



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

**CIN : L36999TN1961PLC004606**

***Registered Office***

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**Speech of**

**Sri. N. Gopalaratnam, Chairman**

at the 56<sup>th</sup> Annual General Meeting of  
the Company on Saturday, the 5<sup>th</sup> August 2017  
at New Woodlands Hotel Pvt. Ltd.,  
No. 72-75, Dr. Radhakrishnan Road, Mylapore,  
Chennai - 600 004.

**Dear Shareholders,**

It gives me immense pleasure in welcoming you all to the 56<sup>th</sup> Annual General Meeting of your Company. The company's Annual Report and Audited Accounts for the year ended March 31, 2017 have been with you for some time now and with your consent I shall take them as read.

### **ECONOMY**

Moderate global trade, subdued investment and heightened policy uncertainty marked another challenging year for the world economy.

As per International Monetary Fund (IMF), the global growth was estimated to be at 3.1 % in 2016. The growth could have been better, had it not been for the anaemic performance in advanced economies.

The year also witnessed events, defined by political shocks in advanced economies that impacted economies all over the world - first, the decision by the United Kingdom electorate in June 2016 to leave the European Union, followed by the United States Presidential election in November 2016.

Both the events had ramifications well beyond their borders and will continue to have implications in 2017 and beyond.

The picture in emerging markets and developing economies around the world remained diverse. The growth rate in China was one of the slowest in the last twenty six years. However, it was within the



Government's target and a bit stronger than the expectations. Strong fiscal support and a booming property market were the main factors that drove China's economic growth in 2016.

The Latin American countries, such as Argentina and Brazil, were in recession.

Oil prices increased during the year, reflecting an agreement among major producers to trim supply. The Russian economy has responded well in the last two years to the dual shocks of collapsing oil prices and the continuation of Western sanctions. Activities in Russia were slightly better in 2016 owing to firming up of oil prices.

With strong infrastructure and real estate investment in China as well as the expectation of fiscal easing in the United States, prices for base metals also strengthened during the year.

In India, against the backdrop of robust macro-economic stability, the year was marked by two major domestic policy developments, the passage of the constitutional amendment paving the way for implementing the transformational Goods and Services Tax (GST) and the action to demonetise the two highest denomination notes in the country.

With respect to GST, we broadly know that it is going to be positive for the organized sector. However, it is expected to have teething troubles in the initial phase and the impact of the same on earnings is yet to be ascertained.

Demonetisation had a short-term impact but is expected to provide long term benefits.

These developments cemented India's reputation as one of the few bright spots in an otherwise grim global economy.

India is not only amongst the world's fastest growing major economies, underpinned by a stable macro-economy with declining inflation and improving fiscal and external balances, but also one of the few economies embarking on major structural reforms.

As per Asian Development Bank, the growth in Indian economy for the year 2016 was at 7.1%.

This was below the 7.9% growth in 2015, partly due to currency demonetisation.

The Indian stock markets braced the odds of Brexit, Presidential election in the United States and the demonetisation.

In short, as Organisation for Economic Co-operation and Development (OECD) puts it succinctly : "Outlook for Global Economy is better, but not good enough."

### **Performance Highlights (2016-17)**

#### **Silver Zinc Batteries**

The Company registered a turnover of Rs. 4086.12 lakhs as against Rs. 1961.83 lakhs during the previous year. Timely clearance by Defence Laboratories of development orders for production and receipt of major orders from Navy enabled our achieving the increase in turnover.



### **Nickel Cadmium Batteries**

The Company clocked a turnover of Rs.412.57 lakhs as compared to Rs.183.01 lakhs during the previous year. Receipt of orders from Airforce and despatch of industrial batteries against orders already on hand resulted in achieving this higher turnover.

### **Lead Acid Batteries**

The Lead Acid Battery Division recorded a turnover of Rs.184.48 lakhs as against Rs.90.70 lakhs achieved during the previous year. Unremunerative prices in the midst of stiff competition from established players and hesitation of private labelers to lift batteries resulted in the hold up of production during major part of the year. Delay in the receipt of receivables had also been a major factor for hampering production.

### **Export**

Despite our best efforts the company could achieve a turnover of Rs.80.40 lakhs during the year.

### **Research and Development**

Our Research and Development division is continuing to contribute in the development of batteries for missile systems. As mentioned in our earlier report, process improvements based on customer requirement were also undertaken in co-ordination with defence development laboratories. Some of the batteries developed for missiles have gone for production phase.

### **Dividend**

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

## **Current Year (2017-18)**

### **Silver Zinc Battery Division**

With a comfortable order position of Rs.50 crores plus on hand and sizable orders at around Rs.20 crores in the pipeline the company hopes to achieve profitable operations this year.

### **Nickel Cadmium Battery Division**

This Division catering to Airforce and industrial segments is likely to continue the turnover at the same level of Rs.4 – 5 crores.

### **Lead Acid Battery Division**

For Lead Acid Batteries, the company has set a Turnover target of Rs.10-12 crores per annum mainly through Private Labelling (PL) segment.

12V65Ah and 12V26Ah VRLA type batteries are the main identified products for use in UPS and as back-up for remote area residential lighting sourced by our PL customers.

Further, batteries for Electric Vehicle (especially e-rickshaw) and solar lighting will be added to our product range and marketed through PL and / or major distributors in bulk.

### **Export**

In Export, our proposals are in advanced stage of finalization with our customers but the receipt of orders is getting delayed on account of the various procedural formalities to be complied with by the importers in their respective countries. In view of this, the company expects to receive export orders during the fourth quarter.



## **DIRECTORATE**

The Board of Directors reappointed Dr G A Pathanjali as Managing Director for a further period of three years from April 1, 2017.

The Life Insurance Corporation nominated Mr Rajeev Chaturvedi, Executive Director (RTI) in place of Mr.Rajkumar. The Board inducted Mr.Rajeev Chaturvedi as Nominee Director, LIC.

Your Directors place on record the valuable services rendered by Mr.Rajkumar during his tenure as Director of the company.

## **AUDITORS**

M/s R Subramanian and Company LLP, Chartered Accountants, Chennai shall cease to hold office at the conclusion of this 56<sup>th</sup> Annual General Meeting having regard to the provisions of Section 139 (2) of the Companies Act 2013. Your Board wish to place on record the excellent professional services received from them all along.

M/s Maharaj N R Suresh & Co has been appointed as the statutory auditors of the company to hold office for five years from the conclusion of this 56<sup>th</sup> Annual General Meeting and till the conclusion of 61<sup>st</sup> Annual General Meeting.

Accordingly requisite resolution for approving the appointment of M/s Maharaj N.R Suresh & Co is proposed in the manner stated in the Notice for the 56<sup>th</sup> Annual General Meeting.

## **ACKNOWLEDGEMENT**

I wish to express my special thanks to my colleagues in the Board for their guidance and advice which enabled our company to steer through these challenging times.

I also wish to place on record the excellent support extended to the Company by Defence Departments, DRDO, NSTL, RCI, BrahMos, VSSC, Overseas Customers and our consortium of Bankers Viz., UCO Bank, Indian Bank and Canara Bank.

I further wish to place on record my sincere appreciation to all employees of the Company for their continued contribution to the company.

And to you, our Shareholders, I am deeply grateful for the confidence and faith that you have always reposed on us and solicit your continued support.

I now move for adoption of the Board's Report, Auditors' Report and the Accounts.

I shall be glad to furnish any clarification, as may be required by the Members on the Accounts of the Company.

Thank you,

**05-08-2017**

**N. GOPALARATNAM**

Chairman

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Note : This does not purport to be a record of the proceedings of the 56<sup>th</sup> Annual General Meeting of the Company.