant & Machinery	2,50,10,04,894	45,09,85,425	1,15,06,205	2,94,04,84,114	65,79,36,960	21,34,96,508	86,99,20,405	1,84,30,67,934
Office Equipment	13,19,29,851	3,54,78,987	-	16,74,08,838	6,37,74,336	1,53,99,533	7,88,70,271	6,81,55,515
Furniture & Fixtures	5,15,23,965	2,71,21,813	1,08,720	7,85,37,058	2,03,54,838	1,60,77,945	3,64,25,882	3,11,69,127
Vehicles	9,68,54,657	1,38,04,147	46,36,326	10,60,22,478	3,84,37,821	93,44,376	4,41,01,376	5,84,16,836
Technical Library	1,88,780	-	-	1,88,780	1,88,780	-	1,88,780	-
Sub Total (A)	3,67,60,10,206	84,99,33,709	1,62,51,251	4,50,96,92,664	87,48,45,691	28,06,60,917	1,15,00,02,225	3,35,96,90,439
Intangible Assets:								
New Product Development Expenditure	8,03,54,964	-	*1,02,56,210	7,00,98,754	-	-	-	8,03,54,964
Sub Total (B)	8,03,54,964	-	1,02,56,210	7,00,98,754	-	-	-	8,03,54,964
Grand Total (A+B)	3,75,63,65,170	84,99,33,709	2,65,07,461	4,57,97,91,418	87,48,45,691	**28,06,60,917	1,15,00,02,225	3,42,97,89,193
Previous Year	3,14,44,98,669	64,33,31,801	3,14,65,300	3,75,63,65,170	60,55,54,944	27,83,97,091	87,48,45,691	2,88,15,19,479

* Amortisation during the year

** Reference is invited to Note 14 (b) of Schedule 20

Schedules Forming Part of Balance Sheet

	As at March 31, 2010 Rs.		As at March 31, 2009 Rs.	
Schedule : 7				
Capital Work in Progress (At Cost)				
Machinery under Erection		12,03,65,112		12,60,48,640
Advance for Technical Know Fee/Software Development		13,74,92,069		5,19,25,697
Civil Works in Progress		38,52,89,558		34,48,52,628
Advances for Capital Works/Equipment		11,27,20,169		11,92,55,772
Pre-operative Expenses pending to be capitalised		3,23,39,283		2,16,57,722
		78,82,06,191		66,37,40,459
Schedule : 8				
Investments				
A Long Term Investments (at Cost)				
No. of Equity Shares Held	Face Value	Details		
a Non Trade - Quoted (Equity)				
200 (200)	Rs. 10	Indian Lead Ltd	10,000	10,000
b Non Trade - Un quoted (Equity)				
1 In Subsidiary Companies				
172160 (172160)	100	Bhagirath Energy Systems Nepal Rs. Pvt Ltd. Nepal	1,07,60,000	1,07,60,000
		Less: Dimunition in Value provided for	29,47,500	29,47,500
		GBP 1 HBL (UK) Ltd	-	72,28,523
		Less: Provision	-	72,28,523
160000 (160000)		RM 1 HBL Power Systems (M)SDN BHD Malaysia	20,03,200	20,03,200
2 In Joint Venture Company (Equity)				
100000 (100000)	Rs. 10	HBL Elta Avionic Systems Pvt Ltd	2,25,00,000	2,25,00,000
1100000	SR 10	Gulf Batteries Company Ltd (Kingdom of Saudi Arabia)	14,24,51,320	-
3 In Other Companies (Equity)				
41000 (41000)	Rs. 10	Naval Systems & Technologies Pvt Ltd	4,10,000	4,10,000
90000 (90000)	Rs. 10	Kairos Engineering Ltd.	9,00,000	9,00,000
107010	Rs. 10	Autotec Systems Pvt Ltd	3,00,34,140	-
			20,61,21,160	3,36,35,700
B Current Investments (at or below cost)				
TOTAL (A+B)			Nil	Nil
Aggregate Market Value of Quoted Investments			Not Available	Not Available

Schedules Forming Part of Balance Sheet

	As at March 31, 2010 Rs.		As at March 31, 2009 Rs.	
Schedule : 9				
Current Assets, Loans and Advances				
A. Inventories (At or below Cost)				
Raw Materials, Components & Consumables		1,19,44,22,742		91,95,48,235
Stores & Spares		3,35,97,629		2,70,88,921
Consumable Tools		29,96,338		49,64,406
Semi Finished Goods		65,17,86,522		50,58,16,678
Finished Goods		39,96,97,526		33,73,40,509
Materials in Bonded Warehouse / Transit		5,63,180		50,67,443
		<u>2,28,30,63,937</u>		<u>1,79,98,26,192</u>
B. Sundry Debtors (Unsecured & Considered Good)				
For a period exceeding Six Months	45,60,02,999		41,58,75,049	
Less: Provision for bad and doubtful debts	40,49,137	45,19,53,862	14,39,577	41,44,35,472
Others		2,92,47,80,742		2,41,19,20,775
		<u>3,37,67,34,604</u>		<u>2,82,63,56,247</u>
C. Cash and Bank Balances				
Cash on Hand		31,31,237		21,01,296
Balances with Scheduled Banks in:				
Current Accounts		19,42,82,353		16,99,55,895
No-lien accounts		4,78,77,741		28,19,19,188
Dividend Current Accounts		22,63,027		17,70,467
E E F C Accounts		1,048		1,048
Fixed Deposits		1,46,95,115		6,72,93,031
Margin Money Deposits		27,97,53,869		29,39,86,770
		<u>54,20,04,390</u>		<u>81,70,27,695</u>
D. Other Current Assets				
Trade & Other Deposits with Government and Others		6,89,76,957		5,47,97,221
		<u>6,89,76,957</u>		<u>5,47,97,221</u>
E. Loans and Advances				
<i>(Unsecured and Considered Good and recoverable in Cash or kind or for value to be received)</i>				
Advance for investment pending allotment of shares	4,14,22,234		49,19,785	
Less: Provision	-	4,14,22,234	30,95,327	18,24,458
Advances for Purchases and others		25,39,96,037		15,29,81,140
Other Advances		2,00,60,142		1,51,75,851
Excise & Customs Deposits		10,81,16,401		10,04,29,757
Service Tax Input /VAT receivable		1,22,08,643		4,49,76,624
Claims Recoverable		2,47,96,083		1,93,81,806
Interest Accrued		1,30,12,865		3,50,04,299
Inter Corporate Deposits to Other Companies		5,00,00,000		-
Advance taxes paid on account	1,26,60,64,632		-	
Less: Provision for Income Tax/Wealth Tax/FBT	1,23,36,00,000	3,24,64,632	-	-
		<u>55,60,77,037</u>		<u>36,97,73,935</u>
TOTAL (A+B+C+D+E)		<u>6,82,68,56,925</u>		<u>5,86,77,81,290</u>

Schedules Forming Part of Balance Sheet

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule: 10		
Current Liabilities and Provisions		
A. Current Liabilities		
Bills Payable	4,76,53,469	18,74,60,967
Sundry Creditors - for supplies	1,00,81,88,267	86,83,18,993
Dues to MSME Creditors	79,96,121	1,24,17,243
Sundry Creditors - for expenses	25,15,26,044	16,76,71,917
Advances from Customers	11,52,59,043	26,56,44,761
Advances for Projects	50,00,000	50,00,000
Other Liabilities	1,37,73,692	1,13,21,913
Directors Current Accounts	16,08,657	1,57,34,648
Unpaid Dividend	22,61,864	17,69,304
	<u>1,45,32,67,157</u>	<u>1,53,53,39,746</u>
B. Provisions		
Provision for Excise & Custom Duty on Closing Stocks	2,78,38,789	2,25,00,425
Provision for Commission on Profits	4,48,22,000	4,26,35,000
Provision for Earned Leave Encashment	1,05,07,000	1,22,94,000
Provision for Warranties	6,87,60,700	6,94,56,100
Provision for. contribution to valuable employee scheme	10,90,000	10,90,000
Provision for Income Tax/Wealth Tax/FBT	-	97,11,52,360
Less: Advance taxes paid on account	-	<u>96,34,61,866</u>
Provision for Dividend	7,59,00,000	7,28,38,665
Tax on dividend	1,26,06,041	1,23,78,931
	<u>24,15,24,530</u>	<u>24,08,83,615</u>
	<u>1,69,47,91,687</u>	<u>1,77,62,23,361</u>
Schedule: 11		
Miscellaneous expenditure (to the extent not written off)		
Preliminary Expenses:		
Expenses on Preferential / Rights Issue as per last Balance Sheet	51,05,599	82,00,674
Less: Amortised during the year	51,05,599	<u>30,95,075</u>
		51,05,599

Schedules Forming Part of Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.	For the Year Ended March 31, 2009 Rs.
Schedule : 12		
Gross Sales (Net of Discounts/Returns)		
Domestic Sales	10,37,90,66,110	12,49,50,54,772
Export Sales	1,02,70,72,281	1,23,84,02,264
Export Sales Trading	6,40,26,416	-
Service charges Received	26,26,04,774	12,73,37,809
Works contract Receipts	25,46,80,854	11,81,78,701
Installation Charges Received	3,18,96,719	2,58,81,305
Testing Charges Received	1,08,78,756	78,20,732
	12,03,02,25,910	14,01,26,75,583
Schedule : 12 A		
Duties & Taxes		
Excise Duty	69,25,14,965	1,29,86,46,347
Sales Tax	21,12,44,179	26,00,01,855
Service Tax	3,13,18,142	1,50,69,528
	93,50,77,286	1,57,37,17,730
Schedule : 13		
Other Income		
Gross Interest Received on Deposits with Banks (TDS Rs. 35,90,301/-)	3,04,84,918	3,00,96,871
Other Interest Received	33,02,368	11,65,441
Interest Received from ICD	2,46,575	-
Gross Rent Received (TDS Rs. 4,23,372/-)	26,88,600	10,55,000
Interest Received of IT Refunds	20,01,903	-
Gain on Redemption of Mutual Fund	-	1,03,166
Profit on sale of assets	-	71,514
Bad debts written off recovered	1,05,75,647	10,97,779
Excess Provisions / Old Credit Balances no longer required written back	1,28,32,082	1,21,28,617
Miscellaneous Income	11,66,746	15,77,590
Duty Drawback Received	21,02,566	35,89,231
	6,54,01,405	5,08,85,209

Schedules Forming Part of Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.		For the Year Ended March 31, 2009 Rs.	
Schedule: 14				
Material Cost				
A. Materials Consumed				
Opening Stock		91,95,48,233		83,80,06,739
Purchase of Materials & Components	6,19,17,90,809		7,70,62,53,413	
Purchase of Stores, Chemicals & Consumables	24,82,00,057		22,35,86,318	
Trade Purchases	5,27,80,837		-	
Freight Inward	6,85,88,558	6,56,13,60,261	6,19,88,169	7,99,18,27,900
		7,48,09,08,494		8,82,98,34,639
<i>Less:</i> Closing Stock	1,19,42,98,743		91,95,48,233	
<i>Less:</i> Closing Stock of Trade Purchases	1,24,000	1,19,44,22,743	-	91,95,48,233
Materials Consumed		6,28,64,85,751		7,91,02,86,406
Less: Internal Capitalisation		87,46,090		2,08,110
		6,27,77,39,661		7,91,00,78,296
B. Job Work Charges		32,96,12,946		26,92,44,804
Material Cost		6,60,73,52,607		8,17,93,23,100
C. Increase / (Decrease) in Inventory				
i) Opening Stocks				
a) Finished Goods	33,73,40,509		11,85,64,943	
b) Semi Finished Goods	50,58,16,678	84,31,57,187	74,83,06,274	86,68,71,217
ii) Closing Stocks				
a) Finished Goods	39,96,97,526		33,73,40,509	
b) Semi Finished Goods	65,17,86,522	1,05,14,84,048	50,58,16,678	84,31,57,187
		20,83,26,861		(2,37,14,030)
(A + B + C)		6,39,90,25,746		8,20,30,37,130

Schedules Forming Part of Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.	For the Year Ended March 31, 2009 Rs.
Schedule : 15		
Manufacturing/Service Cost		
A. Manufacturing Cost		
Power and Fuel	43,50,38,591	43,86,36,665
Opening Stock of Spares	2,70,88,920	1,31,24,192
<u>Add: Purchases</u>	19,53,84,089	20,11,52,757
	22,24,73,009	21,42,76,949
Less: Closing Stock	3,35,97,629	2,70,88,920
Factory Rent	15,43,787	16,18,549
Consumable Tools Charged Off	41,19,198	49,43,192
Testing Charges	60,80,834	73,19,325
	63,56,57,790	63,97,05,760
B. Service Cost		
Installation Charges paid	1,52,14,478	1,33,29,790
Televan Hire Charges	6,86,25,830	2,05,99,349
	8,38,40,308	3,39,29,139
(A+B)	71,94,98,098	67,36,34,899
Schedule : 16		
Employees Cost		
Salaries, Wages & Bonus	78,14,15,085	56,56,85,322
Contribution to Provident Fund & Other Funds	5,08,45,275	4,02,55,646
Gratuity	1,06,48,835	1,68,20,115
Staff Welfare Expenses	8,17,81,739	5,64,95,434
Recruitment & Training	22,07,250	10,90,534
<i>Remuneration to Directors:</i>		
Salaries & Allowances	32,53,140	35,39,156
Commission on Profits	4,48,22,000	4,26,35,000
Contribution to Provident Fund	2,87,337	2,85,683
Other Perquisites	5,18,000	5,50,423
	4,88,80,477	4,70,10,262
	97,57,78,661	72,73,57,313

Schedules Forming Part of Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.	For the Year Ended March 31, 2009 Rs.
Schedule : 17		
Administrative, Selling and other Costs (Including Write offs)		
A. Administrative Cost		
Rent	1,41,18,288	1,10,00,527
Rates & Taxes	1,91,86,497	38,38,620
Sales Tax on Works Contracts	1,85,49,215	1,07,50,517
Excise Duty on Stock Transfers to Branches	6,00,96,052	1,61,99,627
Excise duty paid on Samples & Replacements	92,40,362	1,14,74,660
Excise duty on Closing Stocks of Finished Goods	2,77,10,443	2,15,88,026
Insurance	81,09,626	95,32,103
Professional & Consultancy Charges	2,96,63,852	2,70,95,263
Security Expenses	2,57,58,958	2,13,92,460
Building & Garden Maintenance	2,25,28,239	1,56,82,377
Office & Office Equipment Maintenance	2,31,56,581	1,30,67,250
Vehicle Maintenance	1,80,44,648	1,60,14,460
Maintenance - Others	2,42,36,590	1,75,23,135
Conveyance	8,17,19,761	6,54,26,021
Travelling	5,61,29,282	5,48,21,837
Printing & Stationery	2,49,37,511	2,05,67,602
Postage, Telephones & Telex	4,03,68,222	2,98,51,927
Books & Periodicals	88,67,486	73,01,875
Sundry Expenses	1,45,89,010	60,30,425
Directors Sitting Fees	1,24,000	31,500
Audit Fees	10,00,000	10,00,000
Audit Expenses	1,41,428	1,05,776
Advances written off	34,71,072	66,75,770
Donations	19,70,824	2,14,058
	53,37,17,947	38,71,85,816
B. Selling Cost		
Freight Outward	24,51,05,472	25,02,35,637
Freight and Insurance on exports	2,38,11,562	3,19,50,651
Export Expenses	1,92,41,392	1,63,42,701
Liquidated Damages	48,07,460	1,59,24,727
Commission On Sales	17,76,208	52,20,364
Commission On Export Sales	1,32,18,968	73,73,754
Advertisement	49,18,368	41,30,827
Business Promotion	1,30,37,578	1,09,83,168
Membership & Subscription	7,64,732	7,06,995
Transit Insurance	30,68,063	37,03,919
Royalties On Sales	49,14,279	49,86,619
Bad debts written off	4,61,44,162	4,02,03,317
Provision for Bad Debts	26,09,560	-
Provision for Warranries	56,798	2,24,84,300
Other Selling Expenses	1,18,75,841	1,54,13,616
	39,53,50,443	42,96,60,595

Schedules Forming Part of Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.	For the Year Ended March 31, 2009 Rs.
C. Others		
Loss on Assets Sold	6,83,378	88,267
Deposits Written Off	6,438	-
Capital Issue Expenses	51,99,354	37,83,444
Prior Period Expenditure		
Consumption of Material	33,90,650	62,83,553
Rates & Taxes	1,11,46,226	-
Finance Cost	5,70,698	-
Sundry Expenses	25,90,784	1,17,683
Depreciation	(3,03,598)	(1,12,814)
	2,32,83,930	1,01,60,133
(A+B+C)	95,23,52,320	82,70,06,544
Schedule : 18		
Financial Charges		
Interest on Term Loans	24,47,24,501	24,22,69,186
Interest on Bank Borrowings	10,90,40,840	11,71,73,669
Interest on Housing Loans	8,58,295	11,40,593
Interest on Vehicle Loans	24,18,640	24,86,174
Interest on Equipment Loans	71,00,728	35,73,761
Interest on Others	15,77,468	25,31,524
Interest on Unsecured Loans	-	49,39,452
Bank Charges	2,11,97,499	1,03,95,235
BG Charges	1,72,31,317	1,96,65,986
LC Charges	2,95,31,300	2,10,05,369
	43,36,80,588	42,51,80,949
Less: Capitalised & Transferred to Pre Operative Expenses	5,05,36,978	3,68,91,753
	38,31,43,610	38,82,89,196
Schedule : 19		
Extra-ordinary items		
Assets written off	-	1,16,97,506
Projects Written off	-	18,84,186
	-	1,35,81,692

Cash Flow Statement

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

Rs in Lakhs

	31-Mar-10		31-Mar-09
A CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before Tax and extraordinary items	14398.34		13818.65
Adjustments for :			
Depreciation	2806.61	2783.97	
Interest income	(307.31)	(300.97)	
Interest expense	2447.25	2422.69	
Loss on sale of fixed assets	6.83	0.88	
Profit on sale of fixed assets	-	(0.72)	
Amortisation of Intangible Assets	102.56	102.56	
Preliminary expenses written off	51.06	30.95	
Provisions	41.01	5148.01	229.14
Operating Profit before working capital changes	19546.35		5268.51
Increase(-) / Dec (+) in Sundry debtors	(5529.87)	(887.65)	
Increase(-) / Dec (+) in Inventories	(4832.38)	(751.61)	
Increase(-) / Decrease (+) in Loans & advances	(1680.18)	(36.44)	
Increase(+)/ Decrease (-) in Current Liabilities	(785.21)	(12827.64)	1120.54
Cash generated from Operations	6718.71		(555.17)
Income taxes paid	(4518.09)		18531.99
Cash flow before extraordinary items	2200.62		(4506.37)
Assets written off	-		14025.63
Projects written off	-		(116.98)
Net Cashflow from Operating activities	2200.62		(18.84)
			13889.81
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	(9744.02)	(9622.50)	
Purchase(-) Sale(+) of Investments	(1724.85)	25.00	
Sale of fixed assets	100.63	120.86	
Interest received	307.31	300.97	
Net Cash flow from investing activities	(11060.93)		(9175.66)
C CASH FLOW FROM FINANCING ACTIVITIES			
Share Capital	102.04		
Share Premium	3367.47		
Proceeds from long-term borrowings	12893.73	8742.79	
Repayment of long-term borrowings	(6051.45)	(4976.61)	
Proceeds from working capital borrowings	(902.29)	(1509.22)	
Increase(+)/Decrease(-) in unsecured loans	-	(745.00)	
Dividend payment	(852.18)	(426.09)	
Interest Paid	(2447.25)	(2422.69)	
Net cash flow used in financing activities	6110.07		(1336.82)

Cash Flow Statement

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

Rs in Lakhs

	31-Mar-10	31-Mar-09
NET INCREASE IN CASH and CASH EQUIVALENTS (A+B+C)	(2750.24)	3377.32
Cash and Cash equiv.at beginning of the period	8170.28	4792.96
Cash and Cash equiv. at end of the period	5420.04	8170.28
Cash and Cash equivalents		
Cash on hand	31.31	21.01
Balances with Banks(current a/c & term deposits)	5388.73	8149.26
Total	5420.04	8170.28

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR 2009-10

- 1 This statement is prepared as per Accounting Standard-3 (indirect method).
- 2 The company has undrawn borrowing facilities of Rs. 8601 Lakhs which may be used for future capital expenditure.
- 3 Previous year's figures were re-grouped wherever necessary.

Per our report of even date annexed
for **M/s. Satyanarayana & Co**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch. Seshagiri Rao
Partner
M.No: 18523

Dr. A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 29th May 2010

Place : Hyderabad
Date : 29th May 2010

D Mabu Basha
Company Secretary

Notes Forming Part of the Balance Sheet and P & L Account

Schedule: 20

Accounting Policies and Notes on Accounts

A) Significant Accounting Policies

1. Basis for preparation of accounts:

The accounts have been prepared on a going concern basis to comply in all material aspects with applicable accounting principles in India, the Accounting Standards under the companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. Fixed Assets:

Fixed Assets are stated at Historical Cost, less accumulated depreciation and impairment loss, if any. Cost of acquisition of Fixed Assets is inclusive of freight, duties and taxes (net of CENVAT and VAT) and incidental financial expenses thereto and borrowing cost upto the date of commissioning / put to use.

4. Capital Work in Progress (CWIP):

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

5. Depreciation:

Depreciation is provided in accordance with and at the rates specified in Schedule XIV to the Companies Act, 1956, except for Dies & Moulds on which depreciation is charged @ 20% from the date of addition and in the case of assets costing Rs.5000/- or below depreciation is charged @ 100% in the year of purchase.

6. Intangible Assets

Related costs of Development expenditure incurred on the new products developed is recognised as intangible assets to be amortised over expected benefit periods commencing from the year in which such products are put to commercial use.

7. Impairment of Assets:

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

8. Foreign Currency Transactions:

- a) Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction or that approximates at actual rate on the date of transaction.
- b) Assets & Liabilities in the nature of monetary items at the year end denominated in foreign currencies are translated and restated at year end exchange rates.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit & Loss account.

Notes Forming Part of the Balance Sheet and P & L Account

9. Investments:

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

10. Valuation of Inventories at the year end:

- a) Raw materials, components, consumables and stores are valued at lower of the cost (weighted average cost basis) or net realisable value. Semi-finished and Finished goods are valued at lower of weighted average cost of materials plus cost of conversion and other cost incurred in bringing them to the present location and condition or net realisable value..
- b) Cost of materials is net of CENVAT /VAT on all the items.
- c) The Excise and customs duties payable at the prevailing rates on year end stock of finished goods and bonded stocks is provided for and included in the value of such stocks.
- d) Consumable Tools are valued at cost less amount charged off (which is at 1/3rd of the value each year).
- e) Inventory arising out of inter unit transfers is valued at cost to the transferring division and after eliminating unrealised profit, if any.

11. Income Recognition:

- a) Sales revenue is recognised on despatch to customers as per terms of order. Gross sales are net of returns/discounts and inclusive of Excise duty, central sales tax and service tax billed to customers. Service income, works contract revenue are recognised on the basis of bills submitted and accepted by the customers. Inter divisional transfers are not recognised as turnover.
- b) Dividends are recognised as income when the right to receive the dividend is established.
- c) Income from interest bearing deposits with Banks and others is recognised on accrual basis.
- d) Interest on Income tax refunds, if any, is recognised on determination or on receipt basis whichever is earlier.

12. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

13. Deferred Tax Asset / Liability:

Provision for Current Tax is made after considering admissible deductions/exemptions under the provisions of the I.T Act, 1961. Deferred tax resulting from timing differences between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The Deferred tax Asset is recognised and carried forward only to the extent that there is reasonable certainty that the Asset will be realised in future.

14. Assets taken under leases:

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

Notes Forming Part of the Balance Sheet and P & L Account

- b) In respect of Equipment taken under operating lease, lease payments are recognised as expenses on straight line basis over the lease term.

15. Employee Benefits:

- a) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- b) Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined at the year end using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

16. Cash Flow statement:

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

17. Prior period and Extraordinary items:

Prior period and Extraordinary items of Income and Expenditure are reported distinctively and included in the determination of net profit or loss for the current period.

18. Issue expenses:

Expenditure incurred in connection with issue of shares including Preferential / Rights issue is charged to Profit & Loss account.

B) Notes Forming Part of Accounts for the period ended March 31, 2010

1. Share Capital:

- a) Preferential issue: As approved in the Extra ordinary General Meeting held on 20.10.2009, the Company has issued 10,20,445 Equity Shares of Rs.10/- each on Preferential basis to M/s. Citigroup Global Markets Maritius Pvt Ltd at Rs.340/- each (including a premium of Rs.330 per share) resulting in increase of the paid up capital and share premium by Rs.102.04 lakhs and Rs.3367.47 lakhs respectively. The shares so issued are ranking pari passu in all respects with existing equity shares of the company and are subject to Lock-in period of one year from the date of allotment, i.e. 28.10.2009.
- b) Sub-division of shares: The company's existing equity shares of Rs.10/- each as on the record date of 25.11.2009 have been sub-divided into 10 shares of Re.1/- each, w.e.f. 26.11.2009.
- c) Purpose of preferential issue and utilisation thereof:
- (i) The preferential issue was made to finance the General Corporate Investments in related companies and for other General Corporate purposes.

	Rs. In Lakhs
(ii) Proceeds of preferential issue of capital (including share premium)	3469.51
<u>Utilisation upto 31.03.2010:</u>	
Investment in the Equity of M/s. Autotec Systems Ltd Bangalore.	300.34
Advance for Investment in the Equity of M/s. SCIL Infracon (P) Ltd., Secunderabad.	397.98
Inter corporate Loan to M/s. Biological E. Ltd., Hyderabad.	500.00
Funds temporarily parked in cash credit loans taken from Banks to reduce interest burden.	2270.69
	<u>3469.01</u>
Balance in Current Account with Banks	<u>0.50</u>

Notes Forming Part of the Balance Sheet and P & L Account

2. Secured Loans :

- a) Secured Loans include Rs. 3360.00 Lakhs which are repayable within one year from the date of Balance sheet.

b) Term Loans from IDBI, SBI, SBH and SB Indore

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

c) Term Loan from Axis Bank

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

d) Term Loan from HDFC Ltd

Term Loans from HDFC, Hyderabad are secured by an exclusive charge on the Flats at Hyderabad , Vishakhapatnam and Kolkatta. These loans are also guaranteed by the Managing Director of the Company in his personal capacity

e) Working Capital Loans from SBI, SBH, SB Indore and IDBI

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

f) Vehicle Loans from HDFC Bank

The loans are secured by exclusive hypothecation of Vehicles acquired through execution of Demand Promissory Note.

g) Equipment Loan from First Leasing Company of India Ltd.:

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

3. Interest Free Sales Tax Loan (IFST):

IFST Loan of Rs.1716.36 Lakhs shown under unsecured loan represents the Sales tax payable by the Company given as Loan by A.P. State Government under a scheme, to be repaid without interest after 14 years from the date of availment. Earliest repayment is due from the year 2013-14. The loan requires creation of a charge on the assets of the Company. Pending creation of charge, the amount is shown as 'Unsecured Loan' to be regrouped as Secured Loan as and when the charge is created.

4. Contingent Liabilities not provided for:

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

Notes Forming Part of the Balance Sheet and P & L Account

- (i) The contingent liabilities not provided for as under:
- a) Un-executed portion of letters of credit opened by Bank; Rs. 4146.49 Lakhs (Previous year Rs.3344.72 Lakhs).
 - b) Guarantees issued on behalf of the company by Bankers for which the company gave counter guarantee: Rs. 14601.19 Lakhs (previous year Rs.13536.67 Lakhs).
 - c) Legal undertakings given to Custom's Authorities for clearing the Imports at Nil or concessional rate of duty pending fulfilment of export obligations: Rs. 4271.70 Lakhs (Previous year Rs.3778.49 Lakhs) against which the export obligations have been fulfilled to the extent of Rs. 1737.70 Lakhs (Previous year Rs.1534.32 Lakhs) and the process of discharging the Legal undertakings by the concerned authorities is at various stages.
 - d) Claims against the Company not acknowledged as debt:
 - Excise duty claim : Rs. 94.85 Lakhs (Previous year Rs.94.85 Lakhs)
 - CST claim : Rs. Nil (Previous year Rs.9.77 Lakhs)
 - Custom duty claim : Rs. 36.67 Lakhs (Previous year Rs.36.67 Lakhs)
 - Property tax of VSEZ Unit Rs. 27.64 Lakhs (Previous year Rs.Nil Lakhs)
 - Other claims : Rs. 26.25 Lakhs (Previous year Rs.26.25 Lakhs)
 - e) SAFT AB (earlier known as SAB Nife AB) has initiated legal proceedings for infringement of its trademark against the company's subsidiary HBL Nife (UK) Limited in the Royal Court of Chancery Division, London and where in the Holding company HBL Power Systems Ltd., (formerly known as HBL Nife Power Systems Ltd) was mentioned as 2nd defendant. On February 8, 2006 the Royal Court of Chancery Division, London passed an order against the company's subsidiary and the company, restraining the defendants against infringement of UK trademark and claimed a damage of 200000 Pounds. The wholly owned subsidiary company in UK has been liquidated and wound up. In the opinion of the management, the claim is not likely to be devolved on the Company and hence no provision is considered necessary for the said claim.
- (ii) Corporate guarantees given by the Company on behalf of M/s. HBL Elta Avionics Systems (P). Ltd. (HELA) a Joint Venture Company:
- a) to a Bank for the loans sanctioned to M/s. HELA; Rs.927.13 Lakhs (Previous year Rs.927.13 Lakhs) valid till the loan is repaid by them. Present dues to Bank by HELA Rs.421.67 Lakhs.
 - b) to M/s. IAI Elta Systems Ltd., Israel for US\$ 1079100 Equivalent to Rs. 484.52 Lakhs valid upto 30.10.2010 and for US\$ 107708 equivalent to Rs. 48.36 Lakhs, valid upto 31.07.2010, towards Trade advances made by them to M/s. HELA on 25.11.2008 and 29.04.2009 respectively. (Previous year US\$ 1079100 equivalent to Rs.546.46 Lakhs).
- (iii) Estimated amount of contracts remaining to be executed on Capital account and not provided for:
Rs. 3186.50 Lakhs (Previous year Rs.3399.29 Lakhs)
- (iv) Company's commitment for Investments in other companies:
The company has committed to invest Rs.650.00 Lakhs and Rs.936.30 Lakhs in the Equity of M/s. SCIL Infracon (P) Ltd and M/s. Autotec Systems (P) Ltd. respectively by way of purchase of shares from the share holders of the said companies at a determined rate. As on 31.03.2010, the company has invested a sum of Rs.300.34 Lakhs in M/s. Autotec Systems (P) Ltd leaving a balance of Rs.635.96 lakhs to be invested as and when shares are transferred to the company. Similarly the company made an advance of Rs.397.98 Lakhs to M/s. SCIL Infracon (P) Ltd for the share to be transferred and further amount to be invested is Rs.252.02 Lakhs. Thus the aggregate pending commitment on 31.03.10 was Rs.887.98 Lakhs. As and when the shares are purchased and transferred to HBL, it will be holding 50% of the Equity in SCIL Infracon (P) Ltd and 26% of the Equity of M/s. Autotec Systems (P) Ltd.

Notes Forming Part of the Balance Sheet and P & L Account

(v) Income Tax and Sales Tax Assessments:

- a) The Company's Income tax assessments were completed upto Financial Year 2006-07 and the tax dues as per orders were paid and charged to revenue, though certain issues were taken up before the Appellate Authorities. Refunds if any, out of such taxes charged off will be accounted as and when the issues are settled / refunds received. Assessments for Financial Years 2007-08 and 2008-09 are pending and the taxes due as per returns filed have been fully paid. The liability, if any, in respect of such pending assessments will be accounted after completion / finalisation of assessments. Current tax for the Financial Year 2009-10 is paid / provided considering the eligible deductions / exemptions available as per the provisions of IT Act, 1961.
- b) The Company has paid or provided VAT/CST as per the returns / revised returns filed upto 31.03.2010 after considering Input VAT available and also on the basis of Concessional Forms expected to be received from customers. The liability, if any, in respect of pending assessments including that relating to non submission of Concessional Forms (C Forms etc) is not ascertainable at this stage and will be accounted as and when assessments are completed / finalised. The Company is in the process of collecting 'C' Forms etc. for submission before the Assessments are finalised.

5. New Projects / Expansion:

The Company's new projects under expansion to the extent completed / put to use have been capitalised and shown as additions to Fixed Assets and those under progress are shown as "Capital Works in Progress (CWIP). CWIP includes stagewise payments towards "Technology Transfer Fee", pending completion of absorption of Technology and commercialisation of related products.

6. Intangible Assets:

- a) In respect of Intangible Assets where commercial activity is started, the expenditure incurred amounting to Rs.512.81 lakhs is amortised over a period of 5 years and accordingly 2nd instalment of Rs.102.56 lakhs is amortised and charged to profit & loss account.
- b) In respect of Intangible Assets where development is completed and commercial operation are expected to be started after acceptance / approval by the customers, the expenditure incurred is carried in the books. The value of such assets as on 31.03.2010 is Rs.393.30 lakhs and will be amortised upon commercial operations (previous year Rs.393.30 Lakhs).

7. Investments:

- a) The wholly owned subsidiary, HBL (UK) Ltd has been liquidated and wound up and the investment of Rs.72.28 lakhs is written off after obtaining necessary approvals from RBI.
- b) M/s Bhagirath Energy Systems Private Limited, (BES) a wholly owned Subsidiary Company in Nepal is in the process of winding up. Provision for diminution in the value of investment has been made based on Official Liquidator's certificate of cash available as on 31.03.2005. No further provision is considered necessary as there is no reduction in cash balance as on 31.03.2010.
- c) During the year the Company has invested Rs.1424.51 Lakhs in M/s. Gulf Batteries Co. Ltd. (Kingdom of Saudi Arabia), a Joint Venture Company, wherein the company hold 40% of the Equity. The Joint Venture Company is in the process of setting up and starting commercial activity as on 31.03.2010.

8. Advance for Investments:

Advance for Investments include (a) Rs.16.24 Lakhs in HBL Power Systems (M) SDN BHD, Malaysia, a subsidiary Company for which shares are yet to allotted (previous year Rs.16.24 Lakhs); and (b) Rs.397.98 Lakhs being the advance made for transfer of shares of M/s. SCIL Infracon Pvt Ltd from the share holders of the said company.

Notes Forming Part of the Balance Sheet and P & L Account

9. Confirmation of Balances:

- The Company has sent letters to customers / vendors seeking confirmation of balances and in some cases replies have been received and thus the balances appearing under Sundry Debtors, Creditors for supplies / expenses, Advance to suppliers / others, advances from customers are subject to confirmation / reconciliation and consequential adjustments.
- During the year Debtors / Advances to suppliers have been reviewed case by case resulting in write off of irrecoverable dues and advances of Rs.461.44 Lakhs and Rs.34.71 Lakhs respectively. Similarly long outstanding credit balances in suppliers / service providers accounts have been reviewed resulting in a write back of Rs.128.32 Lakhs which in the opinion of the Company are no longer required to be continued in the books.

10. Sundry Debtors include Rs. 527.07 Lakhs (Previous year Rs. 339.33 Lakhs) due from the following group Companies.

(i) <u>Subsidiary Companies:</u>	<u>Rs. in Lakhs</u>
HBL Power Systems (M) SDN, BHD, Malaysia	67.20 (Previous year Rs.137.65 Lakhs)
HBL (UK) Ltd. (Fully provided for)	14.40 (Previous year Rs.14.40 Lakhs)
 (ii) <u>Joint Venture Companies:</u>	
Gulf Batteries Co. Ltd (KSA)	253.48 (Previous year Rs. Nil)
HBL Elta Avionics Systems (P) Ltd.	191.66 (Previous year Rs.187.28 Lakhs)
 (iii) <u>Associate Companies:</u>	
Kairos Engineering Ltd.	0.33 (Previous year Rs. Nil)
	527.07 (Previous year Rs.339.33 Lakhs)

11. Loans and Advances include Rs. 51.97 Lakhs (Previous year Rs.65.01 Lakhs) due from the following group companies. These are made in ordinary course of business.

(Rs. in Lakhs)

	31.03.2010	Previous year	Maximum outstanding at any time during the year
HBL Elta Avionics Systems (P) Ltd. (JV Company)	-	3.74	4.52
Kairos Engineering Ltd (Associate Company)	52.32	51.17	78.18
Naval Systems & Technologies Pvt Ltd. (Associate Company)	-	5.10	5.50
G M Engineering India (P) Ltd.	-	5.00	5.00

- The Company has made an application seeking approval of the Central Government u/sec.314(B) of the Companies Act, for holding an Office or place of profit by a relative of Directors for the period from 01.10.2007 to 30.09.2012. However approval was received for remuneration for the period from 21.08.2009 to 30.09.2012 with a condition that remuneration paid for the period prior to approval shall be recovered from the appointee. Such excess remuneration for the period from 01.10.2007 to 20.08.2009 to be recovered was Rs.24,47,264/-. The Company made a representation to Central Govt for waiver of recovery of the said amount. Pending final approval / ratification the recovery is kept in abeyance.

Notes Forming Part of the Balance Sheet and P & L Account

- 13.** The Company has amounts dues to Micro and Small Enterprises under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2010.

(Rs. in Lakhs)

	2009-10	2008-09
i) The principal amount and the interest due thereon remaining unpaid to any supplier		
Principal amount	79.96	124.17
Interest	2.19	1.40
ii) 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	2677.50	1973.06
Interest	-	-
iii) The amount of interest due and payable for the period of delay in making payment (beyond the appointed day during the year)	38.86	29.00
iv) The amount of interest accrued and remaining unpaid	41.05	30.40
v) The amount of further interest remaining due and payable for the earlier years.	30.40	Not Available

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

14. Changes in Accounting Policies:

- Issue expenses:** Hitherto Issue expenses were treated as preliminary expenses to be amortised in 5 equal instalments as per earlier Accounting Policy. It has been decided to change the policy to write off unamortised portion and to charge off such expenses to revenue, in future to fall in line with Accounting Standard (AS-26). This change in the policy has resulted in reduction of the profit for the year by Rs.20.11 Lakhs.
- Depreciation on Assets costing Rs.5,000/- or below:**
Hitherto Depreciation on assets costing Rs.5000/- or below was charged at the respective rates of Depreciation prescribed in Schedule XIV to the Companies Act, 1956 depending on the classification of Assets. It has been decided to charge depreciation at 100% on all such assets with retrospective effect to comply with Schedule XIV. This has resulted in additional depreciation for the year by Rs.189.97 Lakhs including prior period charge of Rs.151.50 Lakhs.

15. Disclosures required to be made as per Accounting Standards (AS), to the applicable, are as under:

(A) Disclosure as per AS-11 "Accounting for Effects of Changes in Foreign Exchange Rates"

	<u>Rs. In Lakhs</u>
a) Exchange differences arising out of settlement / translation on account of Export Sales for the year included in Sales revenue	(95.21)
b) Exchange differences arising out of settlement / translation on account of previous year Export Sales included in Administrative expenditure	(53.36)
c) Exchange differences arising out of settlement / translation on account of Imports included in consumption	610.95
Net gain (loss) recognised during the year	462.38

Notes Forming Part of the Balance Sheet and P & L Account

(B) Disclosure as per AS-15 "Employee Benefits";

a) Defined Contribution Plan:

Contribution to Defined Contribution Plan, recognised as expense for the year are as under:

	2009-10	2008-09
	(Rs .in Lakhs)	
i) Employer's Contribution to Provident Fund/ESI	511.32	405.41
ii) Contribution to Gratuity Fund (under Group Gratuity scheme of LIC of India using Projected unit credit method)	106.49	168.20

Actuarial assumptions: for Gratuity

Mortality Table (LIC)	1994-96	1994-96
	(Ultimate)	(Ultimate)
Withdrawal Rate	1% to 3%	1% to 3%
	depending on age	depending on age
Discount rate (per annum)	8%	8%
Salary escalation (per annum)	4%	4%
Valuation method	Projected Unit	Projected Unit
	Credit (PUC)	Credit (PUC)
Percentage funded as per LIC demand	100%	100%

b) Defined Benefit Plan:

The present value of obligation for Leave Encashment (encashable only at the time of retirement/resignation/death) is determined based on actuarial valuation using the PUC method and the same is charged to Profit and Loss Account (The obligation is not funded)

	2009-10	2008-09
	(Rs .in Lakhs)	
Provision for Leave Encashment as per Actuarial Valuation of the beginning of the year.	122.94	155.61
Less: Leave Encashed during the year	<u>12.94</u>	<u>11.56</u>
	110.00	144.05
Expenses recognised in the Profit and Loss account for the year	(4.93)	(21.11)
Provision required and held for Leave Encashment liability as per Actuarial Valuation under PUC method representing current service cost, interest cost and actuarial gains or losses.	<u>105.07</u>	<u>122.94</u>

Notes Forming Part of the Balance Sheet and P & L Account

I Assumption as at	31-Mar-10	31-Mar-09
Mortality	LIC (1994-96) Ult.	
Interest/Discount Rate	8.00%	8.00%
Rate of increase in compensation	4.00%	4.00%
Rate of return (expected) on plan assets		
Employee Attrition Rate	2.00%	2.00%
Expected average remaining service	24.00	23.00
II Changes in present value of obligations		
PVO at beginning value of period	122.94	155.61
Interest cost	9.84	12.45
Current Service Cost	(29.44)	(116.44)
Benefits Paid		
Actuarial (gain)/loss on obligation	1.73	71.32
PVO at end period	105.07	122.94
III Changes in fair value of plan assets		
Fair Value of Plan Assets at beginning of period		
Expected Returns on Plan Assets		
Contributions	11.56	11.56
Benefit Paid	(11.56)	(11.56)
Actuarial gain/(loss) on plant assets		
Fair Value of Plan Assets at end of period		
IV Fair Value of Plan Assets		
Fair Value of Plan Assets at beginning of period		
Actual Return on Plan Assets		
Contributions	12.94	11.56
Benefit Paid	(12.94)	(11.56)
Fair Value of Plan Assets at end of period		
Funded Status		
Excess of actual over estimated return on Plan Assets		
V Actuarial Gain/(Loss) Recognized		
Actuarial Gain/(Loss) for the period (Obligation)	(1.73)	(71.32)
Actuarial Gain/(Loss) for the period (Plan Assets)		
Total Gain/(Loss) for the period	(1.73)	(71.32)
Actuarial Gain/(Loss) recognized for the period	(1.73)	(71.32)
Unrecognised Actuarial Gain/(Loss) at end of period		
VI Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss Account		
PVO at end of period	105.07	122.94
Fair Value of Plan Assets at end of period	-	-
Funded Status	-	-
Unrecognized Actuarial Gain/(Loss)	-	-
Net Asset/(Liability) recognized in the balance sheet	-	-

Notes Forming Part of the Balance Sheet and P & L Account

VII Expense recognized in the statement of P & L A/C

Current Service Cost	(29.44)	(116.44)
Interest cost	9.84	12.45
Expected Return on Plan Assets		
Net Actuarial (Gain)/Loss recognized for the period	1.73	71.32
Expense recognized in the statement of P & L A/C	(4.93)	(32.67)

VIII Movements in the Liability recognized in Balance Sheet

Opening Net Liability	122.94	155.61
Expenses as above	(4.93)	(32.67)
Contribution Paid	(12.94)	(11.56)
Closing Net Liability	105.07	122.94

(C) Disclosure as per AS-17 "Segment Reporting";

Rs. in Lakhs

	2009-10		2008-09	
<u>Segment Revenue</u>				
Batteries				
Exports	9425		11260	
Domestic sales	92798	102223	104567	115827
Unallocated				
Exports	1454		1114	
Domestic sales	7380	8834	8067	9181
Total		111057		125008
Less : Inter-segment Revenue		106		618
Gross Revenue		110951		124390
<u>Segment Result</u>				
Batteries		21997		20249
Unallocated		737		736
Total		22734		20985
Less : Interest		3831		3883
Unallocable expenditure net of unallocable income		4505		3419
Net Profit before taxes		14398		13683
<u>Segment Assets</u>				
Batteries		85992		72085
Unallocated		26518		22433
Total Assets		112510		94518
<u>Segment Liabilities</u>				
Batteries		13034		13908
Unallocated (includes Term Loans, Bank Loans, Hire Purchase Loans)		48342		42103
Total Liabilities		61376		56011
<u>Segment Capital expenditure during the year</u>				
Batteries		6522		6759
Unallocated		3550		2656
Total		10072		9415
<u>Segment Depreciation</u>				
Batteries		2480		2556
Unallocated		327		228
Total		2807		2784

Notes Forming Part of the Balance Sheet and P & L Account

- Notes: (a) The company's operations include Batteries of different types, Electronics, Railway Signalling contracts etc. Except for Batteries, the segment revenue, the segments results and the segments assets and liabilities of other activities are individually below the threshold limit of 10% as provided in AS-17 "Segment Reporting". Accordingly, Batteries segment is shown separately as reportable segment and others are included in Unallocated segments.
- (b) Batteries segment consists of various types of batteries for defence , aviation , telecom and industrial application.
- (c) Inter segment revenue is measured at the market prices at which the products are sold to external Customers

(D) Disclosure as per AS-18 "Related Party Disclosure";

1	Holding Company	Beaver Engineering Limited
2	Subsidiaries	Bhagirath Energy Systems Pvt Limited, Nepal HBL (UK) Limited, UK HBL POWER SYSTEMS (M) SDN BHD, Malaysia
3	Joint Venture	HBL Elta Avionics Systems P Ltd, Hyderabad Gulf Batteries Company Ltd, Kingdom of Saudi Arabia
4	Controlled Companies	Kairos Engineering Limited, Hyderabad
5	Associate	Naval Systems & Technologies Pvt Ltd Guided Missile Engineering India Pvt Ltd Autotec Systems Pvt Ltd, Bangalore
6	Key Management Personnel	Dr A J Prasad Chairman & Managing Director M S S Srinath President (Marketing) Kavita Prasad Director Ashok Nagarkatti Director J.K.Verma Director P.Satish Kumar CFO

Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2010

Rs. in Lakhs

Sl.No		Nature of Transaction	During the year	Outstanding at the end
1	Subsidiaries	Investment in Shares	-	127.63
		Advance for investment in shares	-	16.25
		Sale of goods	134.34	81.60
2	Joint Venture	Investment in Shares	1424.51	1649.51
		Sale of Goods	713.22	445.14
		Purchase of Assets	6.55	2.02
3	Controlled Companies	Investment in Shares	-	9.00
		Rent Received	0.33	0.33
		Services Received	109.57	-
		Funds Given	-	52.32
4	Associates Companies	Investment in Shares	300.34	304.44
		Service Rendered	2.91	-
5	Key Management Personnel	Remuneration	524.33	-
		Rent	4.80	-

Notes Forming Part of the Balance Sheet and P & L Account

(E) Disclosure as per AS-19 "Leases";

Finance Leases	Nil
<u>Operating Leases:</u>	
Future lease Rents Payable:	
- Not Later than one year.	Rs. 11.73 Lakhs
- Later than one year and non later than five year.	Rs. 23.46 Lakhs
- Later than five year	Rs. Nil

Lease Rents for the year recognised in the Profit & Loss a/c (under Maintenance-Office Equipment) Rs. 8.19 Lakhs

(F) Disclosure as per AS-20 "Earnings per share";

The equity shares of Rs.10/- each of the company have been sub-divided into 10 equity shares of Re.1/- each with effect from 26th November 2009.

The EPS for the year is stated for a face value of Re.1/- each and for comparison purposes, the number of shares for the period before 26th November 2009 are also reported as sub-divided for a face value of Re.1/- each.

Computation of EPS (Basic & Diluted)

For the year 2008-09

Net Profit (Rs.)	90,95,56,492
No. of shares	24,27,95,550
EPS (Basic & Diluted)	3.746

For the year 2009-10

Net Profit (Rs.)	1,00,41,79,022
No. of shares outstanding Prior to Preferential Allotment	24,27,95,550
Preferential issue	1,02,04,450 Shares at a issue price of Rs.34/- per share
Fair value of one equity share immediately prior to preferential allotment i.e. on 28.10.2009	Rs. 34.835
Computation of theoretical ex-rights fair value per share =	
Fair value of all outstanding shares immediately prior to Preferential Allotment + total amount received from Preferential Allotment	
Number of shares outstanding prior to preferential allotment + number of preferential shares issued.	
= (Rs.34.835 X 242795550 shares) + (Rs.34.00 X 10204450 shares)	
(242795550 + 10204450)	
Theoretical ex-rights fair value per share = Rs.34.801	
Computation of adjustment factor	
$\frac{34.835}{34.801} = 1.00097$	
Number of Basic Shares computed as per AS-20	24,70,47,404
Number of Diluted Shares computed as per AS-20	24,71,84,466
EPS Basic	: 1004179022 / 247047404 = 4.065
EPS Diluted	: 1004179022 / 247184466 = 4.062

Notes Forming Part of the Balance Sheet and P & L Account

(G) Disclosure as per AS-22 "Accounting for Taxes on Income";

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

(Rs. In Lakhs)

	Deferred Tax			
	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
1. Depreciation		1743.84	-	1503.84
2. Long Term Capital Loss	8.72		8.72	
3. Contribution to Valuable Employees Scheme	3.70		3.70	
4. Others	-		-	
Total	12.42	1743.84	12.42	1503.84

(H) Disclosure as per AS- 26 "Intangible Assets";

Intangible Asset (Internally Generated)	Opening Balance As on 01.04.2009	Amortisation During the year	Closing Balance As an 31.03.2010
New Products Development	Rs.803.55 Lakhs	Rs.102.56 Lakhs	Rs. 700.99 Lakhs

(I) Disclosure as per AS-27 "Financial Reporting of Interests in Joint Ventures":

S. No.	Name of the venture	Country of Incorporation	Percentage of ownership interest as on 31.03.2010	Percentage of ownership interest as on 31.03.2009
1	HBL ELTA Avionics Systems Pvt. Ltd.	India	50	50
2	Gulf Batteries Company Ltd.	Kingdom of Saudi Arabia	40	Nil

The Company's interest in the above companies is reported under the head Investment (Schedule-8) and stated at Cost.

In the absence of Audited/Unaudited financial statements of JV companies for the year ending 31-03-2010, the disclosure of the company's share of the Assets/Liabilities, Income and Expenses is not made as required under AS-27.

(J) Disclosure as per AS-29 "Provisions, Contingent Liabilities, Contingent Assets";

Provision for Warranty:

	Rs. In Lakhs	
	2009-10	2008-09
Provision at the beginning of the year	694.57	474.82
Provision required for the year	455.80	528.17
Provision reversed from the opening Balance	462.75	308.42
Charge for the year	(6.95)	219.75
Carrying amount	687.61	694.57

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

Notes Forming Part of the Balance Sheet and P & L Account

16. Additional Information Pursuant to the requirements under Part-II of Schedule VI of the Companies Act, 1956.

(Quantitative Information in A, B, C and D are certified by the management and relied upon by the Auditors being a technical matter)

A. Licenced and Installed Capacities

i) Installed Capacity (Qty)	
Lead Acid Batteries	1520 Mil Ah
Nickel Cadmium Batteries	73 Mil Ah
Chargers / Rectifiers	3500 Nos
Lithium Thionyl Chloride Cells	16000 Nos
Battery Operated Vehicles	30000 Nos
Others	Inview of the items being manufactured as per the customers orders it is not possible to ascertain installed capacity

Particulars	Units	2009-10		2008-09	
		Quantity	Value (Rs. in Lakhs)	Quantity	Value (Rs. in Lakhs)
B. Details of Production, Turnover and Finished goods					
1. Opening Stock of Finished Goods					
Lead Acid Batteries	Lac AH	506.88	3,338.53	116.77	1,082.62
Nickel Cadmium Pocket Plate Batteries	Lac AH	0.31	6.30	3.57	96.78
Electronic Charges/Rectifiers	Nos	423	28.57	9.00	6.26
			3,373.40		1,185.66
2. Production (Major Items)					
Lead Acid Batteries	Lac AH	8,437.76		9,970.36	
Nicad Battery Cells	Nos	43,418		43,980	
Silver Zinc Battery Cells	Nos	27,893		12,805	
Nickel Cadmium Pocket Plate Batteries	Lac AH	570.17		554.22	
Electronic Charges/Rectifiers	Nos	18,100		6,947	
Battery Operated Vehicles	Nos	4,514		12,341	
3. Sales (Gross Value)					
Lead Acid Batteries	Lac AH	8,454.61	86,385.90	9,580.25	1,09,863.83
Nicad Battery Cells	Nos	43,370	1,619.34	43,981	1,438.55
Silver Zinc Battery Cells	Nos	27,593	1,443.81	12,805	794.25
Nickel Cadmium Pocket Plate Batteries	Lac AH	561.78	17,652.64	557.48	17,056.91
Electronic Charges/Rectifiers	Nos	17,018	5,945.70	6,533	4,061.01
Battery Operated Vehicles	Nos	4,514	1,033.63	12,341	2,868.23
Others Products			620.63		1,251.79
Installation & commissioning Charges Received			318.97		258.81
Works Contract Receipts			2,546.81		1,181.79
Service Charges			2,626.05		1,273.38
Job Work Charges / Testing Charges			108.79		78.21
			1,20,302.27		1,40,126.76

Notes Forming Part of the Balance Sheet and P & L Account

Particulars	Units	Quantity (Rs. in Lakhs)	Value	Quantity (Rs. in Lakhs)	Value
4. Closing Stock of Finished Goods					
Lead Acid Batteries	Lac AH	490.03	3,765.23	506.88	3,338.53
Nicad Battery Cells	Nos	48	3.64	-	-
Silver Zinc Battery Cells	Nos	300	30.65	-	-
Nickel Cadmium Pocket Plate Batteries	Lac AH	8.69	174.83	0.31	6.30
Electronic Charges/Rectifiers	Nos	1,505	22.63	423	28.57
			3,996.98		3,373.40
C. Details of Consumption of Raw Materials					
Battery Seperator	MT	1,200.22	2,077.10	1,510.15	2,320.04
Lead Calcium	MT	10,909.10	10,836.94	14,539.88	14,960.46
Lead Sub Oxide	MT	18,776.12	17,086.61	23,067.25	22,498.06
P P	MT	2,420.50	1,595.90	2,689.72	1,999.74
C R Sheet	MT	9,594.78	3,326.46	8,359.90	3,613.26
Nickel Hydroxide Powder	MT	64.47	490.70	108.35	1,022.25
Nickel Sulphate	MT	709.50	1,524.64	716.03	1,997.81
C R Strip	MT	629.31	637.29	661.87	691.38
Nickel Powder	MT	17.02	184.59	10.35	154.67
Transformers, Chokes, Electric Items			1,176.63		717.37
Others			23,928.00		29127.82
			62,864.86		79102.86

Note: In view of number of individual items of smaller value quantitative details are not furnished for certain items.

D. Value of Imported Raw Materials consumed and their percentage to Total Consumption Rs. in Lakhs

	2009-10	%	2008-09	%
Imported Raw Material	29,843.25	47.47	34,942.99	44.17
Indigenous Materials	33,021.60	52.53	44,159.87	55.83
	62,864.85	100.00	79,102.86	100.00

Rs. in Lakhs

	2009-10	2008-09
E. Value of Imports on CIF (Cash Basis)		
Raw Materials, Components & Spares	28,587.10	39,097.45
Capital Items / Equipment	819.85	1,141.16
F. Expenditure in Foreign Currency (Cash Basis)		
Travelling Expenses	103.47	84.31
Professional Charges	9.65	23.35
Commission	133.60	36.93
Royalty	28.25	45.94
Technical Know How	669.08	340.46
Marketing Expenses	90.78	104.48
Investment in Joint Venture Company	1,424.51	-
Others	32.72	-
G. Income in Foreign Currency (Cash basis)		
Export Sales	11,480.57	11,674.85

Notes Forming Part of the Balance Sheet and P & L Account

17 Remuneration to Auditors	Rs.	Rs.
Audit	7,00,000	7,00,000
Tax Audit	1,50,000	1,50,000
Tax Representation	1,50,000	1,50,000
Service Tax	1,03,000	1,03,000
Total	11,03,000	11,03,000

18 Computation of Managerial Remuneration U/s. 198

Particulars	2009-10		2008-09	
Net Profit as per Profit & Loss Account		14,398.34		13,682.83
Add :				
Directors Remuneration, Sitting Fee & Commission	490.04		470.42	
Prior Period Expenses	173.95		62.88	
Loss on sale of assets/written off	6.83		117.86	
Depreciation as per books	2,806.61	33,477.44	2,783.97	3,435.13
Less :				
Excess Provision / Credit Balances Written Back	128.32		121.29	
Profit on Sale of Assets/Investments	-		0.71	
Depreciation as per sec 350 of the Companies Act	2,806.61	2,934.93	2,783.97	2,905.97
Profits U/s. 349 read with Sec.198		14,940.85		14,211.99
Commission Payable @ 3%		448.22		426.35

19 Previous Year's figures have been regrouped wherever necessary.

20 Additional information required under Part-IV of Schedule VI to the Companies Act, 1956 is annexed.

Signature to Schedules 1 to 20 forming part of Accounts

Per our report of even date annexed

for **M/s Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch. Seshagiri Rao
Partner
M.No: 18523

Dr. A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 29th May, 2010

Place : Hyderabad
Date : 29th May, 2010

D Mabu Basha
Company Secretary

Notes Forming Part of the Balance Sheet and P & L Account

20 Additional information in Part IV of Schedule VI of the Companies Act, 1956, pursuant to notification GSR 388 (E) dated May 15, 1995 issued by the Department of Company Affairs, Government of India

Part IV : Balance Sheet Abstract and Company's General Business Profile

a) Registration details			
Registration Number			6745
State Code Number			01
CIN		L40109AP1986PLC006745	
Balance Sheet date			March 31, 2010
b) Capital raised during the year (Rs. in Lakhs)			
Public Issue - Preferential Issue			3,469.51
Right Issue			-Nil-
Bonus Issue			-Nil-
c) Position of mobilisation and deployment of funds (Rs. in Lakhs)			
Total Liabilities	Rs.		95,561.82
Total Assets	Rs.		95,561.82
Sources of Funds			
Paid-up Capital	Rs.		2,530.00
Reserves & Surplus	Rs.		51,133.25
Deferred taxes	Rs.		1,731.42
Secured Loans	Rs.		40,980.78
Unsecured Loans	Rs.		1,716.37
Application of Funds			
Net Fixed Assets (including pre-operative expenditure)	Rs.		42,179.95
Investments	Rs.		2,061.21
Net Current Assets	Rs.		51,320.65
Miscellaneous Expenditure	Rs.		-
Accumulated losses	Rs.		-
d) Performance of the Company (Rs. in Lakhs)			
Turnover*	Rs.		110,951.49
Total Expenditure	Rs.		97,207.16
Profit Before Tax	Rs.		14,398.34
Profit After Tax	Rs.		10,041.79
Earnings per share			
Basic in Rupees			4.065
Diluted in Rupees			4.062
Dividend Rate			30%
e) Generic Names of Principal products / Services of the Company			
(as per monetary terms)			
Product Description		Item Code No.	
1	Lead Acid Batteries		850720.00
2	Nickel Cadmium Batteries		850730.00
3	Silver Zinc and Other Silver based Batteries (Torpedo)		850620.00
4	Silver Zinc Batteries (Aircraft)		850780.00
5	Power Electronic Rectifiers		850440.09
6	Uninterrupted Power Supply Systems		847199.05
7	Perforated Steel Strip		721250.09
8	Lithium Batteries		850620.00
9	Battery Materials		850790.09
* Excludes Other Income (Rs. 654.01 Lakhs)			

Consolidated Auditor's Report

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF HBL POWER SYSTEMS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HBL POWER SYSTEMS LIMITED AND ITS SUBSIDIARIES

- 1) We have examined the attached consolidated Balance Sheet of HBL Power Systems Limited and its subsidiaries as at 31st March, 2010, consolidated Profit and Loss Account for the year then ended and the cash flow statement for that period and report that the Company, HBL Power Systems Ltd (Holding Company) has two subsidiaries as on 31.03.2010, viz. HBL POWER SYSTEMS (M) SDN. BHD., Malaysia; Bhagirath Energy Systems (P) Ltd., Nepal and two Joint Venture Companies, viz. HBL Elta Avionics Systems Private Ltd., Hyderabad. and Gulf Batteries Company Limited(Kingdom of Saudi Arabia). Consequently our report is on the Consolidated Financial Statements which include the Financial Statements of the Holding Company and two subsidiary companies and two Joint Venture Companies.
- 2) These financial statements are the responsibility of the HBL Power Systems Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion, **subject to limitations in Para(3) below.**
- 3) **Our comments on the Consolidated Financial Statements (CFS) are:**
 - a) *Reference is invited to Note No. 1(a):Sch. 20(B) regarding consolidation of un-audited Statement of Affairs of Bhagirath Energy Systems (P) Ltd, Nepal a wholly owned subsidiary company which is under voluntary winding up. The Statement of Affairs is compiled and certified by the Management of HBL Power Systems Ltd which has been relied upon.*
 - b) *Reference is invited to Note No.2 regarding the legal proceedings against the wholly owned subsidiary HBL (UK) Ltd.(which has been liquidated and wound up) and the Holding Company which was made a 2nd defendant in the case and also the claim of U.K £ 2,00,000 on the Company which however has not been considered / provided for the reasons stated in the notes.*
- 4) We did not audit the Financial Statements of HBL ELTA AVIONICS SYSTEMS PRIVATE LTD. and HBL POWER SYSTEMS (M) SDN. BHD., Malaysia whose Financial Statements as of 31.03.2010 have been audited by it's auditors whose report have been furnished to us and in our opinion, in so far as it relates to the amounts included in respect of the Subsidiary Company and the Joint Venture are based solely on the report of the other auditors. In respect of Gulf Batteries Company Limited (KSA), audited financial statements as on 31.12.2009 were made available to us along with Auditor's Report there on and based on such financial statements as on 31.12.2009, the said JV compiled financial statements as on 31.03.2010(unaudited) and the same have been relied upon by us and considered for preparing CFS.
- 5) Subject to above comments and limitations, we report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-AS-21, on "Consolidated Financial Statements" and Accounting Standard(AS-27) "Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of HBL Power Systems Ltd., two Joint Ventures and two Subsidiaries included in the CFS.

Consolidated Auditor's Report

- 6) On the basis of the information and explanation given to us and on the consideration of the separate audit reports to the extent available on individual audited financial statements of HBL Power Systems Limited and its Subsidiary in Malaysia and Joint Venture Company (HBL ELTA Avionics Systems Pvt Ltd.), but subject to above limitations and comments, the impact of which is not quantifiable, we are of the opinion that:
- (a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of HBL Power Systems Limited and its subsidiaries / Joint Venture Companies as at 31st March, 2010;
 - (b) The consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of HBL Power Systems Limited and its subsidiaries / Joint Venture Companies for the year then ended; and
 - (c) The cash flow statement, of the cash flows for the year ended on that date.

for **Satyanarayana & Co.**
Chartered Accountants
FRN: S3680

Ch. Seshagiri Rao
Partner
Membership No. :18523

Place : Hyderabad
Date : 09th August, 2010

Consolidated Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 Rs.		As at March 31, 2009 Rs.	
A Sources of Funds					
<i>Share Holders Funds</i>					
Share Capital	1	25,30,00,000		24,27,95,550	
Reserves and Surplus	2	4,83,35,59,995	5,08,65,59,995	3,59,97,47,253	3,84,25,42,803
B Loan Funds					
Secured Loans	3	4,11,91,61,711		3,52,40,77,471	
Unsecured Loans	4	17,16,36,510	4,29,07,98,221	17,45,28,498	3,69,86,05,969
C Deferred taxes					
Deferred Income Tax	5		17,35,48,340		14,90,96,697
Total			9,55,09,06,556		7,69,02,45,469
Application of Funds					
A Fixed Assets	6	4,56,71,07,278		3,72,20,24,684	
<i>Less: Depreciation</i>		1,15,64,84,771		87,74,86,637	
Net Fixed Assets		3,41,06,22,507		2,84,45,38,047	
Intangible Assets		7,00,98,754	3,48,07,21,261	8,03,54,964	2,92,48,93,011
B Capital Works in Progress	7		81,84,42,526		66,37,40,459
C Investments	8		3,13,54,140		13,20,000
D Current Assets, Loans and Advances	9				
Inventories		2,33,04,45,373		1,80,17,21,030	
Receivables		3,40,13,57,871		2,83,51,06,074	
Cash & Bank Balances		64,93,70,388		87,41,28,343	
Other Current Assets		6,97,38,222		5,48,84,319	
Loans & Advances		56,31,19,499		37,99,97,049	
		7,01,40,31,353		5,94,58,36,815	
<i>Less: Current Liabilities and Provisions</i>	10				
E Current Liabilities		1,55,10,35,574		1,60,93,82,904	
Provisions		24,26,07,150		24,12,67,511	
		1,79,36,42,724		1,85,06,50,415	
Net Current Assets			5,22,03,88,629		4,09,51,86,400
F Miscellaneous expenditure (to the extent not written off)					
Preliminary Expenses	11		-		51,05,599
Total			9,55,09,06,556		7,69,02,45,469
Accounting Policies & Notes on Accounts	20				

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

On Behalf of the Board

Ch. Seshagiri Rao
Partner
M.No:18523

Dr. A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 09th August, 2010

Place : Hyderabad
Date : 09th August, 2010

D Mabu Basha
Company Secretary

Consolidated Profit & Loss Account for the Year ended March 31, 2010

Particulars	Schedule	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
Income			
Gross Sales	12	12,10,86,45,648	14,03,19,89,639
Less : Excise duty and taxes	12 A	93,52,15,392	1,57,37,17,730
Net Sales		11,17,34,30,256	12,45,82,71,909
Other Income	13	6,84,49,858	5,34,37,694
		11,24,18,80,114	12,51,17,09,603
Expenditure			
Material Cost	14	6,43,81,22,148	8,20,95,21,835
Manufacturing Cost	15	72,44,87,039	67,39,19,269
Employees Cost	16	98,83,21,941	73,24,48,999
Administrative and Selling Cost	17	97,58,00,517	83,54,64,311
Finance Cost	18	38,67,08,584	38,91,58,358
Depreciation		28,48,13,448	27,95,69,440
Amortisation of Intangible Assets		1,02,56,210	1,02,56,210
		9,80,85,09,887	11,13,03,38,422
Profit before extra-ordinary items		1,43,33,70,227	1,38,13,71,181
Extra-ordinary items	19	-	1,35,81,692
Profit before tax		1,43,33,70,227	1,36,77,89,489
<u>Less:</u> Income Tax Provision		41,65,17,198	42,04,16,049
<u>Less:</u> Wealth Tax Provision		10,00,000	6,50,000
<u>Less:</u> Deferred Tax liability/ (asset) for the year		2,43,10,117	2,15,56,000
<u>Less:</u> Fringe Benefit Tax		-	1,53,34,605
<u>Less:</u> Income & Wealth Tax Adjustment relating to Previous Years		(43,44,555)	15,20,488
Profit after Tax		99,58,87,467	90,83,12,347
Surplus as per last Balance Sheet		18,66,94,746	16,35,99,995
<u>Less:</u> Opening Debit Balance of P&L of Joint Venture		-	-
		1,18,25,82,213	1,07,19,12,342
<u>Less:</u> Appropriations			
Transfer to General Reserve		80,00,00,000	80,00,00,000
Provision for Dividend		7,59,00,000	7,28,38,665
Tax on dividends		1,26,06,041	1,23,78,931
		88,85,06,041	88,52,17,596
Surplus Carried to Balance Sheet		29,40,76,172	18,66,94,746
Accounting Policies & Notes on Accounts	20		

As per our report of even date
for **M/s. Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch. Seshagiri Rao
Partner
M.No:18523

Dr A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date : 09th August, 2010

Place : Hyderabad
Date : 09th August, 2010

D Mabu Basha
Company Secretary

Schedules Forming Part of Consolidated Balance Sheet

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule : 1		
Share Capital		
Authorised		
30,00,00,000 Equity shares of Re.1 each <i>(Previous Year 3,00,00,000 Equity shares of Rs.10 each)</i>	<u>30,00,00,000</u>	<u>30,00,00,000</u>
Issued , Subscribed & Paid-up		
25,30,00,000 Equity shares of Re.1 each <i>(Previous Year 2,42,79,555 Equity shares of Rs.10 each)</i>	<u>25,30,00,000</u>	24,27,95,550
	<u>25,30,00,000</u>	<u>24,27,95,550</u>
Schedule : 2		
Reserves and Surplus		
Capital Reserve	1,02,300	1,02,300
Investment Subsidy from State Government	55,77,050	55,77,050
Share Premium Account	1,04,37,76,535	70,70,29,685
General Reserve		
Opening Balance	2,70,00,00,000	1,90,00,00,000
Add: Transferred from Profit & Loss Account	<u>80,00,00,000</u>	<u>80,00,00,000</u>
Exchange Variation Reserve	98,425	1,13,806
Surplus as per Profit & Loss Account	<u>29,40,76,172</u>	<u>18,66,94,746</u>
Total	<u>4,84,36,30,482</u>	<u>3,59,95,17,587</u>
Share of Joint Venture - Schedule 20 (B) 1. b		
Share Premium	2,43,750	2,29,666
Exchange variation Reserve	<u>(1,03,14,237)</u>	<u>-</u>
Grand Total	<u>4,83,35,59,995</u>	<u>3,59,97,47,253</u>
Schedule : 3		
Secured Loans		
A) Term Loan from		
IDBI Bank Limited	1,10,53,24,658	90,97,55,815
State Bank of Indore	23,54,31,615	28,22,01,992
State Bank of India	40,90,20,273	7,57,17,046
State Bank of Hyderabad	37,37,69,247	28,34,59,694
Exim Bank Ltd	-	63,014
Axis Bank Ltd	47,84,92,018	35,37,29,560
HDFC Ltd	<u>42,39,553</u>	<u>66,51,722</u>
	<u>2,60,62,77,364</u>	<u>1,91,15,78,843</u>

Schedules Forming Part of Consolidated Balance Sheet

	As at March 31, 2010 Rs.		As at March 31, 2009 Rs.	
B) Working Capital Loans from				
State Bank of India	95,57,34,132		1,05,75,58,844	
State Bank of Hyderabad	3,93,11,506		3,57,17,404	
IDBI Bank Ltd	32,77,58,292		32,32,44,744	
State Bank of Indore	10,84,94,727	1,43,12,98,657	<u>10,50,07,107</u>	1,52,15,28,099
C) Other Loans from				
Against Vehicles from HDFC Bank	1,80,34,326		1,93,78,246	
Against Equipment from FLCIL	4,24,67,961	6,05,02,287	<u>5,15,94,785</u>	<u>7,09,73,031</u>
Total		4,09,80,78,308		3,50,40,79,973
Share of Joint Venture - Schedule 20 (B) 1. b		2,10,83,403		1,99,97,498
Grand Total		<u>4,11,91,61,711</u>		<u>3,52,40,77,471</u>
Schedule : 4				
Unsecured Loans				
Interest Free Sales Tax Loan		17,16,36,510		17,16,36,510
Inter Corporate Deposit Received		-		-
Total		17,16,36,510		17,16,36,510
Share of Joint Venture - Schedule 20 (B) 1. b		-		28,91,988
Grand Total		<u>17,16,36,510</u>		<u>17,45,28,498</u>
Schedule : 5				
Deferred Taxes				
Deferred Income Tax Liability		14,92,38,223		12,75,86,000
Deferred tax liability / asset for the year		2,40,00,000		2,15,10,697
Total		17,32,38,223		14,90,96,697
Share of Joint Venture - Schedule 20 (B) 1. b		3,10,117		-
Grand Total		<u>17,35,48,340</u>		<u>14,90,96,697</u>

Schedules Forming Part of Consolidated Balance Sheet

Rupees

Schedule : 6

Fixed Assets (at Cost)

Description	Gross Block			Depreciation Block			Net Block		
	As on April 1, 2009	Additions	Adjustments/ Deletions	As on March 31, 2010	As on April 1, 2009	For the Year	Adjustments/ Deletions	As on March 31, 2010	As on March 31, 2009
Land - Freehold	14,63,62,737	1,98,34,070	-	16,61,96,807	-	-	-	16,61,96,807	14,63,62,737
Land - Leasehold	92,56,549	-	-	92,56,549	-	-	-	92,56,549	92,56,549
Buildings - Factory	69,94,55,179	27,38,88,843	-	97,33,44,022	9,10,87,887	2,56,54,408	-	85,66,01,727	60,83,67,292
Buildings - Others	3,94,33,594	2,88,20,424	-	6,82,54,018	30,65,069	6,88,147	-	6,45,00,802	3,63,68,525
Plant & Machinery	2,50,26,31,062	45,09,85,425	1,15,06,205	2,94,21,10,282	65,88,94,392	21,36,77,312	15,13,063	2,07,10,51,641	1,84,37,36,669
Office Equipment	13,20,91,821	3,54,78,987	-	16,75,70,808	6,38,78,944	1,54,16,997	3,03,598	8,85,78,465	6,82,12,865
Furniture & Fixtures	5,16,52,682	2,71,21,813	1,08,720	7,86,65,775	2,04,29,505	1,60,92,049	6,901	4,21,51,122	3,12,23,176
Vehicles	9,68,54,657	1,38,04,147	46,36,326	10,60,22,478	3,84,37,821	93,44,376	36,80,821	6,19,21,102	5,84,16,836
Technical Library	1,88,780	-	-	1,88,780	1,88,780	-	-	-	-
Sub Total (A)	3,67,79,27,061	84,99,33,709	1,62,51,251	4,51,16,09,519	87,59,82,398	28,08,73,289	55,04,383	3,36,02,58,215	2,80,19,44,649
Intangible Assets									
New Product Development Expenditure	8,03,54,964	-	*1,02,56,210	7,00,98,754	-	-	-	7,00,98,754	8,03,54,964
Sub Total (B)	8,03,54,964	-	1,02,56,210	7,00,98,754	-	-	-	7,00,98,754	8,03,54,964
Share of Joint Venture - Schedule 20 (B) 1. b	4,40,97,623	1,20,02,531	6,02,395	5,54,97,759	15,04,225	39,40,159	3,10,917	5,03,64,292	4,25,93,398
Grand Total	3,80,23,79,648	86,19,36,240	2,71,09,856	4,63,72,06,032	87,74,86,623	**28,48,13,448	58,15,500	3,48,07,21,261	2,92,48,93,011
Previous Year	3,14,79,57,154	68,58,87,794	3,14,65,300	3,80,23,79,648	60,70,23,562	27,95,69,440	91,06,365	2,92,48,93,011	2,54,09,33,592

* Amortisation during the year

** Reference is invited to Note No : 9(b) of Schedule 20

Schedules Forming Part of Consolidated Balance Sheet

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule : 7		
Capital Work in Progress (At Cost)		
Machinery under Erection	12,03,65,112	12,60,48,640
Advance for Technical Know how Fee / Software Development	13,74,92,069	5,19,25,697
Civil Works in Progress	38,52,89,558	34,48,52,628
Advances for Capital Works/Equipment	11,27,20,169	11,92,55,772
Pre-operative Expenses pending to be capitalised	3,23,39,283	2,16,57,722
Total	78,82,06,191	66,37,40,459
Share of Joint Venture - Schedule 20 (B) 1. b	3,02,36,335	-
Grand Total	81,84,42,526	66,37,40,459
Schedule : 8		
Investments (At Cost)	3,13,54,140	13,20,000
Share of Joint Venture - Schedule 20 (B) 1. b	-	-
Grand Total	3,13,54,140	13,20,000
Schedule : 9		
Current Assets, Loans and Advances		
A. Inventories		
<i>(As taken, valued and certified by the management)</i>		
Raw Materials, Components & Consumables	1,19,44,22,742	91,95,48,235
Stores & Spares	3,35,97,629	2,70,88,921
Consumable Tools	2,996,338	49,64,406
Semi Finished Goods	65,17,86,522	50,58,16,678
Finished Goods	39,96,97,526	33,73,40,509
Materials in Bonded Warehouse / Transit	5,63,180	50,67,443
Total	2,28,30,63,937	1,79,98,26,192
Share of Joint Venture - Schedule 20 (B) 1. b	4,73,81,436	18,94,838
Grand Total	2,33,04,45,373	1,80,17,21,030
B. Sundry Debtors (Unsecured & Considered Good)		
For a period exceeding Six Months	45,60,02,999	41,58,75,049
Less: Provision for bad and doubtful debts	40,49,137	14,39,577
	45,19,53,862	41,44,35,472
Others	2,92,41,77,347	2,41,29,28,200
Total	3,37,61,31,209	2,82,73,63,672
Share of Joint Venture - Schedule 20 (B) 1. b	2,52,26,662	77,42,402
Grand Total	3,40,13,57,871	2,83,51,06,074

Schedules Forming Part of Consolidated Balance Sheet

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
C. Cash and Bank Balances		
Cash on Hand	31,81,058	21,51,117
Balances with Scheduled Banks in:		
Current Accounts	19,94,58,079	17,19,90,871
No-Lien Accounts	4,78,77,741	28,19,19,188
Dividend Current Account	22,63,027	17,70,467
E E F C Accounts	1,048	1,048
Fixed Deposits	2,45,08,146	7,64,66,865
Margin Money Deposits	27,97,53,869	29,39,86,770
Total	55,70,42,968	82,82,86,326
Share of Joint Venture - Schedule 20 (B) 1. b	9,23,27,420	4,58,42,017
Grand Total	64,93,70,388	87,41,28,343
D. Other Current Assets		
Trade & Other Deposits with Government and Others	6,90,63,252	5,48,84,319
Share of Joint Venture - Schedule 20 (B) 1. b	6,74,970	-
	6,97,38,222	5,48,84,319
E. Loans and Advances		
<i>(Unsecured and Considered Good and recoverable in Cash or kind or for value to be received)</i>		
Advance for Investment pending allotment for Shares	3,97,97,776	32,95,327
Less: Provision	-	30,95,327
Advances for Purchases and others	25,39,96,037	15,29,81,140
Others Advances	2,00,60,142	1,51,75,851
Excise & Customs Deposits	10,81,16,401	10,04,29,757
Service Tax Input / VAT Receivable	1,22,08,643	4,49,76,624
Claims Recoverable	2,47,96,083	1,93,81,806
Interest Accrued	1,30,12,865	3,50,04,299
Inter Corporate Deposits to Other Companies	5,00,00,000	-
Advance Income Tax Paid	1,26,65,52,775	-
<i>Less: Provision for Income Tax</i>	<i>1,23,36,48,405</i>	<i>-</i>
Income Tax paid under protest	-	-
Total	55,48,92,317	36,81,49,477
Share of Joint Venture - Schedule 20 (B) 1. b	82,27,182	1,18,47,572
Grand Total	56,31,19,499	37,99,97,049
TOTAL (A+B+C+D+E)	7,01,40,31,353	5,94,58,36,815

Schedules Forming Part of Consolidated Balance Sheet

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
Schedule : 10		
Current Liabilities and Provisions		
A. Current Liabilities		
Bills Payable	4,76,53,469	18,74,60,967
Sundry Creditors-for supplies	1,00,88,06,134	86,83,79,600
Dues to MSME Creditors	79,96,121	1,24,17,243
Sundry Creditors-for expenses	25,15,26,044	16,76,71,917
Advances from Customers	11,52,59,043	26,56,44,761
Advances for Projects	50,00,000	50,00,000
Other Liabilities	1,37,73,692	1,13,21,913
Directors Current Accounts	16,08,657	1,57,34,648
Unpaid Dividend	22,61,864	17,69,304
Total	1,45,38,85,024	1,53,54,00,353
Share of Joint Venture - Schedule 20 (B) 1. b	9,71,50,550	7,39,82,551
Total	1,55,10,35,574	1,60,93,82,904
B. Provisions		
Provision for Excise & Custom Duties	2,78,38,789	2,25,00,425
Provision for Commission on Profits	4,48,22,000	4,26,35,000
Provision for Earned Leave Encashment	1,05,07,000	1,22,94,000
Provisions for warranty	6,87,60,700	6,94,56,100
Provision for valuable employee scheme	10,90,000	10,90,000
Provision for Income Tax	-	97,11,52,360
Less :Advance Taxes Paid	-	96,38,60,875
Provision for Dividend	7,59,00,000	7,28,38,665
Tax on Dividends	1,26,06,041	1,23,78,931
Total	24,15,24,530	24,04,84,606
Share of Joint Venture - Schedule 20 (B) 1. b	10,82,620	7,82,905
Total	24,26,07,150	24,12,67,511
Grand Total (A + B)	1,79,36,42,724	1,85,06,50,415
Schedule: 11		
Miscellaneous expenditure (to the extent not written off)		
Preliminary expenses		
Expenses on Preferential / Rights Issue as per last Balance Sheet	51,05,599	82,00,674
Less: Written off during the year	51,05,599	30,95,075
	-	51,05,599

Schedules Forming Part of Consolidated Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.	For the Year Ended March 31, 2009 Rs.
Schedule : 12		
Sales / Job Work Receipts (Gross)		
Domestic Sales	10,37,90,66,110	12,49,50,54,772
Export Sales	1,02,99,79,927	1,24,04,28,485
Export Sales Trading	6,40,26,416	-
Service charges received	26,26,04,774	12,73,37,809
Works contract receipts	25,46,80,854	11,81,78,701
Installation Charges Received	3,18,96,719	2,58,81,305
Testing Charges Received	1,08,78,756	78,20,732
Total	12,03,31,33,556	14,01,47,01,804
Share of Joint Venture - Schedule 20 (B) 1. b	7,55,12,092	1,72,87,835
Grand Total	12,10,86,45,648	14,03,19,89,639
Schedule : 12 A		
Excise Duty & Sales Tax		
Excise Duty	69,25,14,965	1,29,86,46,347
Sales Tax	21,13,82,285	26,00,01,855
Service Tax	3,13,18,142	1,50,69,528
	93,52,15,392	1,57,37,17,730
Schedule : 13		
Other Income		
Gross Interest Received on Deposit with Banks (TDS Rs.35,90,301/-)	3,12,13,250	3,08,79,801
Other Interest Received	33,02,368	11,65,441
Interest Received from ICD	2,46,575	-
Gross Rent Received (TDS Rs.423372/-)	26,88,600	10,55,000
Interest Received on IT refunds	20,01,903	-
Gain on redemption of Mutual funds	-	1,03,166
Profit on sale of assets	-	71,514
Bad Debts Written off recovered	1,05,75,647	10,97,779
Excess Provisions / Old Credit Balances no longer required written back	1,28,32,082	1,21,28,617
Miscellaneous Income	11,66,746	15,77,590
Duty Drawback Received	21,02,566	35,89,231
Exchange variation Gain	-	37,708
Total	6,61,29,737	5,17,05,847
Share of Joint Venture - Schedule 20 (B) 1. b	23,20,121	17,31,847
Grand Total	6,84,49,858	5,34,37,694

Schedules Forming Part of Consolidated Profit & Loss Account

		For the Year Ended March, 31 2010 Rs.		For the Year Ended March, 31 2009 Rs.
Schedule: 14				
Material Cost				
A. Materials Consumed				
Opening Stock		91,95,48,235		83,80,06,739
Purchase of Materials & Components	6,19,27,19,142		7,928,920,297	
Purchase of Stores, Chemicals & Consumables	24,82,00,057			
Trade Purchases	5,27,80,837			
Freight Inward	6,86,40,161	6,56,23,40,197	6,19,88,169	7,99,09,08,466
		7,48,18,88,432		8,82,89,15,205
Less : Closing Stock	1,19,44,22,742		91,95,48,235	
Less : Closing Stock of Trade Purchases	1,24,000	1,19,45,46,742	-	91,95,48,235
Materials Consumed		6,28,73,41,690		7,90,93,66,970
<i>Less : Internal capitalisation</i>		87,46,090		2,08,110
		6,27,85,95,600		7,90,91,58,860
B. Job Work Charges		32,96,12,946		26,92,44,804
Material Cost		6,60,82,08,546		8,17,84,03,664
C. Increase / (Decrease) in Inventory				
i) Opening Stocks				
a) Finished Goods	33,73,40,509		11,85,64,943	
b) Semi Finished Goods	50,58,16,678	84,31,57,187	74,83,06,274	86,68,71,217
ii) Closing Stocks				
a) Finished Goods	39,96,97,526		33,73,40,509	
b) Semi Finished Goods	65,17,86,522	1,05,14,84,048	50,58,16,678	84,31,57,187
		20,83,26,861		(2,37,14,030)
(A + B + C)		6,39,98,81,685		8,20,21,17,694
Share of Joint Venture - Schedule 20 (B) 1. b		3,82,40,463		74,04,141
Grand Total		6,43,81,22,148		8,20,95,21,835

Schedules Forming Part of Consolidated Profit & Loss Account

	For the Year Ended March, 31 2010 Rs.	For the Year Ended March, 31 2009 Rs.
Schedule: 15		
Manufacturing/Service Cost		
A. Manufacturing Cost		
Power and Fuel	43,50,39,752	43,86,41,216
Opening Stock of Spares	2,70,88,921	1,31,24,192
Add: Purchases	19,53,84,088	20,11,52,758
	<u>22,24,73,009</u>	<u>21,42,76,950</u>
Less: Closing Stock	3,35,97,629	2,70,88,921
Factory Rent	17,59,491	18,24,953
Consumable Tools Charged Off	41,19,198	49,43,192
Testing Charges	60,80,834	73,19,325
Total	<u>63,58,74,655</u>	<u>63,99,16,715</u>
B. Service Cost		
Installation Charges Paid	1,52,14,478	1,33,29,790
Televan Hire Charges	6,86,25,830	2,05,99,349
	<u>8,38,40,308</u>	<u>3,39,29,139</u>
Total A+B	<u>71,97,14,963</u>	<u>67,38,45,854</u>
Share of Joint Venture - Schedule 20 (B) 1. b	<u>47,72,076</u>	<u>73,415</u>
Grand Total	<u>72,44,87,039</u>	<u>67,39,19,269</u>
Schedule: 16		
Employees Cost		
Salaries, Wages & Bonus	78,15,81,011	56,58,44,094
Contribution to Provident Fund & Other Funds	5,08,45,275	4,02,55,646
Gratuity	1,06,48,835	1,68,20,115
Staff Welfare Expenses	8,17,81,739	5,64,95,434
Recruitment & Training	22,07,250	10,90,534
	<u>92,70,64,110</u>	<u>68,05,05,823</u>
Less: Capitalised	-	-
<i>Remuneration to Directors:</i>		
Salaries & Allowances	34,60,548	37,37,621
Commission on Profits	4,48,22,000	4,26,35,000
Contribution to Provident Fund	2,87,337	2,85,683
Other Perquisites	5,18,000	5,50,423
	<u>4,90,87,885</u>	<u>4,72,08,727</u>
Less: Transferred to Development Expenditure	-	-
Total	<u>97,61,51,995</u>	<u>72,77,14,550</u>
Share of Joint Venture - Schedule 20 (B) 1. b	<u>1,21,69,946</u>	<u>47,34,449</u>
Grand Total	<u>98,83,21,941</u>	<u>73,24,48,999</u>

Schedules Forming Part of Consolidated Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.	For the Year Ended March 31, 2009 Rs.
Schedule : 17		
Administrative, Selling and other Costs (Including Write offs)		
A. Administrative Cost		
Rent	1,41,18,288	1,10,00,527
Rates & Taxes	1,91,92,304	38,44,177
Sales Tax on Works Contracts	1,85,49,215	1,07,50,517
Excise Duty on Stock Transfers to Branches	6,00,96,052	1,61,99,627
Excise duty paid on Samples & Replacements	92,40,362	1,14,74,660
Excise duty on Closing Stocks of Finished Goods	2,77,10,443	2,15,88,026
Insurance	81,09,626	95,32,103
Professional & Consultancy Charges	2,97,05,527	2,71,39,468
Security Expenses	2,57,58,958	2,13,92,460
Building & Garden Maintenance	2,25,28,239	1,56,82,377
Office & Office Equipment Maintenance	2,31,56,581	1,30,67,250
Vehicle Maintenance	1,80,44,648	1,60,43,965
Maintenance - Others	2,42,36,590	1,75,23,135
Conveyance	8,17,21,785	6,54,26,021
Travelling	5,61,29,282	5,48,21,837
Printing & Stationery	2,49,42,392	2,05,76,995
Postage, Telephones & Telex	4,03,78,579	2,98,64,337
Books & Periodicals	88,67,486	73,01,875
Sundry Expenses	1,48,11,614	60,30,426
Directors Sitting Fees	1,24,000	31,500
Audit Fees	10,40,099	10,42,339
Audit Expenses	1,41,428	105,776
Debit Balances written off	34,71,072	66,75,770
Donations	19,70,824	2,14,058
	53,40,45,394	38,73,29,226
B. Selling Cost		
Freight Outward	24,51,05,472	25,02,35,637
Freight and Insurance on exports	2,38,11,562	3,19,50,651
Export Expenses	1,92,41,392	1,63,42,701
Liquidated Damages	48,07,460	1,59,24,727
Commission On Sales	17,76,208	52,20,364
Commission On Export Sales	1,32,18,968	73,73,754
Advertisement	49,18,368	41,30,827
Business Promotion	1,30,41,699	1,09,83,168
Membership & Subscription	7,64,732	7,06,995
Transit Insurance	30,68,063	37,03,919
Royalties On Sales	49,14,279	49,86,619
Bad debts written off	4,61,44,162	4,02,03,317
Provision for bad debts	26,09,560	-
Provision for Waranties	56,798	2,24,84,300
Other Selling Expenses	1,18,75,841	1,54,13,616
	39,53,54,564	42,96,60,595

Schedules Forming Part of Consolidated Profit & Loss Account

	For the Year Ended March 31, 2010 Rs.	For the Year Ended March 31, 2009 Rs.
C. Others		
Loss on Assets Sold	6,83,378	88,267
Deposits Written off	6,438	-
Capital Issue Expenses	51,99,354	37,83,444
Prior Period Expenditure	1,73,94,760	62,88,422
	<u>2,32,83,930</u>	<u>1,01,60,133</u>
(A + B + C)	95,26,83,888	82,71,49,954
Share of Joint Venture - Schedule 20 (B) 1. b	2,31,16,629	83,14,357
Grand Total	<u>97,58,00,517</u>	<u>83,54,64,311</u>
Schedule : 18		
Finance Cost		
Interest on Term Loans	24,47,24,501	24,22,69,188
Interest on Bank Borrowings	10,90,40,840	11,71,73,669
Interest on Housing Loans	8,58,295	11,40,593
Interest on Vehicle Loans	24,18,640	24,86,174
Interest on Equipment Loans	71,00,728	35,73,761
Interest to Others	15,77,468	25,31,524
Interest on Unsecured Loans	-	49,39,452
Bank Charges	2,11,99,808	1,03,95,235
BG Charges	1,72,31,317	1,96,65,986
LC Charges	2,95,31,300	2,10,05,369
	<u>43,36,82,897</u>	<u>42,51,80,951</u>
Less: Capitalised and transferred to Pre Operative Expenses	5,05,36,978	3,68,91,753
Total	38,31,45,919	38,82,89,198
Share of Joint Venture - Schedule 20 (B) 1. b	35,62,665	8,69,160
Grand Total	<u>38,67,08,584</u>	<u>38,91,58,358</u>
Schedule : 19		
Extra-ordinary items		
Assets Written Off	-	1,16,97,506
Porjects Written Off	-	18,84,186
Provision for Diminution in the value of Investments	-	-
Provision for Diminution in the value of Advance for Investments	-	-
	<u>-</u>	<u>1,35,81,692</u>

Consolidated Cash Flow Statement

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

(Rs. in Lakhs)

	31-Mar-10 Rs.	31-Mar-09 Rs.
A CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax and extraordinary items	14,333.70	13,813.71
Adjustments for:		
Exchange Variation in JV	(103.14)	-
Depreciation	2,848.13	2,795.69
Interest Income	(3,14.60)	(308.80)
Interest Expense	2,447.25	2,422.69
Loss on sale of fixed assets	6.83	0.88
Profit on sale of fixed assets	-	(0.72)
Amortisation of Intangible Assets	102.56	102.56
Preliminary expenses written off	51.06	30.95
Provisions	44.01	229.14
Operating Profit before working capital changes	19,415.80	19,086.12
Increase(-)/Dec(+ in Sundry debtors	(5,688.61)	(886.40)
Increase(-)/Dec(+ in Inventories	(5,287.24)	(753.32)
Increase(-)/Decrease(+ in Loans & advances	(1,650.72)	(108.85)
Increase(+)/Decrease(-) in Current Liabilities	(547.96)	1,575.61
Cash generated from Operations	6,241.27	1,8913.16
Income taxes paid	(4,532.29)	(4,492.81)
	1,708.98	14,420.35
Assets written off	-	(116.98)
Projects written off	-	(18.84)
Net Cashflow from Operating activities (A)	1,708.98	14,284.53
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,166.38)	(9,745.70)
Sale of Investments	(300.34)	25.00
Sale of fixed assets	103.55	120.86
Interest Received	314.60	308.80
Net Cash flow from investing activities (B)	(10,048.58)	(9,291.04)

Consolidated Cash Flow Statement

(Rs.in Lakhs)

	31-Mar-10 Rs.	31-Mar-09 Rs.
C CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital	102.04	-
Share Premium	3,367.47	-
Proceeds from long-term borrowings	12,893.73	3,766.18
Repayment of long-term borrowings	(6,051.45)	-
Proceeds from working capital borrowings	(891.44)	(1,379.52)
Increase(+)/Decrease(-) in unsecured loans	(28.92)	(716.08)
Dividend payment	(852.18)	(426.09)
Interest Paid	(2,447.25)	(2,422.69)
Net cash flow used in financing activities (C)	<u>6,092.01</u>	<u>(1,178.21)</u>
NET INCREASE IN CASH and CASH EQUIVALENTS (A+B+C)	(2,247.58)	3,815.28
Cash and Cash equiv.at beginning of the period	8,741.28	4,926.00
	<u>6,493.70</u>	<u>8,741.28</u>
Cash and Cash equivalents		
Cash on hand	31.81	21.51
Balances with Banks(current a/c & term deposits)	6,461.89	8,719.77
Total	<u>6,493.70</u>	<u>8,741.28</u>

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31-03-2010

- 1 This statement is prepared as per Accounting Standard-3 (indirect method).
- 2 Previous year's figures were re-grouped wherever necessary.

Per our Report of Even Date Annexed

On Behalf of the Board

For **M/s. Satyanarayana & Co**

Chartered Accountants

Frn No. S3680

Ch. Seshagiri Rao

Partner

M.No:18523

Dr. A J Prasad

Chairman & Managing Director

M Kavita Prasad

Director

Place : Hyderabad

Date : 09th August, 2010

Place : Hyderabad

Date : 09th August, 2010

D Mabu Basha

Company Secretary

Notes Forming Part of Consolidated Balance Sheet & Profit & Loss Account

Schedule: 20

Accounting Policies and Notes on Accounts

A) Significant Accounting Policies

1. Basis for preparation of accounts:

The accounts of HBL Power Systems Ltd the Holding Company have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Indian Companies Act, 1956. The Financial Statements/Statement of affairs of the subsidiary companies have been recast to comply with the Accounting Policies followed by the Holding Company for the limited purposes of consolidation. The interests in Jointly controlled entities (incorporated Joint Ventures) have been accounted for using proportionate consolidation method.

2. Principles of consolidation:

The financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of Assets, Liabilities, Income and Expenditure after eliminating intra Group balances, intra Group transactions and the unrealised profits/losses on intra group transactions relating to Subsidiary Companies.

3. Investments

Investments other than in subsidiaries/Joint Ventures have been accounted as per Accounting Standard 13 on Accounting for Investments.

4. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for - like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements. The accounts of the subsidiary companies, which are in respective currencies of the countries in which they are situated are translated using "Translation of the Financial Statements of Foreign Branches" under Accounting Standard AS-11, Accounting for the Effects of Changes in Foreign Exchange Rates, prescribed by the Institute of Chartered Accountants of India.

5. Other Significant Accounting Policies:

These are set out under "Significant Accounting Policies" as given in the stand alone Financial Statements of M/s. HBL Power Systems Limited.

B) Notes Forming Part of Accounts for the period ended 31st March, 2010:

1. The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statements" and Accounting Standard-27 (AS-27) "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements comprises of the financial statements of HBL Power Systems Limited, the Holding Company and the following subsidiary companies/Group's interests in jointly controlled entity (incorporated Joint Venture).

a) The subsidiaries considered in the preparation of these Consolidated Financial Statements are :

Name of the Company	Country of Incorporation	% of Holding / Voting Power
i) HBL POWER SYSTEMS (M) SDN.BHD.	Malaysia	80
ii) Bhagirath Energy Systems Private Limited (Under voluntary winding up).	Nepal	100*

*Bhagirath Energy Systems Private Limited, a wholly owned subsidiary in Nepal is under voluntary winding up. Therefore, the statements of affairs of this company as certified by the management (unaudited) are directly consolidated into the Balance Sheet. No separate profit and loss is prepared as there are no operations except the transactions incidental to winding up of the company.

Notes Forming Part of Consolidated Balance Sheet and Profit & Loss Account

b) Interests in Joint Venture:

The group's interests in Jointly controlled entities:

Name of the Company	Country of Incorporation	% of Holding/ Voting power
i) HBL ELTA Avionics Systems Private Limited	India	50**
ii) Gulf Batteries Company Limited	Kingdom of Saudi Arabia	40***

**HBL ELTA Avionics Systems Private Limited is a jointly controlled entity with 50% holding of HBL Power Systems Limited. The joint venture accounting for consolidation is as per the principle of Proportionate consolidation as laid down in AS-27 based on the Audited Financial Statements of the said Joint Venture.

***Gulf Batteries Company Limited is a jointly controlled entity with 40% holding of HBL Power Systems Limited. The joint venture accounting for consolidation is as per the principle of Proportionate consolidation as laid down in AS-27 based on the unaudited Financial Statements of the said Joint Venture.

Break up for figures reported as share of Joint venture is as under:

Balance Sheet

Rs. in Lakhs

Account Head	HBL Elta Avionics Systems Pvt Ltd	Gulf Batteries Company Ltd	Total
Liabilities			
Reserves and Surplus	2.44	-103.14	-100.70
Secured Loans	210.83	-	210.83
Deferred Taxes	3.10	-	3.10
Current Liabilities & Provisions			
Current Liabilities	953.54	17.96	971.50
Provisions	10.82	-	10.82
Assets			
Fixed Assets	478.13	76.85	554.98
Less : Depreciation	47.54	3.78	51.32
Capital Work in Progress		302.36	302.36
Inventories	470.38	3.43	473.81
Sundry Debtors	252.26	-	252.26
Cash & Bank Balances	148.62	774.65	923.27
Other Current Assets	6.68	0.07	6.75
Loans and Advances	63.04	19.23	82.27
Carried Forward Loss	21.95	166.52	188.47

Notes Forming Part of Consolidated Balance Sheet and Profit & Loss Account

Profit & Loss Account

Rs. In Lakhs

Account Head	HBL Elta Avionics Systems Pvt Ltd	Gulf Batteries Company Ltd	Total
Sales/Services	746.23	8.90	755.13
Other Income	23.20	-	23.20
	769.43	8.90	778.33
Material Cost	373.90	8.50	382.40
Manufacturing Cost	10.29	37.44	47.73
Employee Cost	60.20	61.50	121.70
Administrative & Selling Cost	167.05	64.12	231.17
Finance Cost	35.55	0.07	35.62
Depreciation	35.62	3.78	39.40
	682.61	175.41	858.02
Profit Before Tax	86.82	-166.51	-79.69
Less: Income Tax	13.25	-	13.25
Less: Deferred Tax Liability	3.1	-	3.1
Profit After Tax	70.47	-166.51	-96.04

2. SAFT AB (earlier known as SAB Nife AB) has initiated legal proceedings for infringement of its trademark against the company's subsidiary HBL Nife (UK) Limited in the Royal Court of Chancery Division, London and where in the Holding company HBL Power Systems Ltd., (formerly known as HBL Nife Power Systems Ltd) was mentioned as 2nd defendant. On February 8, 2006 the Royal Court of Chancery Division, London passed an order against the company's subsidiary and the company, restraining the defendants against infringement of UK trademark and claimed a damage of 200000 Pounds. The wholly owned subsidiary company in UK has been liquidated and wound up. In the opinion of the management, the claim is not likely to be devolved on the Company and hence no provision is considered necessary for the said claim.

3. Secured Loans

- a) Secured Loans include Rs. 3360.00 Lakhs which are repayable within one year from the date of Balance sheet.

b) Term Loans from IDBI, SBI, SBH and SB Indore

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

c) Term Loan from Axis Bank

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

Notes Forming Part of Consolidated Balance Sheet & Profit & Loss Account

d) Term Loan from HDFC Ltd

Term Loans from HDFC, Hyderabad are secured by an exclusive charge on the Flats at Hyderabad, Vishakhapatnam and Kolkatta. These loans are also guaranteed by the Managing Director of the Company in his personal capacity.

e) Working Capital Loans from SBI, SBH, SB Indore and IDBI

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

f) Vehicle Loans from HDFC Bank

The loans are secured by exclusive hypothecation of Vehicles acquired through execution of Demand Promissory Note.

g) Equipment Loan from First Leasing Company of India Ltd.:

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

4. Interest Free Sales Tax Loan (IFST):

IFST Loan of Rs.1716.36 Lakhs shown under unsecured loan represents the Sales tax payable by the Company given as Loan by A.P. State Government under a scheme, to be repaid without interest after 14 years from the date of availment. Earliest repayment is due from the year 2013-14. The loan requires creation of a charge on the assets of the Company. Pending creation of charge, the amount is shown as 'Unsecured Loan' to be regrouped as Secured Loan as and when the charge is created.

5. Contingent Liabilities not provided for:

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

(i) The contingent liabilities not provided for as under:

- a) Un-executed portion of letters of credit opened by Bank; Rs. 4146.49 Lakhs (Previous year Rs.3344.72 Lakhs).
- b) Guarantees issued on behalf of the company by Bankers for which the company gave counter guarantee: Rs. 14601.19 Lakhs (previous year Rs.13536.67 Lakhs).
- c) Legal undertakings given to Custom's Authorities for clearing the Imports at Nil or concessional rate of duty pending fulfilment of export obligations: Rs. 4271.70 Lakhs (Previous year Rs.3778.49 Lakhs) against which the export obligations have been fulfilled to the extent of Rs. 1737.70 Lakhs (Previous year Rs.1534.32 Lakhs) and the process of discharging the Legal undertakings by the concerned authorities is at various stages.
- d) Claims against the Company not acknowledged as debt:

- Excise duty claim	Rs. 94.85 Lakhs (Previous year Rs.94.85 Lakhs)
- CST claim	Rs. Nil Lakhs (Previous year Rs.9.77 Lakhs)
- Custom duty claim	Rs. 36.67 Lakhs (Previous year Rs.36.67 Lakhs)
- Property tax of VSEZ Unit	Rs. 27.64 Lakhs (Previous year Rs.Nil Lakhs)
- Other claims	Rs. 26.25 Lakhs (Previous year Rs.26.25 Lakhs)

Notes Forming Part of Consolidated Balance Sheet and Profit & Loss Account

(ii) Corporate guarantees given by the Company on behalf of M/s. HBL Elta Avionics Systems (P). Ltd. (HELA) a Joint Venture Company:

- a) to a Bank for the loans sanctioned to M/s. HELA; Rs.927.13 Lakhs (Previous year Rs.927.13 Lakhs) valid till the loan is repaid by them. Present dues to Bank by HELA Rs.421.67 Lakhs
- b) to M/s. IAI Elta Systems Ltd., Israel for US\$ 1079100 Equivalent to Rs. 484.52 Lakhs valid upto 30.10.2010 and for US\$ 107708 equivalent to Rs. 48.36 Lakhs, valid upto 31.07.2010, towards Trade advances made by them to M/s. HELA on 25.11.2008 and 29.04.2009 respectively. (Previous year US\$ 1079100 equivalent to Rs.546.46 Lakhs).

(iii) Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 3186.50 Lakhs (Previous year Rs. 3399.29 Lakhs).

iv) Company's commitment for Investments in other companies:

The company has committed to invest Rs.650.00 Lakhs and Rs.936.30 Lakhs in the Equity of M/s. SCIL Infracon (P) Ltd and M/s. Autotec Systems (P) Ltd. respectively by way of purchase of shares from the share holders of the said companies at a determined rate. As on 31.03.2010, the company has invested a sum of Rs.300.34 Lakhs in M/s. Autotec Systems (P) Ltd leaving a balance of Rs.635.96 lakhs to be invested as and when shares are transferred to the company. Similarly the company made an advance of Rs.397.98 Lakhs to M/s. SCIL Infracon (P) Ltd for the share to be transferred and further amount to be invested is Rs.252.02 Lakhs. Thus the aggregate pending commitment on 31.03.10 was Rs.887.98 Lakhs. As and when the shares are purchased and transferred to HBL, it will be holding 50% of the Equity in SCIL Infracon (P) Ltd and 26% of the Equity of M/s. Autotec Systems (P) Ltd.

h) Income Tax and Sales Tax Assessments:

- a. The Company's Income tax assessments were completed upto Financial Year 2006-07 and the tax dues as per orders were paid and charged to revenue, though certain issues were taken up before the Appellate Authorities. Refunds if any, out of such taxes charged off will be accounted as and when the issues are settled / refunds received. Assessments for Financial Years 2007-08 and 2008-09 are pending and the taxes due as per returns filed have been fully paid. The liability, if any, in respect of such pending assessments will be accounted after completion / finalisation of assessments. Current tax for the Financial Year 2009-10 is paid / provided considering the eligible deductions / exemptions available as per the provisions of IT Act, 1961.
- b. The Company has paid or provided VAT/CST as per the returns / revised returns filed upto 31.03.2010 after considering Input VAT available and also on the basis of Concessional Forms expected to be received from customers. The liability, if any, in respect of pending assessments including that relating to non submission of Concessional Forms (C Forms etc) is not ascertainable at this stage and will be accounted as and when assessments are completed / finalised. The Company is in the process of collecting 'C' Forms etc. for submission before the Assessments are finalised.

i) Proportionate share of Contingent Liabilities of Joint Venture Company - HBL Elta Avionics Systems Pvt. Ltd.

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances Rs. Nil Lakhs ((Previous year Rs. 48.58 Lakhs).
- ii) Bank Guarantees outstanding towards various performance obligations Rs.27.25 Lakhs (Previous year Rs.32.02 Lakhs).
- iii) The Company has received a demand, dated May 28, 2009, from the Deputy Commercial Tax officer, Hyderabad towards payment of value added tax amounting Rs.10.10 Lakhs for the period from March 1, 2006 to December 31, 2008. The management has filed an appeal against this demand, pending which, no provision has been created in these financial statements.

Notes Forming Part of Consolidated Balance Sheet and Profit & Loss Account

6. New Projects / Expansion:

The Company's new projects under expansion to the extent completed / put to use have been capitalised and shown as additions to Fixed Assets and those under progress are shown as "Capital Works in Progress (CWIP)". CWIP includes stagewise payments towards "Technology Transfer Fee", pending completion of absorption of Technology and commercialisation of related products.

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

(Rs. In Lakhs)

	Deferred Tax			
	Current Year		Previous Year	
	Assets	Liabilities	Assets	Liabilities
1. Depreciation	-	1743.84	-	1503.84
2. Payments under VRS	-		-	
3. Long Term Capital Loss	8.72		8.72	
4. Contribution to Valuable Employees Scheme	3.70		3.70	
5. Others		4.06	0.45	
Total	12.42	1747.90	12.87	1503.84

8. Intangible Assets:

- In respect of Intangible Assets where commercial activity is started, the expenditure incurred amounting to Rs.512.81 lakhs is amortised over a period of 5 years and accordingly 2nd instalment of Rs.102.56 lakhs is amortised and charged to profit & loss account.
- In respect of Intangible Assets where development is completed and commercial operation are expected to be started after acceptance / approval by the customers, the expenditure incurred is carried in the books. The value of such assets as on 31.03.2010 is Rs.393.30 lakhs and will be amortised upon commercial operations (previous year Rs.393.30 Lakhs).

9. Changes in Accounting Policies:

- Issue expenses: Hitherto Issue expenses were treated as preliminary expenses to be amortised in 5 equal instalments as per earlier Accounting Policy. It has been decided to change the policy to write off unamortised portion and to charge off such expenses to revenue, in future to fall in line with Accounting Standard (AS-26). This change in the policy has resulted in reduction of the profit for the year by Rs.20.11 Lakhs.
- Depreciation on Assets costing Rs.5,000/- or below:

Hitherto Depreciation on assets costing Rs.5,000/- or below was charged at the respective rates of Depreciation prescribed in Schedule XIV to the Companies Act, 1956 depending on the classification of Assets. It has been decided to charge depreciation at 100% on all such assets with retrospective effect to comply with Schedule XIV. This has resulted in additional depreciation for the year by Rs.189.97 Lakhs including prior period charge of Rs.151.50 Lakhs.

Notes Forming Part of Consolidated Balance Sheet and Profit & Loss Account

10. Disclosures required to be made as per Accounting Standards (AS), as applicable, are as under :

a. Disclosure as per AS-17 "Segment Reporting";

Rs. in Lakhs

	2009-10		2008-09	
<u>Segment Revenue</u>				
Batteries				
Exports	9486		11987	
Domestic sales	92773	102259	104567	116554
Unallocated				
Exports	1454		1114	
Domestic sales	8127	9581	8067	9181
Total		111840		125735
Less : Inter-segment Revenue		106		618
		111734		125117
<u>Segment Result</u>				
Batteries		21838		20253
Unallocated		836		736
Total		22674		20989
Less : Interest		3867		3892
Unallocable expenditure net of unallocable income		4473		3419
Net Profit before taxes		14334		13678
<u>Segment Assets</u>				
Batteries		85766		72988
Unallocated		27680		22433
Total Assets		113446		95421
<u>Segment Liabilities</u>				
Batteries		13053		14881
Unallocated (includes Term Loans, Bank Loans, Hire Purchase Loans)		49527		42103
Total Liabilities		62580		56984
<u>Segment Capital expenditure during the year</u>				
Batteries		6744		7091
Unallocated		3593		2656
Total		10337		9747
<u>Segment Depreciation</u>				
Batteries		2486		2568
Unallocated		362		228
Total		2848		2796

Notes:

- The company's operations include Batteries of different types, Electronics, Railway Signalling contracts etc. Except for Batteries, the segment revenue, the segments results and the segments assets and liabilities of other activities are individually below the threshold limit of 10% as provided in AS-17 "Segment Reporting". Accordingly, Batteries segment is shown separately as reportable segment and others are included in Unallocated segments.
- Batteries segment consists of various types of batteries for defence, aviation, telecom and industrial application.
- Inter segment revenue is measured at the market prices at which the products are sold to external Customers

Notes Forming Part of Consolidated Balance Sheet and Profit & Loss Account

b. Disclosure as per AS-18 "Related party Disclosure":

Related party Disclosure:

1	Holding Company	Beaver Engineering Limited
2	Controlled Companies	Kairos Engineering Limited
3	Associate	Naval Systems & Technologies Pvt. Ltd. Guided Missile Engineering India Pvt. Ltd. Autotec Systems Pvt. Ltd., Bangalore
4	Key Management Personnel	Dr A J Prasad Chairman & Managing Director M S S Srinath President (Marketing) M.Kavita Prasad Director Ashok Nagarkatti Director J.K.Verma Director P.Satish Kumar CFO Kamaluddin Bin Saidon Director-HBL Power Systems (M) SDN BHD

Disclosure of transactions between the Company and Related parties and the status of outstanding balances as on 31st March, 2010

Rs in Lakhs

Sl.No		Nature of Transaction	During the year	Outstanding at the year end
1	Controlled Companies	Investment in Shares Rent Received Services Received Funds Given	- 0.33 109.57 -	9.00 0.33 - 52.32
2	Associates Companies	Investment in Shares Service Rendered	300.34 2.91	304.44 -
3	Key Management Personnel	Remuneration Paid Rent Paid	526.40 4.80	- -

Signature to Schedules 1 to 20 forming part of Accounts

Per our report of even date annexed

for **M/s. Satyanarayana & Co.**
Chartered Accountants
FRN No. S3680

On Behalf of the Board

Ch. Seshagiri Rao
Partner
M.No: 18523

Dr. A J Prasad
Chairman & Managing Director

M Kavita Prasad
Director

Place : Hyderabad
Date: 09th August, 2010

Place : Hyderabad
Date: 09th August, 2010

D Mabu Basha
Company Secretary

Directors' Report for the Financial Year Ended 31st March, 2010

The directors hereby submit their Annual Report and the audited financial statements of the Company for the financial year ended 31st March 2010.

PRINCIPAL ACTIVITY

The principal activity of the Company is trading and marketing agent for nickel batteries. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

Profit after tax

RM
42,305

DIVIDENDS

No dividends were paid or declared by the Company during the financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS

No option has been granted during the financial year covered by the income statement to take up unissued shares of the Company.

ITEMS OF MATERIAL AND UNUSUAL NATURE

The results of the operations of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the current year in which report is made.

BAD AND DOUBTFUL DEBTS

Before the Income Statement and Balance Sheet of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts to be written off and that no allowance for doubtful debts is required.

At the date of this report, the directors of the Company are not aware of any circumstances which would necessitate the writing off of bad debts and providing of allowance of doubtful debts in the financial statements of the Company.

CURRENT ASSETS

Before the Income Statement and Balance Sheet of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Company misleading.

Directors' Report for the Financial Year Ended 31st March, 2010

VALUATION OF ASSETS AND LIABILITIES

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- b) any contingent liability which has arisen since the end of the financial year.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet their obligations when they fall due.

DIRECTORS AND THEIR SHAREHOLDINGS

The names of the directors of the Company in office since the date of the last report are as follows:-

Kamaluddin Bin Saidon

Yusnita Binti Hamdan (f)

Mikkilineni Satyanarayana Subramanya Srinath (f)

Aluru Kavitha Prasad (f)

Partha Pratim Paul (f)

In accordance with the register of directors' shareholdings, the interest of the directors who were in office at the end of the financial year in shares in the Company during the financial year were as follows:-

	Ordinary shares of RM1.00 each			
	As at 01.04.2009	Acquired	Disposed	As at 31.03.2010
DIRECT INTEREST				
Kamaluddin Bin Saidon	40,000	-	-	40,000
INDIRECT INTEREST				
HBL Power Systems Ltd.	160,000	-	-	160,000

Retirement and re-election of the directors at the forthcoming Annual General Meeting will be in accordance with the Company's Article of Association.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amounts of emoluments received or due and receivable by directors shown in the financial statements) by reason of a contract made by the Company with a director or with a firm of which the director is a member or with a Company in which the director has a substantial financial interest.

Neither at the end of the financial year, nor at any time during that financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body Corporate.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

Directors' Report for the Financial Year Ended 31st March, 2010

ULTIMATE HOLDING COMPANY

The ultimate holding company is HBL Power Systems Ltd., a company incorporated in India.

REGISTERED OFFICE

The registered office of the Company is situated at No. 17A, Jalan Nelayan 19/A, 40300 Shah Alam, Selangor Darul Ehsan.

AUDITORS

The auditors Messrs. Maran & Co, have indicated their willingness to continue in office.

Signed on behalf of the board in accordance with a resolution of the directors,

Place : Shah Alam

Date : 16.06.2010

Kamaluddin Bin Saidon

Yusnita Binti Hamdan

Directors' Report for the Financial Year Ended 31st March, 2010

STATEMENT BY DIRECTORS

(Pursuant to Section 169(15) of the Companies Act, 1965)

We, **Kamaluddin Bin Saidon** and **Yusnita Binti Hamdan**, being the two of the directors of **HBL POWER SYSTEMS (M) SDN. BHD.**, do hereby state that, in the opinion of the directors, the accompanying Balance Sheet, Income Statement and Cash Flow Statement, together with the notes thereon, are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company at 31st March 2010 and of the results of the business of the Company and cash flow for the financial year ended on that date.

Signed on behalf of the board in accordance with a resolution of the directors,

Place : Shah Alam

Date : 16.06.2010

Kamaluddin Bin Saidon

Yusnita Binti Hamdan

STATUTORY DECLARATION

(Pursuant to Section 169(16) of the Companies Act, 1965)

I, **Kamaluddin Bin Saidon (NRIC: 620729-10-5753)**, being the director primarily responsible for the financial management of **HBL POWER SYSTEMS (M) SDN. BHD.**, do solemnly and sincerely declare that the accompanying Balance Sheet, Income Statement and Cash Flow Statement, together with the notes thereon, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)

by the abovenamed at KLANG)

in the state of SELANGOR)

on this day of 16-06-2010)

Kamaluddin Bin Saidon

Before me:

Auditor's Report

COMPANY NO. 486701-H
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
HBL POWER SYSTEMS (M) SDN. BHD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of HBL Power Systems (M) Sdn. Bhd., which comprise the balance sheet as at 31st March 2010, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as stated.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st March 2010 and of its financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MARAN & CO
Firm No : AF001809
Chartered Accountants (M)

NEDUMARAN A/L VENGU C.A.(M)
Approval No: 2411/09/11(J)
Chartered Accountant

Place : Klang
Date: 16.06.2010

Balance Sheet as at March 31, 2010

	For the period Ended March 31,2010		For the period ended March 31,2009	
	RM	Rs.*	RM	Rs.*
Sources of Funds				
A Share holders Funds				
Share capital				
<u>Authorised</u>				
10,00,000 ordinary share of RM 1/ each	1000000	1,24,10,000	1000000	1,24,10,000
<u>Issued, subscribed and paid up</u>				
200000 ordinary share of RM 1/- each	200000	24,82,000	200000	24,82,000
<u>Reserves and Surplus</u>				
Exchange variation reserve	-	98,425	-	1,13,791
Deferred Tax Liability	6959	96,223	-	-
Profit & Loss Account	8647	2,34,244	-	-
Total	215606	29,10,892	200000	25,95,791
Application of Funds				
A Fixed Assets	153881	19,16,855	153881	19,16,855
Less: Depreciation	108520	13,49,079	93161	11,36,736
Net Fixed Assets	45361	5,67,776	60720	7,80,119
B Deferred Tax Asset	-	-	3424	45,303
C Current Assets, Loans and Advances				
Inventories(as taken and valued by management)	-	-	-	-
Sundry Debtors(unsecured and considered good) for a period exceeding Six months	-	-	-	-
Others	444388	61,16,201	1061194	1,47,41,258
Cash and Bank Balances				
Balance in current account with bank	374255	51,50,946	144710	20,10,196
Deposits	6270	86,295	6270	87,098
	824913	1,13,53,443	1212174	1,68,38,551
D Less:Current Liabilities and provisions				
Due to holding company	645417	88,83,003	1105613	1,53,58,291
Creditors for expenses	5734	78,918	4363	60,607
Provision for Tax	3517	48,405	-	-
	654668	90,10,327	1109976	1,54,18,898
E Net Current Assets(C - D)	170245	23,43,116	102198	14,19,653
F Misc. Expenditure (to the extent not written off or adjusted)				
Debit balance in Profit and loss account	-	-	33658	3,50,717
Total (A+B+D+E)	215606	29,10,892	196576	25,50,489
	215606	29,10,892	200000	25,95,792

*RM 1 = Rs.13.8912 as on 01.04.2009

*RM 1 = Rs.13.7632 as on 31.03.2010

The financial statements of HBL POWER SYSTEMS(M) SDN BHD for the accounting year ended 31st March 2010, being a company incorporated in Malaysia, are audited by Maran & Co Chartered Accountants Malaysia and we have been furnished with their audit report dated 16th June 2010. The financial statements of HBL POWER SYSTEMS(M) SDN BHD are presented in Indian Rupees duly converted, on the basis of aforesaid audit report to comply with requirements of Section 212 of the Companies Act, 1956. The accounts have been prepared for the purpose of attachment to the accounts of the holding company HBL Power Systems Limited to comply with the provisions of the Indian Companies Act, 1956.

Profit and Loss Account for the year ended March 31, 2010

Particulars	For the period Ended March 31, 2010		For the period ended March 31, 2009	
	RM	Rs.*	RM	Rs.*
Income				
Gross Sales	1181841	1,63,41,552	1151204	1,52,31,580
Exchange Gain	-	-	2850	37,708
Total Income	1181841	1,63,41,552	1154054	1,52,69,288
Expenditure				
Material Cost				
Purchase of materials and components	1029727	1,42,38,241	928571	1,22,85,923
	1029727	1,42,38,241	928571	1,22,85,923
Manufacturing Cost				
Power and fuel	84	1,161	344	4,551
Factory rent	15600	2,15,704	15600	2,06,404
Shipping Charges	3732	51,603	-	-
	19416	2,68,469	15944	2,10,955
Manpower Cost				
Salaries & Other Allowances	12000	1,65,926	12000	1,58,772
Directors remuneration	15000	2,07,408	15000	1,98,465
	27000	3,73,334	27000	3,57,237
Administrative and Selling Expenses				
Bank Charges	167	2,309	-	-
Courier Charges	88	1,217	344	4,551
Entertainment	298	4,121	-	-
Maintenance Vehicles	146	2,019	2230	29,505
Printing and stationery	353	4,881	710	9,394
Telephone and internet charges	661	9,140	594	7,859
Sales Tax paid	9988	1,38,106	-	-
Accounting fee	1200	16,593	1260	16,671
Auditors remuneration	2900	40,099	3200	42,339
Taxation service charges	1300	17,975	575	7,608
Secretarial fee	514	7,107	1506	19,926
Licence charges	420	5,807	420	5,557
Exchange Variation	16099	2,22,604	-	-
Depreciation	15359	2,12,372	15361	2,03,241
Total Expenditure	1125636	1,55,64,394	997715	1,32,00,767
Profit before Taxation	56205	7,77,158	156339	20,68,521
Tax for the year	13900	1,92,198	31,445	4,16,049
Profit after tax	42305	5,84,960	124894	16,52,472
Loss brought forward from last year	(33658)	(3,50,716)	(158552)	(20,03,189)
Profit carried to forward to Balance sheet	8647	2,34,244	(33658)	(3,50,716)

Fixed Assets

Schedule of Fixed Assets(at cost)		Gross Block			Depreciation			Net Block	
		As at 1.4.2009	Additions	As at 31.03.2010	As at 1.4.2009	For the year 31.03.2010	As at 31.03.2010	As at 31.3.2009	
Plant and Machinery	Rs.	1626168	-	1626168	957432	180804	487932	668736	
	RM.	130767	-	130767	78461	13076	39230	52306	
Fixtures and Fittings	Rs	128717	-	128717	74667	14104	39946	54049	
	RM.	10198	-	10198	6119	1020	3059	4079	
Office Equipment	Rs.	113906	-	113906	66141	12486	35279	47766	
	RM.	9033	-	9033	5420	903	2710	3613	
Computers	Rs.	48065	-	48065	38467	4978	4620	9568	
	RM.	3883	-	3883	3161	360	362	722	
Total	Rs.	1916855	-	1916855	1136707	212372	567776	780119	
	RM.	153881	-	153881	93161	15359	45361	60720	
Previous year	Rs.	1916855		1916855	933495	203241	780119		
	RM.	153881		153881	77800	15361	60720		

Notes to the Financial Statements : 31st March, 2010

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and comply with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

2. GENERAL INFORMATION

The financial statements of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

The Company is a private limited Company incorporated and domiciled in Malaysia.

The address of the registered office of the Company is situated at No. 17A, Jalan Nelayan 19/A, 40300 Shah Alam, Selangor Darul Ehsan.

The principal place of the business of the Company is situated at No. 11, Jalan Nilam 1/4, Subang Hi-Tech Industrial Park, 40000 Shah Alam, Selangor Darul Ehsan.

3. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the Company have been prepared under the historical cost convention.

2. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation of property, plant and equipment are calculated to write off the cost on a straight line basis over their expected useful lives. The annual rates used for this purpose is as follows:-

Computers	20%
Factory equipment	10%
Furniture and fittings	10%
Office equipment	10%
Renovations	10%
Signboard	10%

3. Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at lowest level for which there is separately identifiable cash flows.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus.

4. Foreign currencies transactions

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the time of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at balance sheet date. Translation gains and losses are recognised in the income statement as they arise.

Notes to the Financial Statements : 31st March, 2010

The assets and liabilities of the foreign entities, including goodwill and fair value adjustments arising on the acquisitions, are translated to Ringgit Malaysia at closing rates. The income and expense items are translated to Ringgit Malaysia at the exchange rates at the dates of the transactions. Gains and losses arising on translation are taken directly to the foreign exchange translation reserve.

All other foreign exchange differences are taken to the income statements in the year in which they arise.

The principal closing rates used in the translation of foreign currency amounts and the financial statements of foreign entities are as follows:

$$1 \text{ USD} = \text{RM}3.2730$$

5 Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on review of all outstanding amounts as at balance sheet date.

6. Cash and cash equivalents

Cash comprise of cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Trade and other payables

Trade and other payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

8. Equity

Equity is stated at proceeds received.

Dividends on ordinary shares will be recognised as liabilities when the shareholders' rights to receive the dividends are established.

9. Revenue recognition

Revenue from sale of goods and services are measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

10. Retirement benefits

Contributions to the statutory pension scheme are recognised as an expense in the income statement in the financial year to which they relate.

11. Short term employee benefits

Wages, salaries and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when employees render services that increase their entitlement to future compensated absences. Non-accumulating compensated absences, such as sick and medical leaves are recognised when the absences occur.

12. Income tax

Income tax on profit or loss for the financial year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Notes to the Financial Statements : 31st March, 2010

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from business combination that is an acquisition, in which case deferred tax is included in the resulting goodwill or reserve on consolidation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

4. PRINCIPAL ACTIVITY

The principal activity of the Company is trading of nickel batteries and to act as a marketing agent.

5. PROPERTY, PLANT AND EQUIPMENT

	As at 01.04.2009	Additions	Disposals	As at 31.03.2010
2010	RM	RM	RM	RM
Cost				
Computers	3,883	-	-	3,883
Factory equipment	130,767	-	-	130,767
Furniture and fittings	2,200	-	-	2,200
Office equipment	6,933	-	-	6,933
Renovations	7,998	-	-	7,998
Signboard	2,100	-	-	2,100
	153,881	-	-	153,881

	As at 01.04.2009	Charge for the financial year	Disposals	As at 31.03.2010
2010	RM	RM	RM	RM
Accumulated depreciation				
Computers	3,161	360	-	3,521
Factory equipment	78,461	13,076	-	91,537
Furniture and fittings	1,320	220	-	1,540
Office equipment	4,160	693	-	4,853
Renovations	4,799	800	-	5,599
Signboard	1,260	210	-	1,470
	93,161	15,359	-	108,520

Notes to the Financial Statements : 31st March, 2010

	2010	2009
	RM	RM
Net book value		
Computers	362	722
Factory equipment	39,230	52,306
Furniture and fittings	660	880
Office equipment	2,080	2,773
Renovations	2,399	3,199
Signboard	630	840
	<u>45,361</u>	<u>60,720</u>

6. DEFERRED TAX ASSETS

	2010	2009
	RM	RM
Balance at beginning of financial year	3,424	34,869
Deduction during the financial year	(3,424)	(31,445)
Balance at end of financial year	<u>-</u>	<u>3,424</u>
Presented after appropriate offsetting as follows :		
Deferred tax assets	-	10,375
Deferred tax liabilities	-	(6,951)
	<u>-</u>	<u>3,424</u>

The components and movements of deferred tax assets during the financial year prior offsetting are as follows:

	Property, plant and equipment	Unabsorbed tax losses	Total
	RM	RM	RM
As at 31.03.2010			
Balance at beginning of financial year	(6,951)	10,375	3,424
Recognised in income statement	6,951	(10,375)	(3,424)
Balance at end of financial year	<u>-</u>	<u>-</u>	<u>-</u>
	Property, plant and equipment	Unabsorbed tax losses	Total
As at 31.03.2009	RM	RM	RM
Balance at beginning of financial year	(2,352)	37,221	34,869
Recognised in income statement	(4,599)	(26,846)	(31,445)
Balance at end of financial year	<u>(6,951)</u>	<u>10,375</u>	<u>3,424</u>

Notes to the Financial Statements : 31st March, 2010

7. TRADE RECEIVABLES

Included in trade receivables is an amount of RM444,388 (2009: RM697,100) owing to a company in which certain directors of the Company have a financial interest.

8. AMOUNT DUE TO HOLDING COMPANY

The amount due to holding company is unsecured, interest free and with no fixed terms of repayment.

9. SHARE CAPITAL

	2010	2009
	RM	RM
Ordinary shares of RM1.00 each :-		
Authorised	1,000,000	1,000,000
Issued and fully paid	200,000	200,000

10. DEFERRED TAX LIABILITIES

	2010	2009
	RM	RM
Balance at beginning of financial year	-	-
Addition during the financial year	6,959	-
Balance at end of financial year	6,959	-
Presented after appropriate offsetting as follows :		
Deferred tax liabilities	6,959	-

The components and movements of deferred tax liabilities during the financial year prior offsetting are as follows:

	2010	2009
	Property, plant and equipment	Property, plant and equipment
	RM	RM
Balance at beginning of financial year	-	-
Recognised in income statement	6,959	-
Balance at end of financial year	6,959	-

11. REVENUE

	2010	2009
	RM	RM
Sales of nickel batteries and commission received during the financial year	1,181,841	1,151,204

12. (LOSS) / PROFIT BEFORE TAX

(Loss) / profit before tax is arrived at after charging the followings:-

	2010	2009
	RM	RM
<u>After charging</u>		
Audit fee	2,900	3,200
Depreciation of property, plant and equipment	15,359	15,361
Directors' emoluments	15,000	15,000
Factory rental	15,600	15,600

Notes to the Financial Statements : 31st March, 2010

13. INCOME TAX EXPENSE

	2010	2009
	<u>RM</u>	<u>RM</u>
Tax based on results for the financial year :-		
Corporate tax	(3,517)	-
Deferred tax	(10,383)	(31,445)
	<u>(13,900)</u>	<u>(31,445)</u>

Reconciliation of income tax expenses applicable to profit before tax at the statutory income tax rates to income tax expenses at the effective income tax rates of the Company is as follows:-

	2010	2009
	<u>RM</u>	<u>RM</u>
Profit before tax	56,203	156,340
Tax at statutory rate of 25%	(14,050)	(39,085)
Differential tax rate for small and medium companies	879	-
Expenses not deductible for tax purposes	(4,368)	(4,360)
Utilisation of capital allowances	3,647	7,294
Utilisation of unabsorbed tax losses	10,375	36,151
Timing difference arising from capital allowance	(8)	(4,599)
Timing difference arising from unabsorbed tax losses	(10,375)	(26,846)
	<u>(13,900)</u>	<u>(31,445)</u>

14. EMPLOYEES' INFORMATION

	2010	2009
	<u>RM</u>	<u>RM</u>
Staff cost:-		
Director's emoluments	15,000	15,000
Salaries, allowance and bonus	12,000	12,000
	<u>27,000</u>	<u>27,000</u>
Number of employees employed at the end of the financial year excluding directors	1	1

15. CURRENCY

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Ringgit Malaysia as the sales and purchases are mainly denominated in Ringgit Malaysia and receipts from operations are usually retained in Ringgit Malaysia and funds from financing activities are generated in Ringgit Malaysia.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the company's business whilst managing its risks. The main areas of financial risks faced by the company and the policy in respect of the major areas of treasury activity are set out as follows:

Notes to the Financial Statements : 31st March, 2010

1. Foreign exchange risk

The company has exposure to foreign exchange risk due to assets and liabilities denominated in foreign currencies. However, the company does not hedge its exposures to foreign exchange risk as the risk is not expected to be significant.

2. Interest rate risk

The company does not have any interest bearing assets or liabilities. Hence, the company does not have any exposure to interest rate risk.

3. Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet. However, policies had been established by the company to minimise such risks.

4. Market risk

The company does not expose to any market risk.

5. Liquidity and cash flow risks

The company monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cashflow.

Bhagirath Energy Systems Pvt Ltd

Statement of affairs as on 31st March 2010

	As on 31-3-10		As on 31-3-09	
	NPR	INR	NPR	INR
Capital and Liabilities				
Share Capital	17216000	10760000	17216000	10760000
Total	17216000	10760000	17216000	10760000
Assets				
Cash at Bank	39648	24780	39648	24780
Fixed Deposits (Including interest accrued)	15700851	9813032	14678134	9173834
Cash in Hand	79713	49821	79713	49821
TDS deducted	781029	488143	638414	399009
Other Advances	-	-	-	-
Accumulated Loss C/f	1780090	10375776	15435910	9647444
Interest Income on FD's during the year	(1165331)	1112556	3032777	1895486
Total	17216000	10760000	17216000	10760000

For Bhagirath Energy System Pvt Ltd

23rd June, 2010

MSS Srinath

N Balasubramanyam

Significant Accounting Policies and Notes to Account

1. Significant Accounting Policies

(a) Basis of Accounting

The company is under voluntary liquidation. Since the company does not have any income during the year, profit and loss account has not been prepared. The following receipt, expenditures were directly charged to the accumulated loss. Audited Statement of Affairs is not available, hence certified by the Directors.

Account Head	Amount NPR	Remarks
Interest Income	(11,65,331)	Charged against accumulated loss.

2. Taxation

The company has submitted tax returns under self-assessment system for the financial years 2058/059, 2059/060 and 2060/061 (up to the date of liquidation) and the same is pending final assessment from them.

No provision for taxation has been made for the current period, as the Company does not have any taxable income.

3. Liquidation

The Company has opted for voluntary liquidation of the Company as per Section 112 of the Company Act 2053 and has appointed a liquidator with effect from 16 March 2004 for initiating and completing the liquidation of the Company. Accordingly, all assets and liabilities of the Company have been handed over to the official liquidator of the Company. The appointment of the liquidator and the decision to voluntarily liquidate the Company has been notified to the Registrar of the Company.

Electronic Clearing Service (Credit Clearing) Mandate Form

Shareholder's authorization to receive dividends through Electronic Credit Clearing Mechanism.

1. Name of the First / Sole shareholder : _____
2. Folio No./ Client ID No. : _____
3. Particulars of bank account of First / Sole shareholder : _____
 - a) Name of the bank : _____
 - b) Branch, Address, Telephone No. of the branch : _____

--	--	--	--	--	--	--	--	--	--
 - c) 9-Digit code number of the bank and branch appearing on the MICR cheque issued by the bank : _____
 - d) Account Number : _____
(as appearing on the cheque book / pass book)
 - e) Account Type : _____
(S.B. account / Current account or cash credit)
 - f) Ledger and Ledger Folio Number : _____
(as appearing on the cheque book / pass book)

(In lieu of the bank certificate to be obtained as under, please attach a blank cancelled cheque or photocopy of a cheque or front page of your savings bank passbook issued by your bank, for verification of the above particulars).

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effect at all for reasons of incomplete or incorrect information, I would not hold the HBL Power Systems Limited responsible. I agree to discharge the responsibility expected by me as a participant under the scheme.

Place : _____ (.....)

Date : _____ Signature of the Shareholder

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

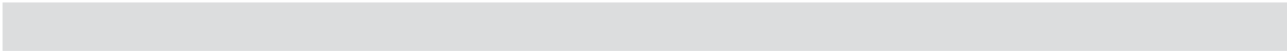
Date :

Note :

1. Please fill in the attached mandate form and send it to:
 - i) The depository participant who is maintaining your demat account in case your shares are held in electronic form.
 - ii) The address of the company HBL Power Systems Limited, Kubera Towers, Sy. No. 26, Trimulgherry, Secunderabad - 500 015. Email : contact@hbl.in, ww.hbl.in.
2. Kindly note that the information provided by you should be accurate and complete in all respects and duly certified by your bank. In lieu of the bank certificate, you may attach a blank cancelled cheque or photocopy of a cheque or the front page of the savings bank pass book issued to you by your bank, for verification of the above particulars.
3. The completed mandate form should reach our above address on or before 27th September, 2010 to enable the Company to implement this facility.



HBL Power Systems Limited



HBL Power Systems Limited



HBL Power Systems Limited

Regd. Office : 8-2-601, Road # 10, Banjara Hills, Hyderabad – 500 034
Twenty Fourth Annual General Meeting on Monday 27th September, 2010, at 4.00 pm

**Attendance
Slip**

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

Name & Address of the Registered Shareholder

*Applicable if shares are held in electronic form.

I Certify that I am a registered shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the Twenty Fourth Annual General Meeting of the Company at KLN Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004.

.....
Member's / Proxy's Signature

Note : Please fill this attendance slip and handover at the Entrance of the Hall.



HBL Power Systems Limited

Regd. Office : 8-2-601, Road # 10, Banjara Hills, Hyderabad – 500 034
Twenty Fourth Annual General Meeting on Monday 27th September, 2010, at 4.00 pm

**Form of
Proxy**

I / We of in the district of being a member / member of HBL Power Systems Limited hereby appoint of in the district of or failing him of in the district of

as my / our proxy to vote for me / us on my behalf at the **Twenty Fourth Annual General Meeting of the Company to be held on Monday, 27th September, 2010 at 4.00 pm .**

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

Affix Re. 1/-
Revenue
Stamp

Name :

Address :

*Applicable if shares are hld in electronic form.

Signature :

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



HBL Power Systems Limited

