



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

**CIN : L36999TN1961PLC004606**

***Registered Office***

**"ESVIN HOUSE", PERUNGUDI, CHENNAI-600 096.**

**Phone : 044-24960335, 39279318.**

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

**Speech of**

**Mr. N. Gopalaratnam, Chairman**

**at the 57<sup>th</sup> Annual General Meeting of  
the Company on Saturday, the 28<sup>th</sup> July 2018  
at New Woodlands Hotel Pvt. Ltd.**

**No. 72-75, Dr. Radhakrishnan Road, Mylapore,  
Chennai - 600 004.**

**Dear Shareholders,**

I have great pleasure in welcoming you all to the 57<sup>th</sup> Annual General Meeting of the company. The Annual Report for FY 2017-18 has been with you for some time and with your permission I take it as read.

## **ECONOMY**

The financial year 2017-18 has been favourable for the global economy with broad-based and synchronised growth across most countries. While the developed economies of the USA and Europe witnessed further consolidation, pushing the global GDP growth rate to 3.7%, the emerging economies exhibited resilience, benefitting from global trade and the rebound in commodity prices. China remained buoyant despite tightening of liquidity and slowdown in the booming property as well as financial markets. Global inflation stayed within control and at relatively modest levels, though some key central banks, including the US Fed, tightened policy rates to sustain robustness in investments and induce industrial activity and international trade.

Although the world economy saw good growth, political discourse leaned towards trade protectionism. There has been rising speculation around rebalancing of trade surpluses, specifically by the USA – the economy that has gained the most from globalization. Significant announcements were made by major world economies in the last quarter of FY 2017-18, increasing trade barriers to protect their domestic industries.



FY 2017-18 has been a watershed year in the domestic economy with the Government of India effecting a unified tax regime, Goods and Service Tax (GST), from July 2017. The implementation of GST will create a single marketplace, enabling supply chain efficiencies over the long-term. However, the first year of its implementation, as anticipated, witnessed disruptions in supply chain, working capital constraints and greater compliance responsibility, especially for small and medium enterprises. Consumer sentiments were subdued for most of the financial year. While the economy witnessed a revival in activity in the second half, the overall annual growth stood at 6.5% for FY 2017-18, lower than 7.1% for FY 2016-17.

The manufacturing sector's performance, suffering from GST induced de-stocking, was volatile. Capital investment remained weak owing to modest capacity utilization hindering the confidence to sanction fresh outlays. An increase in the stressed assets of the banking sector further impacted the industrial sector with cost of credit going up significantly. Rise in crude oil prices and shortfall in Government revenues led to widening fiscal deficit with the Central Government missing the deficit target for FY 2017-18. Although all these pressures worsened the macroeconomic conditions, there were some noteworthy positives which offer hope for revival in economic growth. The Government firmly pushed ahead its reform agenda with substantial movement on GST, the Indian Bankruptcy Code and implementation of Real Estate Regulations (RERA), among others.

Taking note of these developments, Moody's raised India's rating from the lowest investment grade of Baa3 to Baa2 and changed the outlook from stable to positive in November 2017. This was India's first rating upgrade in 14 years.

### **PERFORMANCE HIGHLIGHTS (2017-18)**

The Company has turned around and clocked a better turnover of Rs.5937.11 Lakhs as compared to Rs. 4718.99 Lakhs in the previous year and is poised for further growth in coming years.

#### **SILVER ZINC BATTERIES**

A turnover of Rs. 4824.16 Lakhs was achieved during this year against Rs. 4100.24 Lakhs during the previous year. Major orders received from Navy and completion of development of Missile batteries, contributed to the higher turnover.

#### **NICKEL CADMIUM BATTERIES**

As usual, orders from Air force were received and the division posted a turnover of Rs. 226.45 Lakhs against Rs. 412.58 Lakhs in the previous year. This division is kept to serve Indian Defence for the fighter Aircrafts, where we have type approvals.

#### **LEAD ACID BATTERIES**

Even though the turnover achieved is Rs.886.50 Lakhs against Rs.206.17 Lakhs in the previous year, this division could not breakeven, in view of underutilization of the plant on account of unremunerative prices.



## **EXPORT**

Due to non-receipt of orders from a couple of customers the company could achieve a turnover of Rs.30.02 lakhs only as compared to Rs.80.40 lakhs in the previous year.

## **DIVIDEND**

Though our company has achieved a reasonable profit, the Board is unable to recommend any dividend, as the company has to set off earlier years' losses.

## **CURRENT YEAR (2018-19)**

### **SILVER ZINC BATTERIES**

Silver Zinc division has sizeable orders on hand for about Rs. 60 Crores and expects good turnover resulting in profitable operations during the current year. Some of the successfully completed development programs have resulted in further supply orders especially for the prestigious Tejas (LCA) program and Missile programs.

### **NICKEL CADMIUM BATTERIES**

This division has received orders for batteries for Sukhoi – Fighter Aircraft, and is expected to maintain a turnover of Rs. 3–4 Crores.

## **LEAD ACID BATTERIES**

Customers for VRLA battery, e-rickshaw (EV) and Solar lighting batteries require open ended credit for placing orders on us. The company is examining the feasibility of this credit extension and achieve break-even in the current year.

## **EXPORT**

Orders for silver zinc batteries from couple of customers are in the advanced stage of finalization. Our participation in DEFEXPO 2018 during April 2018 at Chennai has attracted the attention of overseas customers and we are receiving enquiries from new overseas customers. The company hopes to receive sizeable orders in the third and fourth quarters of the year.

## **RESEARCH AND DEVELOPMENT**

Our Research and Development division continues to develop and improve batteries for Missile system. Recently, we have been successful in getting orders for the development cum supply of high power, high energy battery for our Indian future program of Torpedoes. Also, Air version of battery for BrahMos is under Qualification and is likely fetch good orders. The policy "MAKE IN INDIA" and the new developments initiated by DRDO for self reliance help us to achieve and sustain our technical superiority and provide good commercial opportunity. We are also receiving queries from foreign customers for our participation in their offset programme.



## **DIVERSIFICATION**

The company is examining the advisability of creating appropriate in house facility for manufacture of Pocket Plate Nickel Cadmium Battery for railways and other applications, with requisite investment. This will help to achieve self-sustainability of the Nickel Cadmium division.

Further, for production of Lithium Battery, the company has submitted "Expression of Interest" to the government through VSSC and DRDO Laboratories. The company is also participating in the development of Lithium Battery by one of the DRDO laboratories.

The company has further initiated Development Programme for developing Lead Acid batteries for Army Vehicles and is exploring avenues for development of special type of batteries for other defence applications.

## **DIRECTORATE**

I regret to inform the sad demise of our Director, RAdm S Mohapatra on 10.02.2018. Mr. Mohapatra held eminent positions in Indian Navy, DRDO and BrahMos. He participated effectively in the Board Meetings and guided our technical team to contribute for the development of Torpedo Battery to Navy. We remember him fondly and express our gratitude for his immense contribution to the nation and the company.

## **ACKNOWLEDGMENT**

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, ISRO, NSTL, RCI, ASL, BrahMos, ADE, VSSC, ADA, CVRDE, Overseas Private Sector 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 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,

**28-07-2018**

**N. GOPALARATNAM**

Chairman

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Note: This does not purport to be a record of the proceedings of the 57<sup>th</sup> Annual General Meeting of the Company.