



HIGH ENERGY BATTERIES (INDIA) LIMITED

Transcript of the Proceedings of the 59th Annual General Meeting of the Company held at 11.00 A.M. on Saturday, the 29th August, 2020 through Video Conference (VC).

Welcome Address – Mr N Gopalaratnam, Chairman

Good morning,

I extend a very warm welcome to all our shareholders for this 59th Annual General Meeting of the Company. Hope you are all keeping safe and healthy and as you are aware that the meeting is being held through video conference in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI.

This Video Conference gives me an opportunity to reach out to shareholders from far off geographical locations and therefore is a welcome mode for this meeting.

For safety reasons, each of us is in a different location. I am joining this AGM from our office at Erode. For this Annual General Meeting we have all the directors present in different location. Before we start the main proceedings of the meeting, I request the Board members, to introduce themselves.

Accordingly, the Directors introduced themselves to the shareholders present:

Mr N Gopalaratnam: I am N Gopalaratnam, Chairman of the Company, by virtue of Articles of Association, I am Chairman for this Meeting

Mr A L Somayaji: I am A L Somayaji, Chairman of the Audit Committee and Nomination and Remuneration Committee. I am joining this meeting from my office at Chennai.

Cmde R P Prem Kumar: Mr Prem Kumar joined the meeting, but due to some technical difficulties, he was not audible.

Mr M Natarajan: I am Natarajan, Independent Director, Member of the Audit Committee. I am operating from my home in Tirunelveli.

Mrs Lalitha Lakshmanan: I am Lalitha Lakshmanan, Independent Director. I am operating from my home in Chennai.

Dr Vijayamohan K Pillai : I am Vijayamohan K Pillai, Independent Director, I am joining this meeting from my house at Tirupati. Thank you.

Mrs Jayashree Ajit Shankar: I am Jayashree Ajit Shankar, Nominee Director of Life Insurance Corporation of India. I am participating this meeting from my residence in Delhi.

Dr G A Pathanjali; I am Pathanjali, Managing Director. I am joining this meeting from Chairman's office at Erode.

Mr M Ignatius: I am Ignatius, Director (Operations). I am joining this meeting from Chairman's office at Erode.

Apart from our Directors, our Statutory Auditor, our Internal Auditor, our Secretarial Auditor and the Scrutiniser for the meeting, have also joined this meeting. I will request them to introduce themselves.

Mr N R Suresh: I am N R Suresh, partner of M/s. Maharaj N R Suresh and Co. Statutory Auditor of the Company and I am participating from my office in Chennai.

Mr R Prakash: I am R Prakash, partner M/s. R Subramanian and Co LLP, Internal Auditor of the Company. I am joining this meeting from my office at Chennai.

Mr K Karthikeyan – Secretarial Auditor (M/s. B K Sundaram & Associates) – Due to some technical glitch in connectivity, Mr Karthikeyan could not introduce himself, the Chairman then called Mr A S Kalyanaraman, the Scrutinizer.

Mr.A.S.Kalyanaraman: I am A S Kalyanaraman, Scrutinizer for the e-voting process. I am joining this meeting from Chennai.

Chairman: In addition we have Mr S.V.Raju, Company Secretary and Mr Swaminathan, CFO in attendance. I request all the Panellists to 'mute' themselves. As of now, nearly 32 shareholders has joined the meeting through video conference. Hence we have the requisite quorum present through video conference to conduct the proceedings of this meeting.

Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by the MCA with regard to section 103 of Company Act 2013. The quorum being present, I call this meeting to order.

I now request Dr G A Pathanjali, Managing Director of the company to provide general instructions to the members regarding participation in this meeting. Mr Pathanjali, please.

Dr G A Pathanjali, Managing Director

Good Morning to all.

- (i) Shareholders may please note that this 59th AGM is being held through Video Conference (e-AGM) in accordance with the Companies Act, 2013 and circulars issued by MCA and SEBI.
- (ii) Facility for joining the meeting through Video Conference is made available for the shareholders on first come, first served basis. In the case of our Company, all our shareholders desiring to join the AGM would be able to do so.
- (iii) The facility for joining the meeting was opened at 10.30 A.M. which is 30 minutes before the time scheduled to start the meeting. It will be kept open for joining till the meeting is closed by the Chairman.
- (iv) This being an e-AGM, physical attendance of shareholders is dispensed with. Attendance through Video Conference would be reckoned for the purpose of quorum. Further, the facility for appointment of proxies by the shareholders is not applicable for this e-AGM. Hence, the proxy register for inspection is not available.
- (v) The Register of directors, Key Managerial Personnel and the Register of contracts or agreements are made available electronically for inspection by the shareholders, during the AGM. Shareholders desirous of inspecting such documents may send their request to hebcnn@highenergy.co.in
- (vi) The company has received requests from a few shareholders to register them as speakers at the meeting. Accordingly the floor will be open for them to ask questions or express their views. The moderator will facilitate this session once the Chairman opens the floor for the same. The Company reserves the right to limit the number of shareholders asking questions depending upon the availability of time at the AGM.
- (vii) Shareholders can also post their views or questions on the 'chat box' of the Video Conference screen, at any time during the meeting. The Company would respond to them at the meeting and / or through e-mail.

- (viii) The Company had provided Remote E-voting facility for shareholders to cast their votes electronically on all the resolutions set forth in the Notice. This was closed on 28th August 2020 at 5.00 pm. Shareholders who have not cast their vote yet and are participating in this meeting, may cast their votes during the meeting through E-voting system provided by CDSL. Shareholders can click on the EVSN 200801014 in the CDSL E-voting system already logged in, to avail this facility.
- (ix) Shareholders are requested to refer to instructions provided in the AGM Notice, for seamless participation through Video Conference. In case they face any difficulty, they may reach out on the helpline contact provided in Page 8 (Sl.No.8) of Annual Report.

Thank you

Chairman

Mr. A L Somayaji, Chairman of the Nomination and Remuneration Committee and the Audit Committee of the Board and myself as Chairman of the Stakeholders Relationship Committee is present through VC at the meeting.

The Company has taken all feasible efforts under the current circumstances to enable members to participate through video conference and vote at the AGM. I thank all the members, colleagues on the Board and auditors for joining this meeting over video conference. I hope all of you are safe and you are in good health.

With that, I would like to deliver the customary "Chairman's Address".

Chairman's Speech

Dear Shareholders,

I extend a warm welcome to all the shareholders to this 59th Annual General Meeting of the company. The Annual report and the Audited Accounts for the year under review, have been with you for some time now, with your consent, I would like to take them as read.

As I had said earlier, this meeting is being held through video conference mode and it gives me a great opportunity to connect with shareholders from far off locations, as well.

This meeting is being held in the thick of onslaught of COVID-19 virus which has triggered a global crisis like no other. Numerous lives have been snatched away, livelihoods of millions of people are in peril and economies of mighty nations have battered. World Bank's Global Economic outlook predicts that 90% of the countries in the world will go into recession in the coming months.

Indian Economy was slowing down even before spread of Covid-19 and is currently looking at its fourth recession since independence.

The India's GDP is set to contract by about 10% in the current year, while the World Economic Outlook growth projections – forecast a 4.9% contraction for the World output. Barring China, all other nations, Advanced Economies as well Emerging Markets and developing economies are set to face negative growth this year.

India is no exception. The economic impact of Covid-19 has been substantial and broad-based. The near-term growth outlook in India continues to be clouded by the global and domestic slowdown and uncertainties relating to containment of Covid-19.

While economic recovery has been brisk in China, Taiwan and South Korea, it has been so far dull and muted in India.

While Covid-19 cases remaining unabated, the need to maintain lockdown in most of the places is inevitable. Economic recovery cannot be achieved without containment of Covid-19 cases.

The Reserve Bank of India foresees the economic contraction triggered by Covid-19 extending to second quarter as well, as the shock to consumption has been severe. Revival of demand is the key to promote economic recovery and Govt consumption alone can trigger this. Private consumption can follow only if Govt induced recovery takes shape.

Thankfully, your company is operating in the defence sector and therefore is somewhat insulated from this huge down-turn in the economy, triggered by Covid-19.

Recent Developments:

There have been some favourable developments in the recent months which are likely to be of benefit to the Company. They are:

- Policy intervention of Govt of India to rescue the MSME sector from total collapse.
- Hon'ble Finance Minister has announced slew of measures, including re-classification of MSME sector on the basis of investment and turnover etc. MSME units are now eligible for credit facilities from banks at lower interest rates, subordinate debt provision, equity infusion, exclusive access to Govt tenders, incentive schemes for exports etc.
- Our Company is now classified as MSME small and is therefore eligible for the aforesaid benefits etc. Further, Govt recently announced that Global Tenders are disallowed upto Rs.200 crores for Govt contracts exclusively for domestic participation.

Performance review:

A turnover of Rs.61.66 crores was achieved this year against Rs.45.65 crores last year. The Company had to suspend the operations due to lock down imposed on 24th March 2020. This resulted in non-dispatch of items produced during March 2020.

The Silver Zinc division achieved a turnover of Rs.60.32 crores against Rs.40.72 crores in the last year. Since the Government had opted for rate contract for Ni-cad batteries, the company could achieve only a turnover of Rs.0.81 crores due to the procurement in a staggered manner.

Despite lockdown imposed by the Govt., in the last week of March, which hampered the dispatch process significantly, the company could achieve a turnover of Rs.60.32 crores, which is the highest over the years in our Silver zinc division. Also, the PBT of Rs.8.81 crores and PAT of Rs.5.13 crores is the best achieved so far since the inception of the company.

Current Year (2020-21)

The impact of Covid-19 continued to impact 1st Quarter performance, since, the company could resume operations only by May 20, 2020 that too with 15% attendance. The Company's operations in Q1, yielded a loss of Rs.1.58 crores. Despite these setback, we are confident of achieving higher turnover and profits in FY 2020-21.

Diversification

The Company is looking for opportunities to diversify into Lithium Ion, other alternative chemistries and holding discussion with various agencies. Further, the company is trying to identify opportunities in related fields, in the wake of “**Aatma Nirbhar**” campaign.

Directors

Mr.R.Vaidyanathan, who was in our Board since 1961 and stepped down on health grounds during Nov 2019, passed away on 12.07.2020.

We remember him fondly and express our gratitude for his effective participation in the Board Meetings.

The Board of Directors reappointed Dr G A Pathanjali as Managing Director of the Company for a further period of 3 years from 1st April, 2020.

Necessary resolution is placed in the AGM for Shareholders approval.

Acknowledgement

I wish to express my special thanks to all 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 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.

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.

Chairman: I now request the Managing Director, Dr G A Pathanjali to do a short presentation on the performance review of the year under review. He will also help you to see the Company's products in his presentation and the projects that we are currently handling, over to Dr Pathanjali.

Presentation made by Dr G A Pathanjali, Managing Director:

Thank you, Chairman.

Mr S Viswanthan, (21.12.1915 – 22.07.2001) Founder Esvin Group With the profound gratitude that the company as well as products to our founder chairman who fought with and represented with even pentagon in the US and brought this technology to this country, which the nation is highly benefited over the last 4 decades and the benefits up to the years to come as well. He was such a Visionary and Karmayogi to all people who are very close to move with them. With this I will start the presentation. We belong to the Esvin Group of Company where the mother company is Seshasayee Paper and Boards Limited and the other group companies is Ponni Sugars (Erode) Limited, High Energy Batteries (India) Limited, SPB Projects and Consultancy Limited and Esvin Advanced Technologies Limited. For the benefit of those who are not able to see nearby, for those who have not visited our plant near Tiruchirapalli at mathur village, I would like to share a small presentation about the plant, the location, the products and also a brief review about the recent developments that we have done and what is here in stock for the coming years.

HEB:

This is our plant established in the year 1979 at Mathur village near Thiruchirapalli in the district of Pudukottai for the manufacture of defence products mainly Silver Zinc Batteries for Air Craft Applications and then from here we graduated to the navel batteries and today we are in a position to cater batteries for many of the defense application especially the strategic propulsion systems including flight trackers, under water propulsion, missile application and the latest.

HEB R & D Laboratories

This is the R & D centre which was established for requirements for developments of new products and the definition of the processors that go with the products. This is our plant located near our Mathur factory. It is an R & D Centre where we develop the new batteries, define the processor that go with the system and work on the new systems as well. In this campus we have got a full-fledged electrical as well as dynamic test centre. Many of the naval batteries, even for the user requirements are brought in, and then tested and cleared.

HEB Lead Acid Battery Plant

This is our Lead Acid Battery Plant started in the year 2009 for the manufacture of conventional Lead Acid Battery for Automobile and UPS applications. However as mentioned, for the last year we temporally suspended the operations and we are looking for revival of this during this current year.

Performance Highlights 2019-20

1. During the period 2019-2020 this is the highest turnover done in the Silver Zinc Division right from inception.
2. PBT and PAT are the highest since the inception of the company.
3. The company has produced Silver Zinc Batteries for navy especially the NSTL which is the development wing of the navy for torpedo applications, systems used in the Silver Zinc Application as well as high power pile type constructions silver oxide zinc batteries and also batteries for the BrahMos and other DRDO missile requirements.
4. Recently efforts are on as the EV and other program are picking up and lot of trust is there we are looking for a Tie-up with a Partner for Li-Ion Technology.
5. We are also working on special R & D Program more from the research point of view not into full development with IIT Chennai on the flow battery. It will take lot more time and not immediate.
6. We are working on the Development cum performance evaluation on the Torpedo propulsion for heavy weight applications, which is an ab initio program of our Indian Defense requirement through our development agencies NSTL, Vizagapatam.

7. We have also carried out stimulated sea trials of light weight torpedo which the navy does not have the facility and at the same time going for an actual field trials and not able to get the required data feedback. So it is done in a simulated condition at our works and we have set up the needed facility for doing the same and satisfactorily we have completed the trial on this. A short video clipping on this will follow.

FUTURE TORPEDO BATTERY SECONDARY SILVER OXIDE ZINC BATTERY

This is the future torpedo which we are working in the last couple of years we have worked and in the end of last financial year we are able to demonstrate the performance of this secondary type batteries and this is for DRDO (ie) NSTL heavy weight torpedo applications. These heavy weight torpedoes can be fired from ship or from submarine. These are the very powerful tools especially for navy and by having these developments done especially when the platform and other things get ready, our country will get paced much much higher in the global scenario . Because already we are one of the few countries namely with in the 5 or 6 countries who have such capabilities. And by this our capability will get further enhancement as well.

PRODUCTS AND APPLICATIONS

Chart to insert

AT1ME AIR DROPPABLE TORPEDO BATTERY

This is the view of Air Droppable Torpedo. This is indigenized during 1997 and we have supplied over 200 batteries, it is further upgraded also. Normally we work on the initial development and then work on midlife improvement or development. So in that case much better performance level to the user especially the navy.

SUT TORPEDO BATTERY

This is a Torpedo battery which we have been regularly supplying since 1996. After we got fully inducted into service the combat version since 1991 and we have supplied over 250 batteries and even for the upgraded platforms the battery has been standardized since the performance level are very good and recently also we have supplied over 75 batteries for the upgraded versions.

A244S TORPEDO BATTERY

This is for a imported version where we worked with the torpedo manufacturers through an offset program. We supplied the batteries for the platform. It is for the Italian A244S developed and

supplied to our Indian Navy by the White head Elina Italy and we have supplied over 150 batteries for this application. All these batteries has been qualified in the Italy as well as in our Indian and they have been inducted into service and recently we have got a repeat order for these batteries for again because these batteries are having distinct self-lives of around 5 years to 7 years some of the missile battery up to 10 years. So the replacement cycle start once the life period is over irrespective of the usage or otherwise. So that is how we get the repeat order cycle and the cycle has started. So current year as well as the upcoming year we will be supplying these batteries to Indian Navy.

ALWT TORPEDO BATTERY

This is for an Indian Torpedo improved development program. This is for an advanced light weight torpedo. By light weight torpedo we mean it can be fired from the ship or from a helicopter. It becomes a very very powerful to even for anti-submarine war requirement it can go very near to the target and then do the job. In this case it has become an advanced one, meaning that it can go for different speeds, different power levels, and higher speed as well endurance. So such of those improvements make it a really advanced and real lethal weapon system.

SUPERSONIC MISSILE BATTERY

These are all the batteries that are developed for the BrahMos Supersonic Missile and we have got a regular orders going even staggered deliveries up to 2024 and we have been regularly supplying these batteries and these batteries have been qualified for all the three versions namely The Army Version, Naval Version and Air Force Version and regular orders are there. The Air Force Version is really demanding as some might be knowing that it has to go through lot of Landing, Take off, High G Levels, High Dynamic Environmental Levels, and all those things we have done and then got qualified. It takes any qualification in our company's for these product takes anywhere between 18 months to 24 months and we have successfully had this regularly started supplying as well.

MISSILE BATTERY SYSTEMS

These are some of the other Missile batteries you could appreciate that all these batteries have unconventional shape and configuration. It all has to fit into the truncated cone portion of the missile at the top or at the belly level. So it will be a tapered or tape soiled type of the construction and we have the capability to design the cells and other systems to match within this envelope and then supply. These are all very ab initio developments. All these developments are both the

systems as well as the batteries are developed within the country and it has given enormous capability, potential to our Indian Nation especially the Missile Program.

Performance Highlights 2019-2020

Turnover

In comparison to last year, last year we had Turnover of Rs. 46.75 crores and from that we have been able to bring it up to Rs 61.66 crores. The fact that we were not able to ship some of the batteries during the fag end of March, even though we were ready but due to Covid and other thing. Notwithstanding this has been our best performance, we want to better it and this year there is a good possibility that we have started working right from the beginning even after the Covid. We will able to do much and better performance this year.

PBT and PAT

As you could see there is a good increase in the PBT. Last year we have good number of difficulties all those things have been overcome and we were able to have a good financial and other planning systems and it has come up with a very good PBT and PAT. Both the PBT and as well as PAT are the best so far from the Silver Zinc Division since the startup of the company.

Finance Cost

Financial Cost has also been brought down in commensurate with the turnover and other things that we have achieved because there has been an increase of around 30% of the operations in terms of the turnover compared to that the financial costs has been maintained and then bought down also, that is the appreciation.

Bank Borrowings

Bank Borrowings has also been brought down by reducing the finance cost as well as the borrowing level of borrowing and it has given a good PBT and PAT achievement.

Liabilities

Liabilities has been brought down and we have been constantly working to reduce the Liabilities further and as we have entered into the MSME Sector we also feel that the payment and other issues from the defense may not pose much of our difficulty for us and equally so, the liabilities all

the current as well as the short term liabilities we will be able to do a good job this year also compared to whatever we have projected this year.

Networth

Net worth has increased to Rs 23.76 crores. Increase of around 60% in the last three years. It is a substantial increase. We look forward to work further and improve it.

Highlights for 2020-21

The development cum performance demonstration of High Power combat version battery where we are going for a short video we have done our latest testing at our factory which should have happened by end of March, due to the Covid it got postponed because the participation from the customers as well as having it done at the external labs, all those things have got inhibited and now without any restriction we were able to do it and we have got achieved a good performance level. There will be a short video that.

There will be a short video on the exercise version of the battery. We are now taking steps, already we gave a good R & D setup for definition as well as working on the battery requirement pertaining to Silver Zinc but we are strengthen it for working on the other system as well.

FUTURE TORPEDO BATTERY - PRIMARY SILVER OXIDE ZINC BATTERY

This is the future torpedo which has been done for the Indian Navy. This has a power in excess of around 300kW. Normally the working that we have done has been into 100kw power or 200kw power and this is one of the things which we have excelled our own levels, meaning that we have gone up to 300kW power, not only that this is a very high voltage system as well. The system voltage is as old as 500volts depending on the load and on a compact mode and it is around 400 volts plus and these are all batteries which is heavily, it's base around 900Kgs including the shell. Just to give an appreciation it uses silver in various forms as the active material to the tune of around 240kgs to 250kgs,so that is the kind of our level can generate .Our endurance is also equally high. We just go to the video presentation on this.

This is the battery which we have done and supplied to the Indian Defense through the Italian source for the Modern light weight torpedo. The battery after supply has completed some of its life and the Indian Navy wanted to have a testing carried out in a stimulated condition, what we call as SST (Stimulated Sea Trials). So if you could see there are two disks at the end where the disks have been replaced for the propeller. If the propeller is there, the torpedo will keep moving.

So instead what we have done is to tie it up to the thing and then has the drag disk. The disk has been designed by us. The entire setup has been designed by us and the tank has got a volume of around 15000 litres of water almost stimulating a sea condition and the entire torpedo has been kept immersed and it has been fed with sea water from outside. All these things we have carried out and the advantage is that we will be able to get the data in house (ie) in a static condition at laboratory rather than missing some of the data out in the sea when it is actually fired from the ship. There are good number of chances the data is not fully realized and fully recovered. These are all the tests that we have done. It is important task and It has taken lot of efforts and there is a good appreciation from the Indian Navy because they are highly benefited.

High Power Battery

This is high power battery. It was mounted on a trolley. The electrical wire and tags is kept outside the plant. All the safety measures and other things have been taken care. It has a water content and other things because after the discharge of the battery for a particular duration still residual capacity will be left and the battery will be very furious giving the power. So the battery is brought to the test condition like this, as I mentioned its weight including the shell and other things around 900Kgs. So this battery we have done so far what we have done has been the best and it gives a power of around 300Kw to 350 Kw and the test went on very well and we have got an order for 4 batteries. The test is over and the next battery is under production now which will go for all environmental, climatic and other conditions followed by a discharge, again similar to this type and then a couple of batteries will go for the actual User Trial, Field Trial and Sea Trial and get inducted. We have a good scope for these batteries in the coming years and we are also confident that it will get completely inducted into the service because the initial performance levels give a very good indication and show the performance levels are being met for the defense and this will took our company and as well as our nation into a good stead.

This is an alternative to the Silver Oxide aluminum battery which the westerners and others are suggesting. By this Silver Zinc Battery the total Indigenization effort not only the indigenous design, the indigenous content is also very high so that is why this battery has got a very good opportunity and benefit. This is a crew enjoying after the factory performance. They have very good team which has done all this and with this I would thank for take part this occasion. Over to Chairman.

(Power Point Presentation appended as Annx –A to this Transcript).

Chairman: Dr Pathanjali, will you now provide a summary of the Auditors' Reports to the shareholders.

Dr G A Pathanjali : The Statutory Auditor , M/s Maharaj N R Suresh and Co and the Secretarial Auditor, M/s. B K Sundaram & Associates, have expressed unqualified opinion in their respective audit reports for the financial year 2019 – 2020. There were no qualifications, observations or adverse comments on financial statements and matters. The Statutory Auditors' report on Standalone financial statements is available on Page no. 51 – 60 of the Annual report and the Secretarial Auditor report is enclosed as Annexure 5 to Board's report on Page no. 48 – 50 of the Annual report. Thank you.

Chairman: As the Notice is already been circulated to all the members, I take the Notice convening the meeting as read.

Before we proceed, I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company had provided you all the facility to cast your vote electronically, on all resolutions set forth in the Notice. The period for 'Remote E-voting' has concluded by 5:00 PM yesterday.

Members who have not cast their vote electronically and who are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by CDSL. Members may please note that there will be no voting by show of hands.

Let me now briefly introduce the resolutions in seriatim.

1. Item No. 1 of the Notice – Adoption of Financial Statements.

The Audited Financial Statements of the Company for the financial year ended March 31, 2020 including the reports of Board of Directors and Auditors have already been provided to the members. As earlier mentioned, there is no qualification or adverse comment in Auditor's report.

2. Item No. 2 of the Notice - Reappointment of Mr M Ignatius, who retires by rotation.

Mr M Ignatius, Whole time director designated as Director (Operations), retires by rotation at this meeting and being eligible offers himself for reappointment.

3. Item No. 3 of the Notice – Re-appointment of Dr G A Pathanjali as Managing Director for a further period of 3 years from 1st April, 2020 by an Ordinary Resolution.

The text of the resolutions along with an explanatory statement has been provided in the Notice circulated to the members.

Eight Shareholders have registered themselves to be speakers at the Meeting. If any member, other than these 8 speaker shareholders, desires to ask any question pertaining to any item on the Notice or with respect to performance of the Company in the FY 2019-20, he / she may do so now, using the 'chat option'. Members are requested to keep their questions brief and specific.

To avoid repetition, the answers to all the questions will be provided towards the end. Members may also note that the Company reserves the right to limit the number of members asking questions depending on the availability of time.

Before we go live with the Q&A, here are some points to note for the convenience of the speaker shareholders. Kindly turn on your video when you are projected on the broadcast screen. Kindly unmute yourself and proceed to ask the question. Please mention your name, Folio Number, and the location from where you are joining. Each shareholder will have two / three minutes for their questions.

Now I request Mr. Santosh Kumar Saraf, to unmute himself and kindly proceed with the question.

1. Mr Santosh Kumar Saraf, Kolkata [1206780000018019]

Mr Santosh Kumar Saraf, Kolkata: Namaskar, Sir.

Chairman: How are you? Nice to see you again.

Mr Santosh Kumar Saraf: I am fine Sir. This is third meeting with you.

Chairman: Yeah, but how many AGMs you have attended so far this season?

Mr Santosh Kumar Saraf: This is 94th.

Chairman: When you are going to attend the Century.

Mr Santosh Kumar Saraf: I think the century meeting of your company.

Chairman: No, No, all my company meetings are over.

Mr Santosh Kumar Saraf: Sir, My home town is Kolkata and so it is not possible for me to go everywhere to attend the meeting. My friend Abishek is in Chennai, you know him very well. I send him to attend meeting in Chennai on my behalf. Mr Abishek used to send the biscuit packets to me after completion of your company AGM. I send my proxy to him to attend in Chennai. Every year in June I visit Bangalore to attend AGMs of companies and after one and half month, I return to Kolkata.

Chairman: What are your questions Mr Saraf?

Mr Santosh Kumar Saraf: There are no questions because everything you had replied, last some time back there were losses, but your chairmanship. This year five crores profit, before that forty three lakhs.

Chairman: When company was making loss that time also I was chairman.

Mr Santosh Kumar Saraf: You have revived very good income. Before company also paid good dividend 40%, 30%. Though that time I was not your shareholder and now I know this company and I am shareholder. Now it is making good day by day. I thank you because of you chairman all three company Seshasayee Paper and Board, Ponni Sugars and High Energy are in good position and all company well managed. I know that you will take all company too high. Life is not easy every time up and down.

Chairman: I will be back in the dividend list in the coming year.

Mr Santosh Kumar Saraf: What is your market share in your assignment?

Chairman: We supply exclusively to defense. Therefore we are not in market or in commercial line. We give to navy, army and sometimes they give specific design, we do it and supply.

Mr Santosh Kumar Saraf: Please tell me sir out of 118 employee how many are male and how many are female. I appreciate the management as there is no complaint from shareholder. Thank you sir, its' a great oppourtunity to speak with you. Thank you. Namaskar.

Chairman: Thank you.

2. Chairman: Ms. Pushpadevi Khandelwal, Chennai [1201060003686837] has not come in line.

3. Chairman: Ms Bharati Saraf , Kolkata [1206780000017638] not in line.

4. Mr Sachin Shetty, Bangalore [IN30133040094853]

Mr Sachin Shetty: Morning sir.

Chairman: I can't see you. Just switch on your video.

Mr Sachin Shetty: I have been going through your Balance Sheet last year because of your poor performance your credit rating is very low, it is below investment rate BB. Based on your March 2020 results you should get better credit rating this year. As already you are MSME and this better credit rating will help you to negotiate with your bankers for lower interest rate. This is my first question, second question is - who are the main competitor for M/s High Energy Battery Market and What is the orders in hand and expected orders during the current year? These are my three questions. If anything is left over, I will come back on the line and ask.

Chairman: Thank you Mr Shetty. I will answer all after receiving of all the queries from shareholders.

5. Mr A V Mani Sundaram, Salem [IN300513 82701826]

Mr A V Mani Sundaram: Hello sir, can you hear me and I'm I visible to you.

Chairman: I'm hear you well. But not visible.

Mr A V Mani Sundaram: Now can you see me? Sir

Chairman: No sir. Not yet.

Mr A V Mani Sundaram: Ok sir, I am shareholder from High Energy Batteries (India) Limited. I welcome, Chairman and other Board members for this 59th AGM on behalf of the shareholders for this Video conference.

Chairman: Thank you.

Mr A V Mani Sundaram: My Folio no is 82701826. Your General Manager spoke about this year you have achieved Rs 60.30 crores in silver division, I am very happy and one more Covid attack in this year, for first quarter and second quarter very difficult to work and produce your

product and your company has done it and you are in safe side. This financial year High Energy Battery and Group Company, Esvin ``Group, they have done very well. Yesterday closed rate in BSE is Rs.335.40 it's a achieved rate. Thank you sir.

6. Mr Sudheermahajan, Bangalore [IN30023930043177] – ok , not in line then next

7. Mr Sarbananda Ghattani, Kolkata [IN30021416765374]

Mr Sarbananda Ghattani: Good Morning sir

Chairman: Are you Mr Ghattani?

Mr Sarbananda Ghattani: Yes sir, I'm a Chartered Accountant, nice to speak you. I am very old shareholder and it is very nice the way you are taking to different shareholders. I request to send Visiting card of yours, Managing Director through Courier.

Mr Sarbananda Ghattani : Now I am going to the questions.You are showing good profit this year? but no dividend? Besides the loss in production suffered during lockdown, the company had to withhold dispatch and billing of finished goods as Government accredited Labs that remained closed could not do the inspection. This is turn affected the turnover and profit leading to Working Capital constraints. What is the status of the Working Capital? During the Year the turnover of Nickel Cadmium division was Rs 81.35 lakhs as against Rs 405.60 lakhs during the previous year. For procurement of Aircraft Batteries, Government is now opting for rate contract and hence the ordering cycle is getting skewed, depending upon requirement cum Budget allocation. I want to know the status. The 4th question is Cash and Cash equivalents at the end of the year are Rs 2.82 lakhs. Such a big company why Rs 2.82 lakhs cash equivalent? How will you handle the emergency situation? That's all my questions. Chairman sir you are talking so nicely. Stay safe. Thank you sir.

Chairman: Thank you Mr Gattani. I will answer.

8. Mr S Abishek, Chennai [IN30059710327260]

Mr Abishek: Can you hear me sir?

Chairman: No.

Mr Abishek: Now it's clear sir.

Chairman: Yes, yes Abishek, you are the same, no change.

Mr Abishek: My hearty congratulations for the 59th Annual General Meeting. We are now moving to 60th Year. We are expecting a special dividend. For the past few years we have not seen any dividend from the company. Next year we expect some special dividend. You may take example that some of the company like Reliance industries, Platinum Industries etc., they have all contributed special dividend to the shareholders on this occasion. You can certain steps to declare a special dividend and also look into for a bonus as it is 60th year.

Chairman: Yes.

Mr Abishek: I have sent my questions through mail.

Chairman: Yes, I received it. I will answer.

Mr Abishek: Our net sales increased and the profit doubled but why no dividend this year. Nothing much to ask. My hearty wishes the Board and the Management for the success in the coming years.

Chairman: I will answer all your queries. I have only one question Mr Abishek, I have not given any biscuits, but you are sending to Kolkata? saying I have given. That you sending to Kolkata. Mr Abishek where are you? Anyhow, anybody else?

Ms Bharati Saraf, Kolkata [**1206780000017638**]

Ms Bharati Saraf, Kolkata is my wife sir (Mr Santosh Kumar Saraf) I have registered in my wife name also to want speak with you sir. Thank you sir.

Chairman: Thank you. In addition we have received queries from Chat box.

Mr. Kunal Patel (thro Chat box)

Q1 What is our Current order book?

Q2 Any particular product that we have developed last 2 years?

Q3 Who are our major customers and in particular how much of clients contribute?

Q4 Who are our major competitors?

Q5 What kind of order flow can be expected from various government?

Q6 What is our current capacity and utilization?

Q7 Are we planning any capex and in which product?

Q8 What kind of batteries we are seeking for higher growth? Are we seeing permanent shift of demand for us. Is the growth of 40% increase in revenue as mentioned in Annual Report due to one-time order?

Chairman: We do expect that we will again register with 5% growth this year also.

Chairman: We have fairly good order book closed to about Rs 100 crores and our main customers are NAVY, DRDO, and NSTL. Three of them contributed 99 to 100% of our order book through them. We are not planning any major capex. We do hope as and when we have finalized our Lithium. Diversification, there will be need to do some capex. MD have made a presentation where the batteries under development, batteries under testing. These are the batteries that will solve the future need of India. Therefore we were hopeful to continue to do well in the current years.

Mr Dinesh Kotecha (Thro Chat box)

Chairman: We have received query from Mr Dinesh Kotecha - What are the orders on hand? We remain a small co, planned to grow big by expansion and diversification unlearned and learned from covid-19. As said that the orders is closed to Rs 100 crores with the support will grow big in coming days and what do you learnt from this Covid? learnt that that there is need for personal hygiene, discipline, social distancing and mask all the time when we go out. Biggest lesson don't go in crowd. Stay safe. Stay at home and Work from home if possible and it is allowed by the employer. These are the lessons Mr Kotecha.

Chairman: One more question is asked by Mr Kunal Patel is what kind of big orders we are getting at higher revenue? Mostly big orders are coming for Torpedo. They really give lot more revenue, they also give higher margin. This high power Torpedo Programme for NSTL and Navy will hold lot of good promise for the company in future.

Chairman: Then now the questions from Mr S Abishek [IN30059710327260] through Email

Q1 What is the real impact of Covid 19?

Chairman: There are lot of industries and manufacturing organization which has been affected by Covid 19. But luckily for us, thankfully for us and mercifully for us, our company is in defense sector. We have got our orders. There is some priority for the government especially the border situation. Therefore we do not know/expect undue negative impact because of Covid 19 and the

company. We think we will have positive year this year and we won't be affected by the market or by the impact of the Covid 19.

Q2 Do you see the light at the end of the tunnel?

Chairman: Yes I think I am close to the end of the tunnel.

Q3 Production capacity utilization.

Chairman: Production capacity depends on the type of battery we get. It is variable. There is no fixed capacity utilization for the plant.

Q4 Corona virus and subsequent lockdown are left virtually with no industry untouched after the ground.

Chairman: We are also touched ever since the 24th of March 2020 till 19th or 20th of May 2020 we are shut. Even after we reopened and at the end of May 2020 we were to operate with only 15% of our staff. This continues for quite some time. That is the one that impacted Q1our results. We have recovered and we don't have problem in our supply line and we think that we will do well this year.

Q5 How many employees have been sacked or hired?

Chairman : I have not sacked anybody. I have not hired anybody.

Q6 How many salary cut have done?

Chairman : No salary cut for anybody including for Contract Labour and Migrant Labour.

Q7 What are the new innovation and new products launches?

Chairman: MD has already showed you what are the new developments we are doing. I hope you have a chance to listen to him.

Q8 Cost cutting initiative production enhancement.

Chairman : All these are normally a part of manufacturing cycle. We will do.

Q9 How much salary cut taken by the management?

Chairman : We have not imposed any salary cut for anybody including the management.

Q10 What is the view of management going forward, sustainability of profit.

Chairman: We do think that we have sustainable operation. I think we will do well and I do hope that we will continue to do well.

Q11 What are the management efforts to improve the image to Investor Relationship like concall, quarterly presentation etc.?

Chairman: Let us reach the size and then it is worthwhile. We will do all the suggestion that you have got. You pray that you will grow well.

Q12 Please provide Current and Non-Current Liabilities.

Chairman: These are too much of details to be given in the AGM.

Q13 What are the credentials in the new and existing directors of bringing?

Chairman: All our directors are being appointed based on the recommendation of the Nomination and Remuneration Committee. They are all screened and only competent people will excellent background of experience were there. You can look at the credentials on all directors on your Board.

I think all the other queries are related to dividend. Since this year AGM is conducted virtually we the minority shareholders do have privilege to meet you. Please give sweet box or sweet coupons.

Chairman: will be provided. Please wait for a year. But please don't send any biscuits to Kolkata in my name as I have not given any biscuits to you. Stop these things, ok?

Chairman: I think I have answered all the queries of the shareholders and also the queries received through Chat Box and Mail.

Chairman: I just want to remind to the shareholders who have not voted so far. Please note that the voting in CDSL platform will be continued to be available for the next 30 minutes. Therefore members who have not cast their vote yet are requested to do so. The Board of Directors has appointed Mr A S Kalayanaraman, practicing Chartered Accountant as the scrutinizer. Further I hereby authorize Mr G A Pathanjali ,Managing director will declare the result of the voting and place the result on the website of the company at the earliest.

Resolution as set forth in the notice shall be deemed to be passed today, subject to receipt of requisite number of votes. The record and transcript of the AGM Proceedings will be received from CDSL and there upon will be uploaded on the website of the company. We had about 39 members participated today in the 59th Annual General Meeting. We are grateful to our shareholders from across the countries who have participated in the AGM through Video Conferencing.

Thank you all for attending the Meeting.

I think with your permission, I hereby declare the proceedings as closed. Take care and Stay safe.

The Meeting comes to an end.



Annex - A

HIGH ENERGY BATTERIES (INDIA) LIMITED
59TH ANNUAL GENERAL MEETING – 29th August, 2020
Presentation by Dr G A Pathanjali, Managing Director







HIGH ENERGY BATTERIES (INDIA) LIMITED



- **A defence battery manufacturer in the chemistries of silver zinc, silver chloride magnesium, cuprous chloride magnesium and nickel cadmium.**
- **Diversified into commercial Lead Acid batteries.**

00:19:50 01:00:40

HEB R&D Laboratories




- **In-house R&D established in 1985.**
- **Naval batteries development pursued through in-house R&D.**
- **Aerospace batteries and space quality cells developed through in-house R&D.**

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HEB Lead Acid Battery Plant



➤ **Established in 2009**

➤ **Manufacture of various Automobile, VRLA & Solar Batteries**

The image shows a large industrial building with a white facade and a grey roof, surrounded by a fence and some greenery. The sky is overcast.

Performance Highlights 2019-20

1. Turnover for 2019-20 is highest by silver zinc division from the start.
2. PBT & PAT highest since the inception of the company.
3. Company has produced silver zinc batteries for Navy , NSTL Silver Chloride magnesium for NSTL & BDL, Nickel cadmium batteries for ADE Lab apart from missile batteries for BrahMos and other DRDO Labs.
4. Efforts are on for a Tie-up with a Partner for Li-Ion Technology.



Performance Highlights 2019-20

- 5. Working with Special Funded Project for New Development of Flow Battery.
- 6. Development cum performance evaluation of High Power Torpedo Propulsion Silver Zinc battery.
- Customer: NSTL Vizag
- 7. Simulated Sea Trials of Light weight Torpedo sea water activated (SWA) Battery.
- Customer : Indian Navy , Mumbai

PRODUCTS & APPLICATION

- Silver zinc (Primary & Secondary) (0.5 kW to 250 kW)
 - Aircraft Engine Starting
 - Satellite Launch Vehicles
 - Aerospace & Telemetry
 - Underwater Propulsion & Detection
- (4 Ah to 1000 Ah) Nickel Cadmium Battery
 - Aircraft Engine Starting
 - Helicopter
 - UPS Back-up
 - Battle Tanks
- Sea Water Activated AgCl-Mg/CuCl-Mg (30 kW to 250 kW)
 - Sonobuoy
 - Flame float Smoke
 - Under Water Propulsion



AT1ME AIR DROPPABLE TORPEDO BATTERY



- > YEAR OF INDIGENISATION : 1997
- > SO FAR SUPPLIED TO INDIAN NAVY : >200
- > UPGRADED IN THE YEAR : 2008
- > PRESENTLY WORKING FOR EXPORT

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SUT TORPEDO BATTERY

Year of Indigenisation : 1991 1996

Combat Version Exercise Version



00:26:36 00:53:54




A244S TORPEDO BATTERY



- 400V SILVER CHLORIDE MAGNESIUM SEA WATER ACTIVATED BATTERY
- DEVELOPED FOR ITALIAN OEM IN 2010
- CURRENTLY SUPPLYING TO INDIA NAVY
- WORKING FOR EXPORT

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ALWT TORPEDO BATTERY



- DEVELOPED FOR DRDO LAB IN 2015
- APART FROM BATTERY, RELATED COMPONENTS LIKE BATTERY COMPATMENT, SBH, FRONT FLANGE, PIPES etc... ARE DEVELOPED AND SUPPLIED
- DRDO LAB IS DEVELOPING THIS TORPEDO

12:55 PM 24-10-2020



SUPERSONIC MISSILE BATTERY



- DEVELOPED FOR M/S BAPL IN 2012
- USED IN BRAHMOS MISSILE
- SUPPLYING SINCE 2012
- ORDER ON HAND FOR NEXT 4 YEARS

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MISSILE BATTERY SYSTEMS



Prithvi



BrahMos



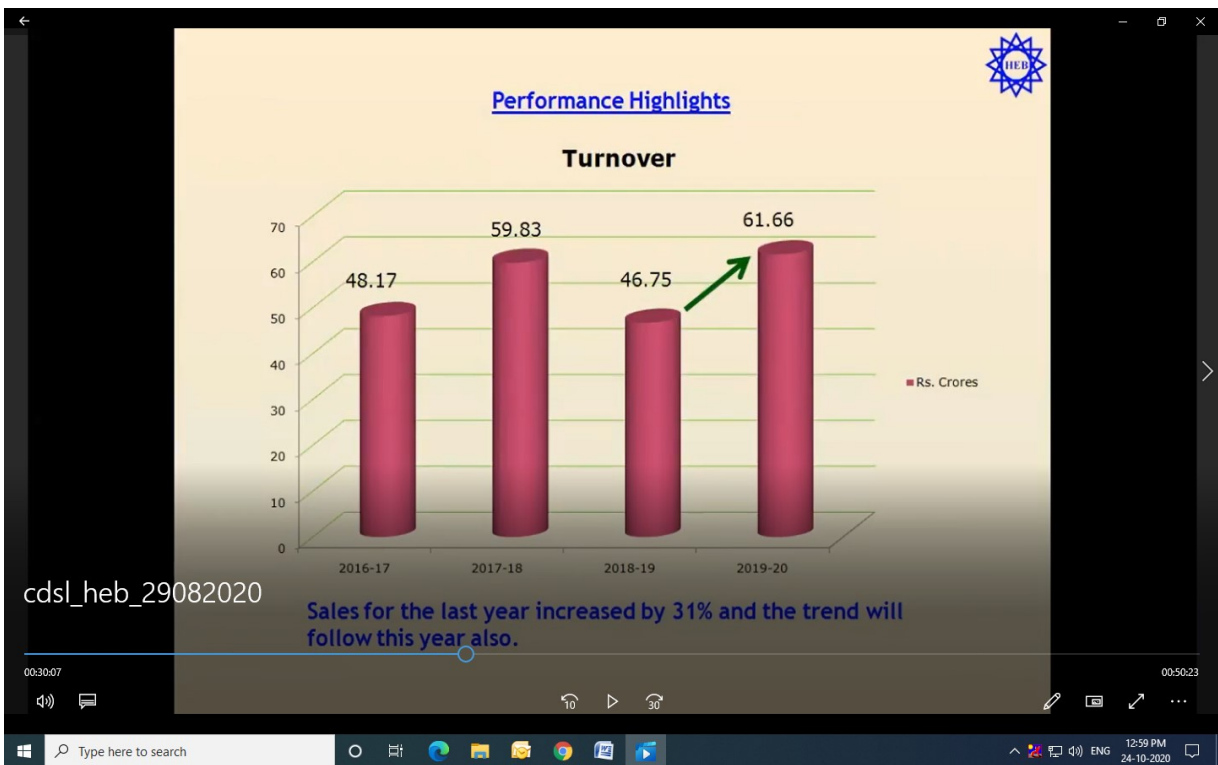
K15 - Electronics & Pyro

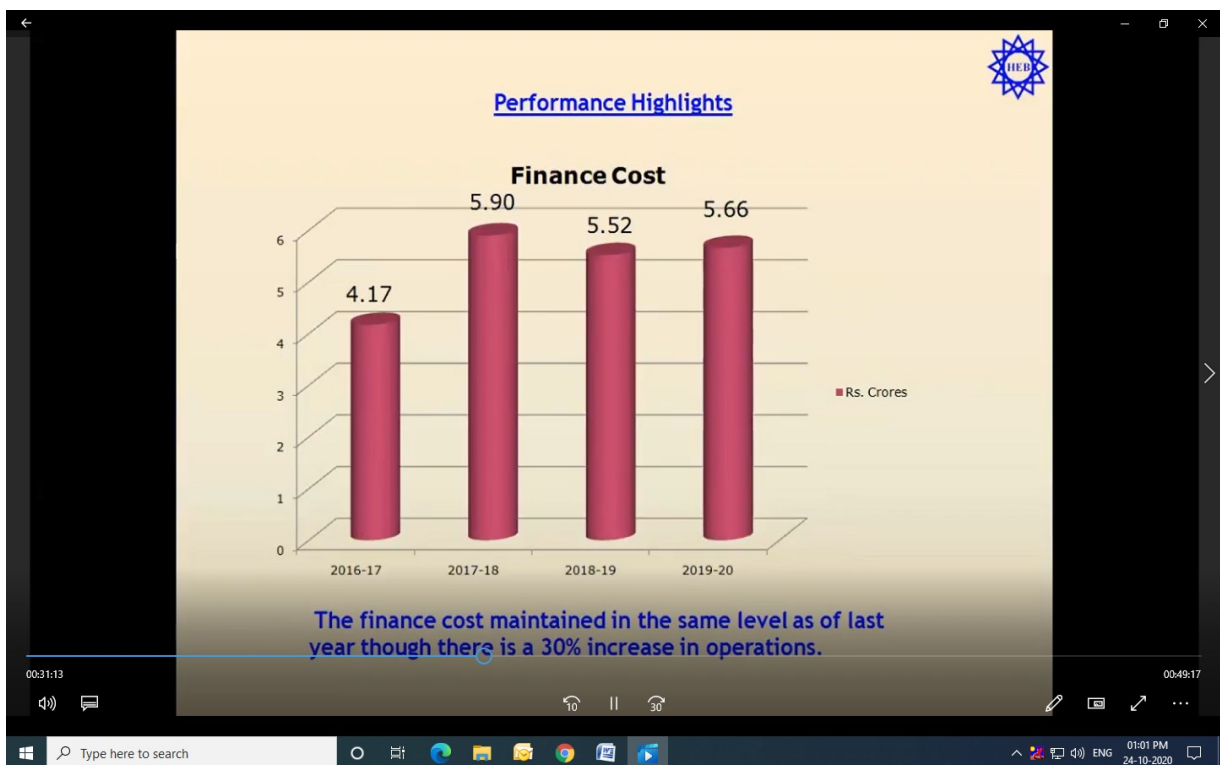
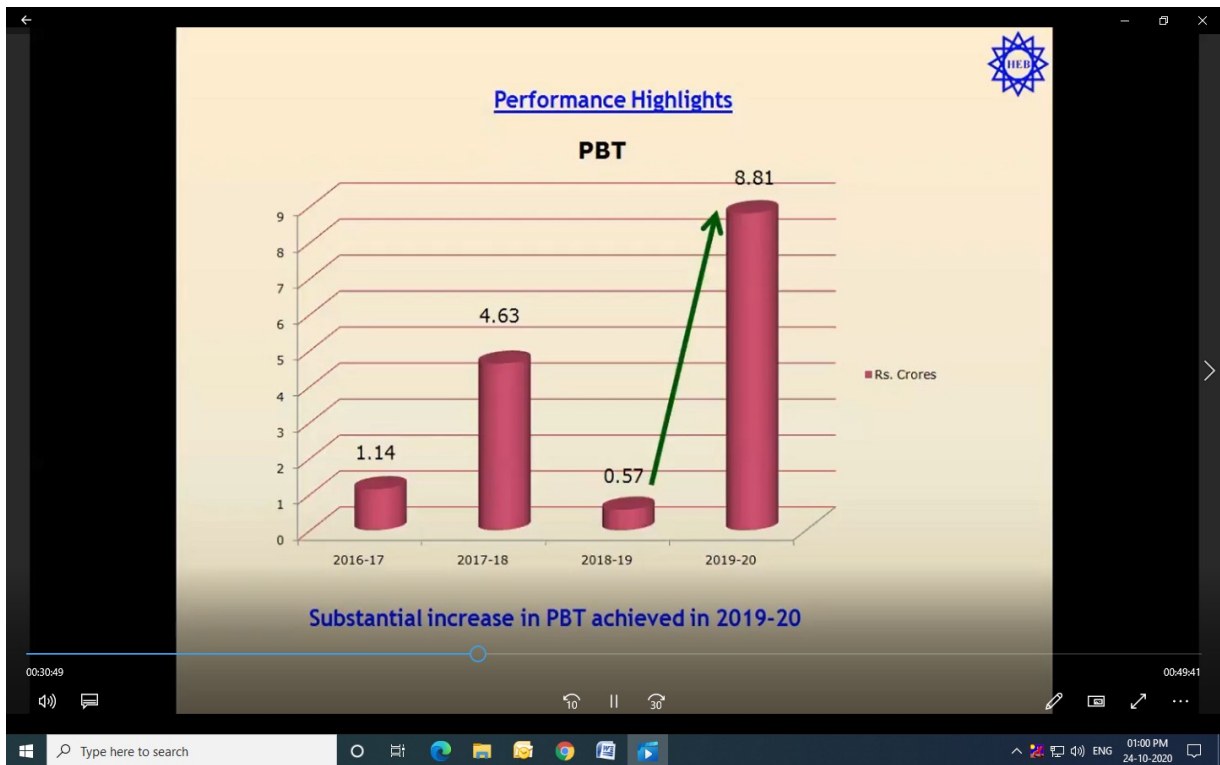


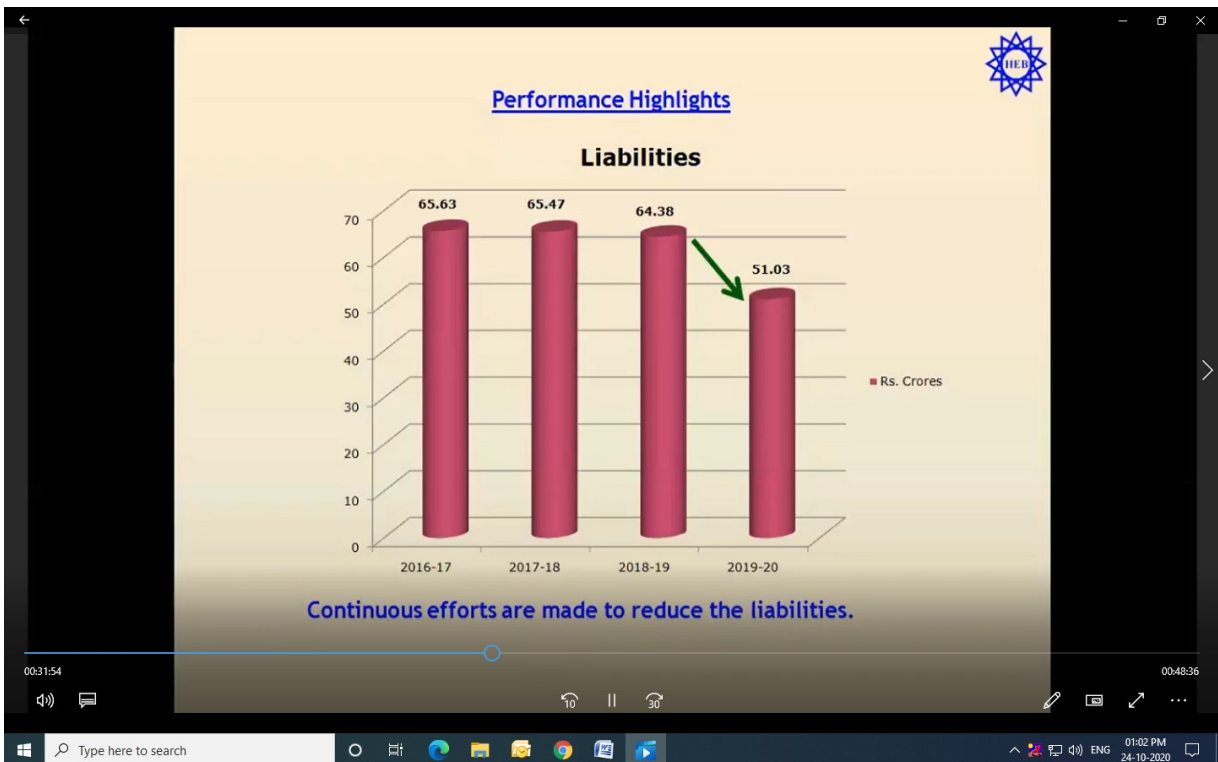
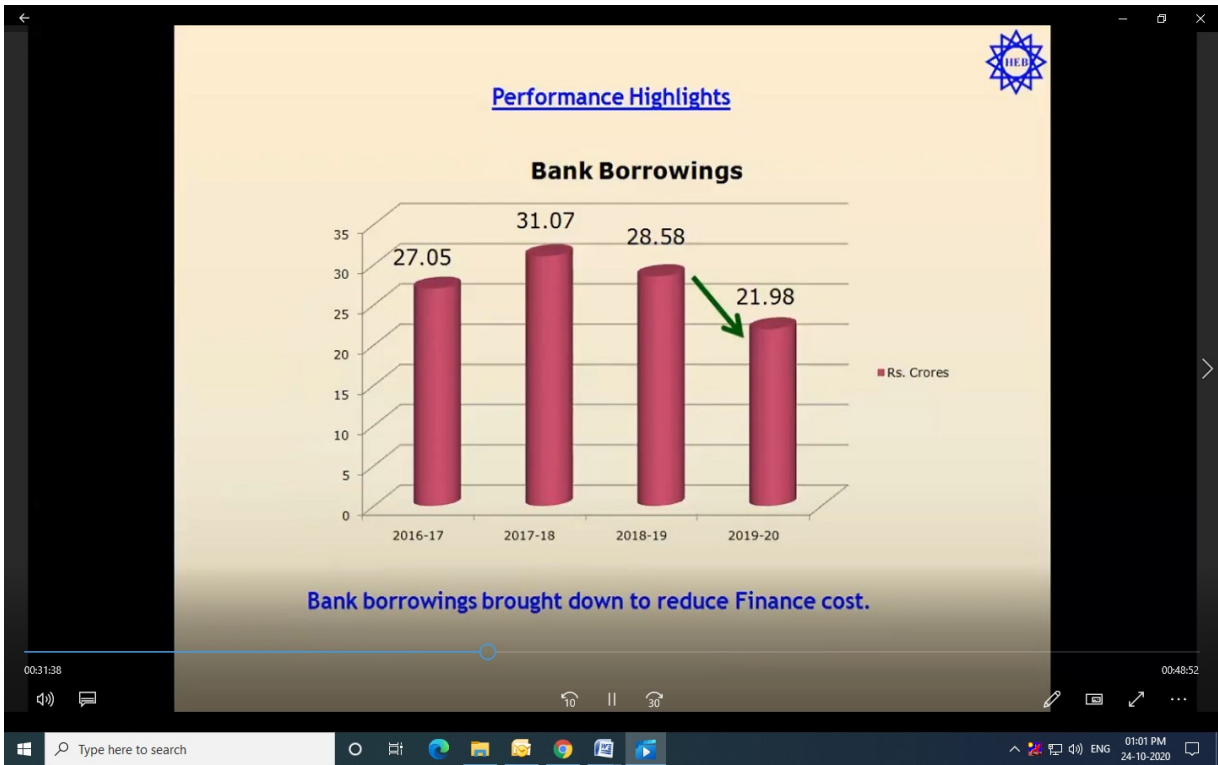
K15 - Actuator

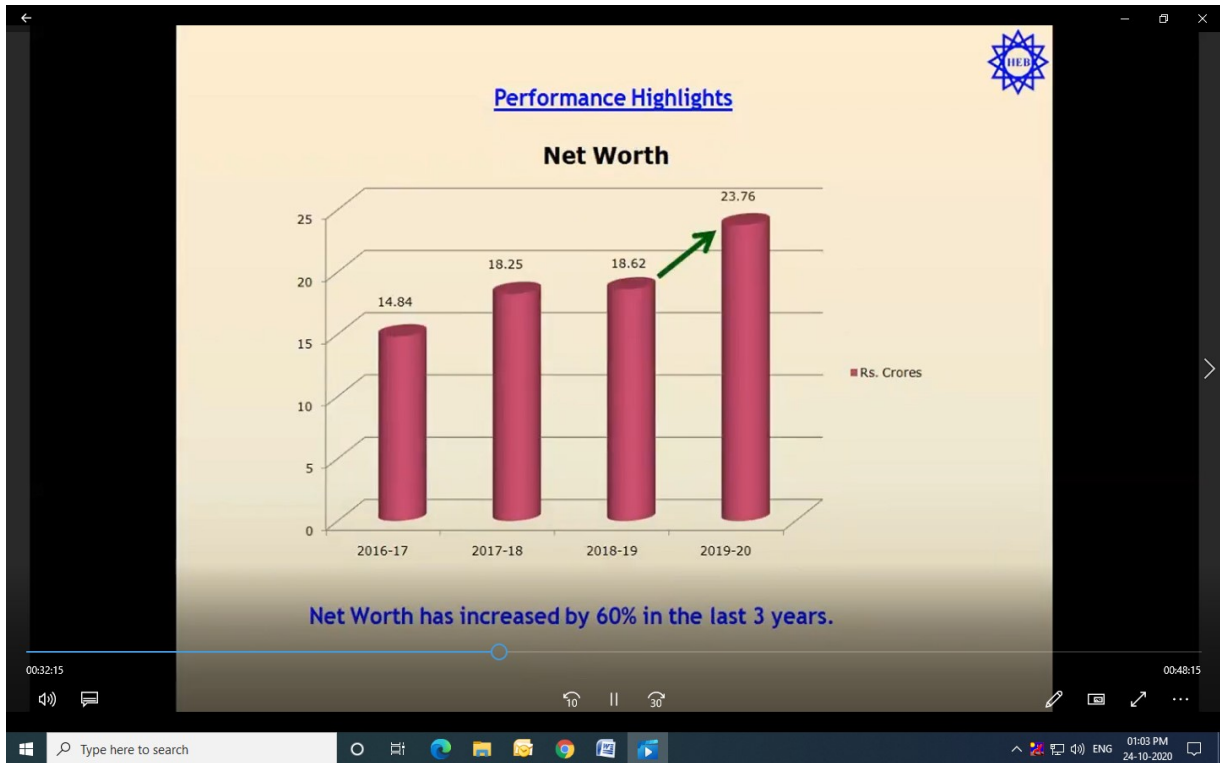
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- Highlights for 2020-21**
1. Development cum performance demonstration of High Power Combat version Silver Zinc (SZ) battery for Torpedo Propulsion
- Customer: NSTL Vizag
 2. Advanced Exercise version silver zinc (SZ) Battery for High Power Torpedo.
- Customer : NSTL Vizag
 3. Strengthening R&D setup for the future requirements.



**FUTURE TORPEDO BATTERY
PRIMARY SILVER OXIDE ZINC BATTERY**



- BATTERY IS UNDER DEVELOPMENT
- DEVELOPING FOR DRDO LAB
- DRDO LAB DEVELOPING HEAVY WEIGHT TORPEDO. HENCE REQUIREMENT WILL BE LARGE

The slide features a 3D rendering of a long, cylindrical battery with a segmented design. The HEB logo is present in the top right and bottom right corners of the slide content.

Performance Highlights 2019-20

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The video player interface shows a progress bar at the bottom with a play button and volume controls. The Windows taskbar is visible at the bottom of the screen.

