

# HIGH ENERGY BATTERIES (INDIA) LIMITED

Annual General Meeting

Saturday - Aug 07, 2021

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## Chairman's Speech

**Dear shareholders,**

I extend a warm welcome to all the shareholders to the 60<sup>th</sup> Annual General Meeting of the Company in its Diamond Jubilee Year. I am glad that your company achieved the best ever performance in its annals, this year overcoming multitude of challenges posed by the global pandemic situation.

I am sure the video presentation that you just witnessed, would have provided you with an insight of our business philosophy and our passion for pursuit of technological solutions for meeting the energy needs of the Country's defence forces.

I am indeed proud that our company and its R&D Labs., over the years are fully equipped and focused, to take on the technical and technological challenges, in pursuit of meeting the stringent and complex requirements of many of the strategic Defence related high power, high energy batteries involving

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

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---

widely varying chemistries such as Silver Oxide Zinc, Nickel Cadmium, Magnesium Chloride and Cuprous Chloride. This enables the Company to design and manufacture batteries for Mission Critical platforms like Torpedoes, Fighter Aircrafts, Supersonic Missiles, Army Battle Tanks, Unmanned / Autonomous Vehicles and Satellite Launch Vehicles.

Coming back to our business on hand, the second wave of COVID 19 has prompted Corporates to conduct the AGM through Video Conference (VC) mode. This gives an opportunity to interlink with shareholders from far-off locations and therefore is welcome though I miss the personal interaction and warmth of a physical meeting.

The Company's Annual Report and Audited Accounts for the year under review have been with you for some time, circulated through electronic means. With your kind permission, I would like to take them as read.

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

**Annual General Meeting**

**Saturday - Aug 07, 2021**

---

### **ECONOMY**

The IMF, in its report, has projected an optimistic global outlook for 2021. However, there is an uneven recovery between advanced economies and emerging market economies. This global outlook is subject to the outbreak of the third wave of COVID-19 and its impact on several nations, who are struggling to vaccinate its population, speedily.

The Union Budget, presented in Feb 2021, has allocated Rs. 4.78 lakh crores for defence including Rs. 1.35 lakh crores out of the above, for purchase of weapons and military hardware. A focused, structured defence production and export promotion policy is made to give thrust to defence production capabilities of the country towards self reliance. The Government has also announced two dedicated Defence Industrial Corridors - one in Tamil Nadu and the other in Uttar Pradesh to provide the needed thrust for domestic defence manufacturing.

# HIGH ENERGY BATTERIES (INDIA) LIMITED

Annual General Meeting

Saturday - Aug 07, 2021

---

## **COVID 19**

The second wave of COVID 19 has affected the working of current year due to lockdown. However, our company being a defence oriented industry was given permission to continue to work with reduced level of employees. This helped us to achieve reasonable results.

## **Performance review**

A turnover of Rs.77.53 crores was achieved as compared to Rs.61.66 crores last year. The Company has achieved this performance, despite delays in material availability, customer inspection clearance, availability of testing facility as required and so on.

At the end of my address, our Managing Director will make a short Power Point presentation on the Company's performance for the year 2020-21.

## HIGH ENERGY BATTERIES (INDIA) LIMITED

Annual General Meeting

Saturday - Aug 07, 2021

---

I am glad to inform the Shareholders that in the Diamond Jubilee year your company achieved a profit of Rs 18.33 crores PAT out of a PBT of Rs 23.98 crores, the highest the company had achieved so far.

For the Lead Acid battery division and its operations, a revival plan is still eluding, as the second wave of Covid had hampered the process.

As mentioned in the last year Annual General Meeting, the development of Heavy Weight Torpedo Battery using advanced design of silver zinc electrochemistry, was completed and the company expects production in this current year.

### **Dividend**

I am sure, the Shareholders will be happy to note that the Directors have recommended payment of Dividend at 100% and a Special dividend of 50% to commemorate the Diamond Jubilee year of our company, totaling to 150% for the year 2020- 21.

## HIGH ENERGY BATTERIES (INDIA) LIMITED

Annual General Meeting

Saturday - Aug 07, 2021

---

### Current Year (2021- 22)

The Second wave of Covid-19 impacted the planned production in the 1<sup>st</sup> Quarter due to delays in production, inspection and testing. However, as mentioned earlier, Government extended special concession to our company being a defence related industry, that helped us to lessen the impact of Covid in the 1<sup>st</sup> Quarter.

Q1 Results were reviewed by the Board yesterday and the details are as under:

	<b>Q1 of 2021-22</b>	<b>Q1 of 2020-21</b>	<b>Year 2020-21</b>
	<b>Rs. Lakhs</b>		
<b>Turnover</b>	1075.24	388.26	7783.47
<b>PBT</b>	159.19	(208.87)	2398.52
<b>PAT</b>	116.81	(158.74)	1832.93

## HIGH ENERGY BATTERIES (INDIA) LIMITED

Annual General Meeting

Saturday - Aug 07, 2021

---

With the orders on hand and also further orders in the pipeline, the company has planned to turnout sound results in the current year as well.

During the current year, as part of our continued R&D efforts, we undertake the development cum supply of an advanced high power / high endurance silver zinc battery.

### **Diversification**

Government of India provides thrust on Advanced Cell Chemistry (ACC), towards e-mobility and non-fossil fuel alternatives which throws open opportunities for Li-Ion Cell manufacture/ Battery Pack Assembly and/ or components manufacture.

However, minimum investment required to be made in the Li-Ion cell manufacture is substantial, in excess of Rs.500 crores. Our company therefore, is looking for opportunities for Battery pack assembly to begin with. As a spin off , this will provide us an opportunity to work on Battery 2<sup>nd</sup> life requirements i.e., reclassification from EV use to other low end applications.

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

**Annual General Meeting**

**Saturday - Aug 07, 2021**

---

Our company is in discussion with a reputed Fuel Cell manufacturing firm overseas. The plan is at a nascent stage.

### **Directors**

Mrs. Lalitha Lakshmanan, Independent Woman Director is reappointed for second term of 5 consecutive years considering her effective contribution. Necessary resolution is placed in the Annual General Meeting for Shareholders approval.

Mr.N.Gopalaratnam, retires by rotation, at this AGM and being eligible, offered himself for reelection.

### **Acknowledgement**

I consider myself fortunate to head the Board which has eminent Directors, who display keen interest in the affairs of the Company and whose timely advice, counsel and guidance, many a time, have helped the Company to steer clear of difficult situations. To them goes my special thanks.



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

**Annual General Meeting**

**Saturday - Aug 07, 2021**

---

I also wish to place on record the excellent support extended to our Company by Defence Departments, DRDO, ISRO, VSSC, NSTL, RCI, ASL, BrahMos, ADE, BDL, ADA, CVRDE, Indian Army, Indian Air Force, Indian Navy, Overseas Customers, LIC 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 the employees of the company for their continued contribution to the company.

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

My thanks are equally due to various departments of Central and State Governments.

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

**Annual General Meeting**

**Saturday - Aug 07, 2021**

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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 Ladies and Gentlemen for your patient hearing.

**August 7, 2021**

**(N GOPALARATNAM)**

**Chairman**

***(This does not purport to be a record of the proceedings of the 60<sup>th</sup> Annual General Meeting)***