



HIGH ENERGY BATTERIES (INDIA) LIMITED

Transcript of the Proceedings of the 60th Annual General Meeting of the Company held at 11.00 A.M. on Saturday, the 7th August, 2021 through Video Conference (VC).

Welcome Address – Mr. N Gopalaratnam, Chairman

Good morning,

I extend a very warm welcome to all our shareholders for this 60th Annual General Meeting being the Diamond Jubilee year of the Company. Like in the last year this 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.

Mr A L Somayaji, Chairman of the Nomination and Remuneration Committee and the Audit Committee and all the Directors on board are present through Video Conference at this meeting.

Before we start the main proceedings of the meeting, I request all the Board members on the video conference, to introduce themselves.

Accordingly, the Directors introduced themselves to the shareholders present:

Mr. A L Somayaji: I am A L Somayaji, Independent Director of the Company. I am joining this meeting from my Office at R.A.Puram, Chennai. I received all the board papers and the video and audio at my end are good, along with me Mr. N R Suresh of M/s. Maharaj and Company, Statutory auditors.

Cmde. R P Prem Kumar: I am Mr Prem Kumar, Independent Director speaking to you from my residence at R.A.Puram, Chennai.

Mr. M Natarajan: I am Natarajan, Independent Director of the Company, attending the 60th AGM from my residence at Tirunelveli. I have seen all the papers and I am alone in this.

Mrs. Lalitha Lakshmanan: I am Lalitha Lakshmanan, Independent Director. I am attending from my home at Chennai.

Dr.Vijayamohan K Pillai: I am Vijayamohan K Pillai, Independent Director, I am joining this meeting from my office at IISER, Tirupati.

Mrs.Jayashree Ajit Shankar: I am Jayashree Ajit Shankar, I am attending from the meeting from my residence at Gurgaon.

Dr. G A Pathanjali: I am Pathanjali, Managing Director. I am attending the 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 Scrutinizer 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 LLP. Statutory Auditor of the Company and I am attending this meeting from Mr A L Somayaji office at Chennai.

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

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

Chairman: Thank you, I request all the Panellists to 'mute' themselves. As of now, nearly 34 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 Companies 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 guidelines to the members regarding participation in this meeting. Dr. Pathanjali, please.

Dr. G A Pathanjali, Managing Director:

Good morning to our Directors and our Shareholders

- (i) Shareholders may note that this 60th 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 or other audio visual means 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) 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
- (v) 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 and hence, the proxy register for inspection is not available.
- (vi) The company has received requests from a few shareholders to register them as speakers of 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 Questions and Answers. 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. The Company reserves the right to limit the number of shareholders asking questions depending upon the availability of time at the AGM.

- (vii) 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 6th August 2021 at 5.00 pm. Shareholders who have not cast their vote yet electronically and are participating in this meeting, may cast their votes during the meeting through E-voting system provided by CDSL.
- (viii) 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 7 of our Annual Report.

Thank you.

Chairman: 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.

Before I go ahead with my address to the shareholders, for the benefit of the shareholder who have joined the meeting for the first time, I would like to play a short video presentation capturing the Genesis and the Growth story of HEB over more than 4 Decades.

Video Presentation - Corporate Video Playing

[Corporate Video was then played to all the Participants]

Chairman: I hope the video was visible to all of you as well as audible. I hope that the video kept for the shareholders of the company can understand and appreciate the growth story of HEB.

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

Chairman's Speech

Dear Shareholders,

I extend a warm welcome to all the shareholders to the 60th 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 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.

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.

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.

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.

Current Year (2021- 22)

The Second wave of Covid-19 impacted the planned production in the 1st 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 1st Quarter.

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

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

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 2nd life requirements i.e., reclassification from EV use to other low end applications.

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.

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.

As the Notice is already been circulated to all the Directors, I take the Notice convening the meeting as read. I now request the Managing Director, Dr. G A Pathanjali to make a Power Point presentation on the performance review of the year under review.

Dr G A Pathanjali: Thank you, Chairman.

Presentation by Dr G A Pathanjali, Managing Director:

Performance Highlights 2020-21:

Highest Turnover, PBT & PAT:

We had a video presentation about our performance on the various batteries. For that to that the highlights of our performance during the year 2020 – 2021, this year we have made the highest Turnover which has given us the benefit of highest PBT as well as PAT that we have done so far.

Dividend:

The Chairman and the Board has been kind to declare a dividend of 150% for the first time so fare. This is maximum that we have given these years.

Outlook – 2021-2022:

The outlook for the Financialyear 2021 – 22 is really positive. We will be having an equivalent Performance and better performance of what we have seen during the year 2020 -21.

New Development:

There are good projects that are going on and of that one of these is Funded Flow Battery Development worked in Co-ordination with IIT Chennai, for the ONGC Energy Centre. This is one of the projects in the pipeline and we are also working on the

design and development of the flow battery system for a demonstration of 1kw,10kw battery at in tandem with Solar power panel charging and that will be for the energy storage system.

Turnover:

This is the maximum turnover so far and we have bettered from Rs. 61.66 Crores to Rs. 77.95 Crores and this has increased the sale by 26% and we are hopeful and confident of maintaining this trend this year as well.

PBT:

The PBT has also jumped well from Rs. 8.81 Crores in the previous year to Rs. 23.99 Crores this year. Here again we are confident of matching this similar performance during this Financial Year 2021 – 2022.

PAT:

PAT has increased correspondingly from Rs. 5.60 Crores to Rs. 18.33 Crores which is a substantial increase in the PAT which is 3 times increase.

Finance Cost:

Financial Cost correspondingly comes down. The Finance cost is maintained in the same level as that of last year, though there is a 26% increase in operations.

Bank Borrowings:

Bank Borrowings has slightly increased because of the increased operations, especially for silver, where the price variably increases. Bank Borrowings marginally increased to cater additional operation.

Other Liabilities:

Continuous efforts are made to reduce the Liabilities and it has come down from Rs. 28.51 Crores to Rs. 23.76 Crores this year.

Net Worth:

Net worth has also substantially increased by about 3 times in the last 4 years. The Net worth increase has correspondingly improved our rating also from the banking sector.

Thrust Areas for 2021 – 22:**New Product:**

Thrust areas for 2021-22 would be new products, an advanced Silver Zinc Battery for DRDO applications, Naval applications we are working on.

Development Orders:

Two different types of advanced Silver Zinc Battery we are looking for especially for the advanced under Water Applications. Further R& D work we are thinking of taking up this year.

Further R & D:

Further R & D work we are thinking of taking up this year which might be for the mid-term of around 2 – 4 ½ Years on the Silver Oxide Aluminum and this is the prestigious Product and challenging also. But we are confident that we will be favored with development order cum supply order by the naval authorities.

Sea Water Battery:

We have done this Magnesium Cuprous Chloride technology 5 – 6 years back with technology transfer. Now again the renewed interest is there from the Naval applications. These are the systems which can lend for heavy weight torpedoes and there is a good possibility that we will be doing it.

Vanadium Flow Battery:

As indicated this Vanadium Flow Battery is progressing well in coordination with IIT Chennai. It has been funded by IIT Chennai and in turn by ONGC Energy Centre (OECT)

Highlights - Qtr. 1 of 2021- 22:

The Highlights for Quarter 1 of this year 2021- 22 are

1. Turnover - Rs.10.80 Crores
2. PBT - Rs.159.19 lakhs
3. PAT - Rs.116.81 lakhs

4. High Power Silver Zinc Oxide Development: High Power Silver Zinc Oxide development is going on and in 1st quarter we had a battery discharge plant which has done during July and it has given satisfactory results.

5. New Development: Funded Project for Flow Battery is also progressing well, which we will be completing the initial phase and the first phase of development in the 3rd Quarter (i.e.,) before December.

Over to Chairman.

(Power Point Presentation appended as Annex –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.LLP and the Secretarial Auditor, M/s. B K Sundaram & Associates, have expressed unqualified opinion in their respective audit reports for the financial year 2020 – 2021. 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. 53 – 62 of the Annual report and the Secretarial Auditor report is enclosed as Annexure 5 to Board's report on Page no. 50 – 52 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.

We will now take up the resolutions as said forth in the notice and open the floor for questions by members after all the resolutions are tabled.

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, 2021 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 – Declaration of Dividend for FY 2020 – 2021.

The Board of Directors has recommended payment of Dividend at Rs. 10 /- plus a Diamond Jubilee Special Dividend of Rs. 5/- totalling to a Dividend of Rs.15/- (Rupees Fifteen only) per Equity Shares of Rs. 10/- each for the Financial year 2020 – 21.

3. Item No. 3 of the Notice – Re-appointment of Mr. N Gopalaratnam as Director by a Special Resolution.

I may be considered as interested in this item and in case of any discussion on this subject, Sri. A L Somayaji to chair the meeting during such discussion.

4. Item No. 4 of the Notice – Re-appointment of Mrs.Lalitha Lakshmanan as an Independent Director for the 2nd term of five consecutive years from April 2021 by a Special Resolution.

5. Item No. 5 of the Notice – Request received from Mrs.Shyamala Vaidyanathan (Registered nominee for the shares held by Late Mr.R.Vaidyanathan) for reclassification of 2500 Equity Shares held by her husband from Promoter category to Public category.

6. Item No. 6 of the Notice– Approval of Remuneration to Non-Executive Directors of the Company.

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

Eight or Nine Shareholders have registered themselves to be speakers at the Meeting. If any member, other than these 9 speaker shareholders, desires to ask any question pertaining to any item on the Notice or with respect to performance of the Company in the FY2020-21, 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 seeking 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 seek the question. Please mention your name, Folio Number, and the location from where you are joining.

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

1. Mr.Santosh Kumar Saraf, Kolkata [DP and Client ID: 12067800 00018019]

Mr.Santosh Kumar Saraf, Kolkata: Namaskar, Sir.

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

Mr.Santosh Kumar Saraf: I am fine sir.

Chairman: How many AGMs you have attended so far?

Mr.Santosh Kumar Saraf: This year I complete centenary. HEB is 106th AGM.

Mr.Santosh Kumar Saraf: Respected Chairman, Board of Directors, fellow shareholders, my Namaskar to all of you. I hope you and all the shareholder in good health. I congratulate the Board for the performance during Covid time. I thank you for the high percentage dividend after seven years.

Chairman: Please briefly mention your queries

Mr Santosh Kumar Saraf: One minute, Sir, What is the CAPEX? Estimate budget and expenses for the current year? What is the order book position? What are the actions taken for Rain Water harvesting? Any plan for development of Renewable energy viz Solar panel on the roof top? How may % of employees and their families are get vaccinated? and my request to use of single use of plastics.

I request Chairman to arrange for a special video call or conference call to the shareholders after the meeting to express our views.

I congratulate all the Board of Directors, Employees and other stakeholders for a good year.

Chairman: Thank you Saraf. I will answer your queries at the end of all the queries, please wait.

Mr.Santosh Kumar Saraf: Thank you Chairman. Please excuse me for my language. I pray for the long and happy life and health. Thank you.

Chairman: Thank you and stay safe.

2. Chairman: Mr. Rishi kesh Chopra, are you there? he does not seem to have checked in. He has also not sent any queries. Therefore, we skip.

3. Chairman: *Mr.Shlok Dave, Mumbai [DP and Client ID:12081600 23214965]*

Chairman: Are you there?

Mr.Shlok Dave: Hello Sir, Good Morning Mr Chairman.

Thank you very much for the opportunity I have in the rage of coming after Mr.Saraf. I keep on bumping into him in various AGM and I can attest, he has attended so many more AGM. I think I have attended lot of AGM's this is 42nd AGM for the season. I'm much younger than him, but I have seen him raising very very important questions in all the AGM. I sense his thought for 2 matters. I absolutely love you group the way you guys have conducted yourself, your leadership even in SPB. I seriously think that is the finest Annual Report of at least this season if not all season. It is so well written, extremely concise so much information to the point. It is pleasure in reading the report and I attended the SPB AGM also. My name is there in the speaker list. I could not ask my questions as I have to step out to attend for another AGM. I could not anticipate that SPB AGM would last more than an hour and there was a clash and as soon I was stepped out my name was called out and then rejoined. I could not ask the questions. I meant absolutely no disrespect. Attended the entire AGM until my name was called out. I am grateful to you even in my absence still you took my questions and answered all of them. Thank you very much. It is genuine privilege in attending the AGM it was so good.

The corporate videos, both the companies that I attended were very amazing. Generally corporate videos are very repetitive and it doesn't have much content. But the kind of information that I could gain out from both the videos, it is just amazing. I must apologize for stepping out that day. I felt absolutely no disrespect.

Chairman: Absolutely ok, Thank you.

Mr.Shlok Dave: My question sir in advance but a lot has been touched upon I have some follow-up of questions on your speech and the presentation of MD, following on the questions. Can you taken the order book which gives us the confidence to maintain the growth that we saw last year.

One question that I had was on the sustainability of margins on yearly basis. Last year was ex-ordinarily good for us. I do not understand how those margins came about. Was it because of better raw material prices or was it because of our mix was better or something else. If you can take us through that and also the sustainability.

Sir, you mentioned flow battery project, can you give some qualitative idea on this project because I have commented many even start ups which are trying and struggling with this particular technology battery storage for solar panels and all that. So if you can give some qualitative idea about what are the parameters and what are the time lines of this project, when do we see commercialization happening here?

Third Sir, again on the Lithium-Ion side you mentioned that you are looking at assembly of battery, so again sir, some time line you can mention. You have given the 500 Crores no's as Capex required, so obviously that will take a lot of time. But even before that we can do preparatory R & D work and also capex that we have to do for the battery management systems and battery pack assembly lines.

Sir, it is a general question on the business, how do we see the sale of the business going up in the future. Are you looking at some non-defence applications also because you have the technical progress so can we look at some commercial applications like lithium-Ion batteries for auto sector? Those will be very critical because as of now a lot of the rear metals including Lithium-Ion we do not have control over that in the supply chains, again it is national interest. It is very critical thing, so are you looking at some tie ups there and expedite the commercial application of Lithium-Ion batteries and also are you looking at anything on the Lanthanum Hydrogen side this is another technology which is very promising. I have invested in a company in Canada and US and they are working on it. So I was fascinated by it. The potential seems to be very good, but are you looking at Lanthanum Hydrogen because in that battery I believe the energy density is pretty good in that battery. So, that is one question. And then sir finally on the R & D setup, can you I mean give some quantitative details of how many scientist we have and what are the company on the process side or can we look forward to second products also coming out of our R & D pipeline. Finally, again as Mr.Saraf mentioned I would again say sir, it is very convenient for us to attend so many meetings neither Mr.Saraf

nor I could have done so many meetings physically. It would have been impossible for me to travel. I am currently out of Bombay and Mr.Saraf is out of Calcutta and he and I both receive a lot of rain during this season. So for our cities get flooded especially my city gets flooded every time. So it is very difficult to travel sir, I would also request you to keep on holding the meetings online. Sir, it's a privilege talking to you and amazing work you guys have done and

Thank you very much Board of Directors.

Thank you Mr Chairman. Have a good year ahead.

Chairman: Thank you Very much Dave.

You have been very kind and I am happy and even in SPB as you mentioned that you were not present and we took your questions and again you have sent some of the questions and asked some of them today and what I will do today some justice at the end of taking with the queries from various shareholders. Please bear with us for another 10 – 15 minutes. I will come back and answer as many questions as possible and give you as much specific answers I can do. Thank you, please wait

4. Mr. J Abhishek, Chennai [DP and Client ID: IN301637 41359155]

Chairman: Mr.Abishek, are you there?

Mr.Abishek: Yes, sir I am here, am I audible?

Chairman: But could not see your face.

Mr.Abishek: I am switching on my camera. First of all, I like to congratulate the management on the eve of 60th AGM Diamond Jubilee year. The shareholders have lot of expectations from the management. In the 60th AGM the management will be declaring a bonus to the investing certainty during this pandemic time and Diamond Jubilee year. Our best wishes for the company and we are thankful to the management for the dividend being declared during the year and we are also thankful to the management for the excellent return in the stock price in stock market. The share has been escalated from Rs 250/- to Rs 2500/- . We are really glad and we are really thankful to the entire Board of Directors of High Energy Batteries for giving such a huge return in the stock price. Our company has exceeded the other Peer Groups and given us a fantastic return during the pandemic time. We are very thankful to the management in this Diamond Jubilee year since we are not able to meet physically and in fact we are supposed to meet virtually due to increase in pandemic and fear of

3rd wave. Myself and Mr padmanabhan would like to honour you along with a shawl and memento. Kindly give us an appointment either after a week or 10 days' time. We can meet and honour you for both the companies since Ponni Sugar celebrated the 25th year Silver Jubilee and High Energy Batteries celebrating the 60th AGM as Diamond Jubilee year. So, kindly give an opportunity for Mr.Padmanabhan.

Chairman: Mr Padmanabhan How are you?

Mr.Padmanabhan: Fine Sir. I am happy to see Mr. Pathanjali along with you because normally Mr. Pathanjali will be coming in the AGM only and I am happy that you have come flying colors in the 60th AGM. Your company should at Rs. 100 Crores target every year and now you are coming around Rs 40 Crores target and you have to improve further. As told by Mr.Abishek Bonus as well as split of face value you have done in SPB last year. You split the face value. Split value will encounter the market capitalization of the company. More and more shareholders like to buy the share and market capitalization will be one of the way. I request all of you in good health in the pandemic year and good health for your factory and around the factory you please increase the environment oxygen plant shed as done by the motor company. You also enhance more and more plants at least all the trees would be enhanced and there you have a pond and store the water, that will enhance the environment. This is my humble request and split the face value and bonus in the current year. Today every shareholder will be happy. Thank you, sir.

Chairman: Thank you Mr.Abishek and Thank you Mr.Padmanabhan. I have taken note of your points. Let me see how to respond with respect to split of face value and all that. Thank you.

5. Mr. A V Mani Sundaram, Salem [DP and Client ID: IN301637 41521740]

Mr. A V Mani Sundaram: Am I audible to you sir?

Chairman: You are audible.

Mr. A V Mani Sundaram: Am I visible for you sir? I am a shareholder of High Energy Batteries I welcome all, the Chairman, Board of Directors, fellow shareholders. I am happy to announce because I have invested a small amount in High Energy Batteries and now it has become 4 or 5 times or 10 times raised in market level and also, I am happy to inform in the 60th AGM give bonus because we have more reserves in our company and also as already our senior shareholder has requested that we have to maintain the High Energy Battery as an India standing of the bone of India because of

supply of Battery to Navy, Air Craft and also Military. We have supported our management to give more energy to high energy to all the people. Thank you, sir.

Chairman: Where are you calling from?

Mr. A V Mani Sundaram: I am from Salem, sir.

Chairman: Have your problem has solved for Transfer of Shares.

Mr. A V Mani Sundaram: No Sir, Not solved. Shares should be transmitted. I am waiting for that.

Chairman : ok, wait. They will do. Thank you Mr Mani Sundaram

6. **Chairman :** Mr Indiramal Jain, are you there? I don't think he has logged in. Next.

7. Mr Manan Patel, Ahmedabad [DP and Client ID: IN300513 81239793]

Chairman : Mr Patel are you there ?

Mr Manan Patel : Yes sir. Thank you for the opportunity and congratulations for your good performance last year and I am from Ahmedabad and I have sent my queries already to you. So just wanted to highlight the ideas of those queries, idea behind that is I generally a long term shareholder of your company, I wanted to understand what kind of vision guides you for the next 5 – 10 years for me to hold for a long term. I would like to understand which direction you are moving and that will also help me to over come the quarterly fluctuation / seasonality whatever happening in the quarterly results. Along with that I would request you to please attach a small press release along with the results so we could interact with you generally in the AGM. During the quarter if you just have quarterly press release of your operation of updates that could be very helpful to keep a tract of the company and sir I like the way you have reported the Annual Report , very transparent. Thank you

I have already given my questions. It would be great if you could answer them. Thanks a lot.

Chairman: Thank you Mr Patel I have received some three pages of questions. Let me do some justice in this meeting after with all the speakers. Ok

Mr Manan Patel : Sure Sir

Chairman : Thank you for your interest.

8. Mr Sachin Shetty, Bangalore [DP and Client ID: IN30133040094853]

Chairman: Mr Shetty, are you there?

Mr Sachin Shetty: yes sir. First I have to congratulate the entire team of High Energy Batteries for the fantastic performance you have put up. Sir, I have already shared about 4 questions thro E-mail. Anyway I read out.

1. The company has about 3877 shareholders out of which 3767 owe less than 1000 shares. Presently your share face value of Rs 10/- is counting around Rs 2000/- . So somebody has to buy about 25 to 50 shares will also will lead them about Rs 50,000/- to Rs 1 lakh. In order to with a view of broad basing the share holding pattern of the company I am just requesting the company to consider the reduction of splitting the face value from either Rs 10 to Rs 2/- or either Rs 1/- . Sir as one of the other Co-Shareholder has also requested.

2. The credit rating of the company BB which is below the investment grade with better financial performance for the year ended 31st March 2021. I request the company to initiate fresh credit rating which will enable the company to get better rating and which in turn will allow you to get a better rate of interest from the banks.

3. What is the current pending order books as on date?

4. Last point, I would like to know the latest status of launching the new products which are under various stages of development.

Chairman : Thank you Mr Shetty

Mr Sachin Shetty: Thank you, sir.

9. Mr Dinesh Amrutlal Kotecha, Mumbai [DP and Client Id: 12018900 0000564]

Mr Dinesh Kotecha : First of Namaskaram to all of you and All the KMP.

Mr Dinesh Kotecha : Sir, I am from Mumbai. Your PPT was fantastic. Your presentation for the past was like tour to the factory. Present position which Mr Pathanjali explained of your present position, current year workings was very good and new Thrust areas 2020-21 appreciated. Kindly give 3 minutes for appreciation.

1. The Balance Sheet was signed by all the directors. That is very good. That you should follow.

2. SEBI does not require you to give the list of Top 10 shareholder still you have given. Insisting the list of Top 10 shareholder should be given and continued, very good.

3. Investment cost is now-a-days to be given on Fair Market Value. But you have given the cost also and that also should be given and continued.

Now this 3 things I want to congratulate for the presentation of Balance Sheet very nice.

My questions are very few.

First of all we have got 3 divisions - Silver Zinc Batteries, Nickel Cadmium Batteries and Lead Acid Batteries. Lead Acid Batteries has been suspended since 2019 and fixed expenses of that factory is Rs 25 Lakhs per quarter which is explained in your results also. We are incurring Rs 1 Crore of cash flow for this factory which is not running. I would like to know the factory premises, machines, facilities what alternative are made to use it now.

Our exports are only Rs 32 lakhs as compared to 24 lakhs last year. Any efforts is made to increase the exports because you said that we are exporting new products. New plants have been worked out. New aircraft battery we are making. I would like to know what the progress of that.

You also mentioned that there was a raw material problem during the year. How is the raw material logistics now? Has it improved or it is still continuing in the same deteriorating position.

New orders, many people ask you. I am repeating the same thing.

Page 45 (Annexure 2 Point No 4)

Interest due but not paid: I would like you to explain this particular point.

My simple suggestion to you is several of us asked bonus etc . I will ask you to increase the capital by giving a rights of 1 share for 3 share at a huge premium but lesser than compared to the market price. You can take a premium of Rs.1500 or of so much and repay the entire Bank loan of Rs 28 crores. By that we save nearly Rs 6 crores or Rs 5 crores of Interest. After bring the capital from 1.78 to 2.48 crores you can do a buy back and bring it back to 2 crores Equity. You can just give a thought of this. It would be helpful.

Page 63 & 64 of Balance Sheet.

You are one of the few company who are been able to achieve a incremental profit ration of more than 40%. We are in fact on 45.53% . very good.

Your cash flow it is nicely given with inner columns in page 65. Inner column for Current Year and Inner Column for last year. Similarly for Balance Sheet and Profit and Loss account also use Inner Column. So that the presentation will be much better.

Apart from that in your leadership the company is doing very well. You have got great respect for you. I missed the AGM of M/s Ponni Sugars this year. I don't know how I missed it and Seshayee also. I would like to have a chairman copy of what you have said today by email, the opening remarks and wishing you all the best and looking forward to meet you personally in the next AGM and I will come and will meet you.

Thank you sir.

Chairman : Thank you Mr Kotecha

Chairman : Now let me take up Answering the queries.

Q1 - What led to such massive jump in margins? What percentage of the Jump comes from volatility? Metal price are these sustainable?

Chairman:Last year was very special year. We had products, Product mix which are highly favorable. The orders were also in large size. Batteries which meant that the over all raw material cost in considerable lower last year. Order was also high priced items. They are also has higher margin items and that is why we were able to jump with our PAT margin from 20 to 24% last year.

Q2 - Whether it will continue?

Chairman: May not at the same level but margin will be still high I expect that is also in the probable current year that what we are working for.

Before I make my statement, all the statement I make today please take it as my forward looking statements. Do not hold to me the statement with every number and I am trying to do the best of giving you a excitement operation of this company to the best of my knowledge. But there are many imparable to go by please take my numbers as only numbers.

Q3 - What is the maximum numbers of revenue that can be achieved from the current Gross Assets?

Chairman: I would say that it will be in the range of Rs 150 Crores but with more Capital Investment it can be expanded..

Q4 - R &D Pipe line?

Chairman: We are already explained to you. But we are doing High power plant development for NSTL and Navy for the next 2 years that is our priority. Our order book is about in excess of Rs 100 crores and with the delivery period till about 2023 and some more orders are also in the pipeline. We have also submitted our bills to various tenders. We do hope order book is value and healthy.

Q5 - How do you see the growth timing out in the next few years?

Chairman: I would say that this trend will be maintained in short term may be couple of years.

Q6 - Are we developing any products for the rechargeable battery segment?

Chairman: As a Short term we plan to work on advanced type Silver based Battery and as Midterm on Lithium Ion Battery pack and as well as fuel cells. These are the areas which we are currently focusing.

Chairman : I Think Mr Dave I have answered all your questions. Thank you for your interest.

Chairman: I will now move on to question raised by Mr Manan Patel.

Q1 - What is current order book?

Chairman : It is about Rs 110 crores out of which Rs 25 crores received this year.

Q2 - Are the orders recurring in nature and lumpy?

Chairman: Both

Q3 - Are the Current Revenue sustainable for another couple of years?

Chairman: I hope so. I wish so and I pray so.

Q4 - Who are your competitors?

Chairman : Hyderabad Batteries in Hyderabad.

Q5 - Are there any development updates on Torpedo batteries?

Chairman: Yes, the development stage is completed and the next stage is productionization and commercialization.

Q6 - What is the opportunity size?

Chairman: I think we will know probably in second half of this year. We are looking for tie up with Lithium Ion Battery as I have mentioned in my statement we are looking at more not at manufacturing cell but only a battery pack at this stage.

Q7 - How are you placed in development of energy storage?

Chairman: As I told you, we are currently working on Flow Battery which is a storage battery mainly for Solar application and off course Fuel Cell technology, which is known to us which we probably handled this technology in 10 – 15 years ago. We are currently revisiting because of its potential to be an alternative for Lithium Ion for larger sized vehicles.

Q8 - Are there any opportunities to increase our share revenues from Private players?

Chairman: We are not currently attempting.

Q9 - What are the challenges in retaining attracting new Talent?

Chairman: We are placed in a place like Trichy which is not exactly rural but would say it is not urban also. Therefore it is difficult to attract some. We are unable to give proper employment to the women also unless otherwise they are very much qualified in the engineering discipline. Therefore generally those who have got wife and who are already employed may find it difficult to move to a place like Trichy. They would rather stay in metropolitan and probably to educate their children. These are all the issues. But I must say that our level of attraction is very low.

Q10 - Are you planning to infuse New Talent?

Chairman: Yes, it is happening in time and we are on the job.

Q11 - What is your regular maintenance Capex?

Chairman: May be a crore of rupees or more.

Q12 - Any Plans for plant Capex?

Chairman: It depends on the fortification of new projects.

Q13 - How was the Covid -19 lockdown in Tamilnadu affected us?

Chairman: We have to down our shutters for about 15 – 20 days. Then we were allowed to work because we were a defence based industry. But that to when we worked, we were asked to work with minimum staff. All these have affected our Q1 results.

Q14 - Revenue increase over there is no corresponding increase in raw material cost?

Chairman: The growth was by better margin in product mix. Product mix is the trick.

Q15 - How should you look at the PAT Level?

Chairman: As mentioned at the PAT Level we could have the same margin and we do hope at least we are targeting about some of them at 25% Margin.

Q16 - Raw material fluctuations?

Chairman: We have been able to manage well except for a couple of some critical item that have to come from say UK which was affected by this Covid. I think situation is quite manageable right now.

Q17 - Would you like to hear you thought on sustainability of current operating?

Chairman: I have mentioned to you I have already given some numbers.

Q18 - Why has been the materials receivable from customers increased from Rs 25 lakhs to Rs 4.50 crores?

Chairman: It is essential Silver which is receivable from government for subsequent processing and then to be used in fresh orders. Not from anybody else.

Q19 - Advances from customers reduces from Rs 6.70 to Rs 1 crore what is the reason?

Chairman: The advances were received from NSTL and we have completed the order and therefore it got adjusted. No other reason.

Q20 - When the borrowing were decreased interest cost is still very high, why?

Chairman: The borrowing came to an end only by the end of this year. If you see the March figure it has happened only during the last quarter, whereas we suffered interest for at least about 11 months. This is why the Interest cost is still high. This year you will see fraction of interest comes down.

Q21 - What is the rate of interest and other financial charges?

Chairman: Our Interest is Rs 450 lakhs and financial charges especially bank guarantee charges about Rs 90 lakhs.

Q22 - Warranty Rs 1.65 crores ?

Chairman: It is a provision. It is not just matured. We are obliged to make some provision therefore we have made.

Q23 - Can you help me to understand working capital cycle?

Chairman: Generally it takes Battery about 4-5 months, say 120 – 150 days to make. If the designs are clear, we make the battery before.

Q24 - Why inventory are high?

Chairman: These are high inventory industry. When we make say when we get order for 4 batteries, not only we get raw material for 4 but more or 5 batteries. Something get rejected, something go wrong, i cannot disappoint the customers. Therefore I have to make them, if there is any warranty, and if there is any shortfall in performance I have to replace something. Therefore I always have plan something extra made, extra with me so that I can service the customer promptly because all the application are finally critical I cannot really let them down. These are the reason for inventory generally high. But it is not only for me but for the industrial as a whole this inventory somewhat higher than what you see in normal commodity market.

Q25 - Government policies are procuring a lot of defence equipment domestically?

Chairman: This is the statement that we are here seems to be followed by actual practice but I think that this will happen. Therefore we do will have a better chance for years to come.

Q26 - Is there an opportunity for us to become a 500 crore revenue company?

Chairman: I wish, I pray, also in my mind. I think we are very fare of cut. We are not disappointing you. That is the fact.

Chairman: I think I have answered all your questions and if I left out anything, if you need anything you please write to the company.

Chairman : I also have some question by chat from Mr Krithi Kumar Gandhi

Q1 - Some of the competitive landscape which the company operates, can you please elaborate more on your plants for fuel cells and battery for electric vehicles?

Chairman: We are not at the movement looking at Lithium Ion cell manufacturer. We are looking a battery pack or EV for Lithium Ion, Fuel cells we claim to see to work with some well established company on fuel cells because investment on fuel cells and cost of fuel cells are much lower than the Lithium Ion and fuel cells also have a very great role in EV especially for higher size vehicle like buses etc. I think lot of work is being done in India. We also want to see and enter the field because our hands are experienced with fuel cell technology. That is reason why we are prompted to look at this.

Chairman : I have some question by chat from Ms Isha.

Q1 - Are there import constraints exist?

Chairman: To a large extent, I would say the constraint was mainly because of Covid and I think we get exist and it is already exist in UK.

Q2 - Who are your competitors?

Chairman: Hyderabad Batteries. I would say they are much bigger company. I don't think that I should call them as competitor. They are very much in my field and they also participate in all the tenders.

Chairman: I will now move on to question raised by Mr Kotecha

Q1 - Lead Acid Batteries?We have got 3 divisions Silver Zinc Batteries, Nickel Cadmium Batteries and Lead Acid Batteries. Lead Acid Batteries has been suspended since 2019 and fixed expenses of that factory is Rs 25 Lakhs per quarter which your results also. We are incurring Rs 1 Crore of cash flow for

this factory which is not running. I would like to know the factory premises, machines, facilities what alternative are made to use it now.

Chairman: This plant is remaining shut for more than 2 years. We have made batteries and sold them. Our technology is good. We are able to make some products. But unfortunately our cost of production is high and we are unable to compete with some big guns and starts losing money therefore we have put a hold on it for a while, until we find a way of solving the problem or probably we want to work with somebody else. And this Rs 1 crore is not a cash loss, it includes the depreciation of about Rs 78 lakhs the cash loss will be Rs 20 lakhs alone.

Q2 - Our exports are only Rs 32 lakhs as compared to 24 lakhs last year. Any efforts is made to increase the exports because you said that we are exporting new products. New plants have been worked out. New aircraft battery we are making. I would like to know what the progress of that.

Chairman: We have made some good sales and off late there are lot of hesitation in exports. We will succeed , hopefully in probable export of our batteries for torpedoes.

Q3 - You also mentioned that there was a raw material problem during the year. How is the raw material logistics now? Has it improved or it is still continuing in the same deteriorating position.

Chairman: As mentioned the critical thing is Magnesium based material which has to come from UK , which got delayed mainly because of restriction placed by the UK government because of covid and lack of production in those factories. These things are exist now.

Thank you for your complement on Balance Sheet and for many years we got practicing this tradition of all the Directors signing the Balance Sheet even though some time some directors ask, I don't seen them done by every company. It is a matter of sound principle we have been following this. I think with that I have done some justice or more to all the queries I have seen and I may not have answered any particular, may be I have skipped something. You may always write to Dr Pathanjali at the company's E-mail. We certainly get back to you and give you our response. . Thank you gentlemen. Thanks to shareholders who have taken so much of interest in the affairs of the company and post questions, which I tookup and with that I would like to know who are new face.

Q4 - Interest due but not paid ?

Chairman: This is one of the corporate loan where the terms of agreement of the loan is to be repaid along with the interest at the end of the period.

Q5 - About Right issue and to raise the promoter's holding by 50%

Chairman: We will consider.

Chairman: I will now move on to question raised by Mr Sachin Shetty

Q1 - Splitting of Shares?

Chairman: We will consider it in the Board.

Q2 - Suggestion with rights issue?

Chairman: I think time is right. We should do with a properly priced right issue.

Q3 - Rating?

Chairman: We have already been rated every year. Therefore further rating will be done this year also. We hope that our rating will be better leading to lower interest rate.

Q4 - Our order Book?

Chairman: It is about Rs 110 crores out of which Rs 25 crores received this year.

Q5 - New Project Status?

Chairman: We are looking up Fuel cell, Lithium Ion Battery packs, Flow batteries and all these will take couple of years and it will not happen in overnight.

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 15 minutes. after the closure of the meeting. As of now about 41 shareholders are present participating in this meeting and remains so most part of this meeting. I am thankful to all the shareholders for their sustained interest. 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 to supervise the e-voting process. 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 are grateful to all our shareholders from across the countries who have participated in the AGM through Video Conferencing.

Thank you all for attending the Meeting.

With your concurrence, I hereby declare the proceedings as closed.

The Meeting stands closed.

Be Healthy and be safe.

Thank you.

**HIGH ENERGY BATTERIES (INDIA)
LIMITED**

**60th Annual General Meeting
07.08.2021**

**Presentation by
Dr G A Pathanjali, Managing Director**

(Annex – A to the transcript)

HIGH ENERGY BATTERIES (INDIA) LIMITED



PERFORMANCE REVIEW

2020-21



Highlights 2020-21

1. Highest Turnover , PBT & PAT.
2. Dividend -- 150% for the first time.
3. Outlook -- FY 2021-22 is positive
4. New Development: Funded Project for Flow Battery

Financial Highlights



TURN OVER

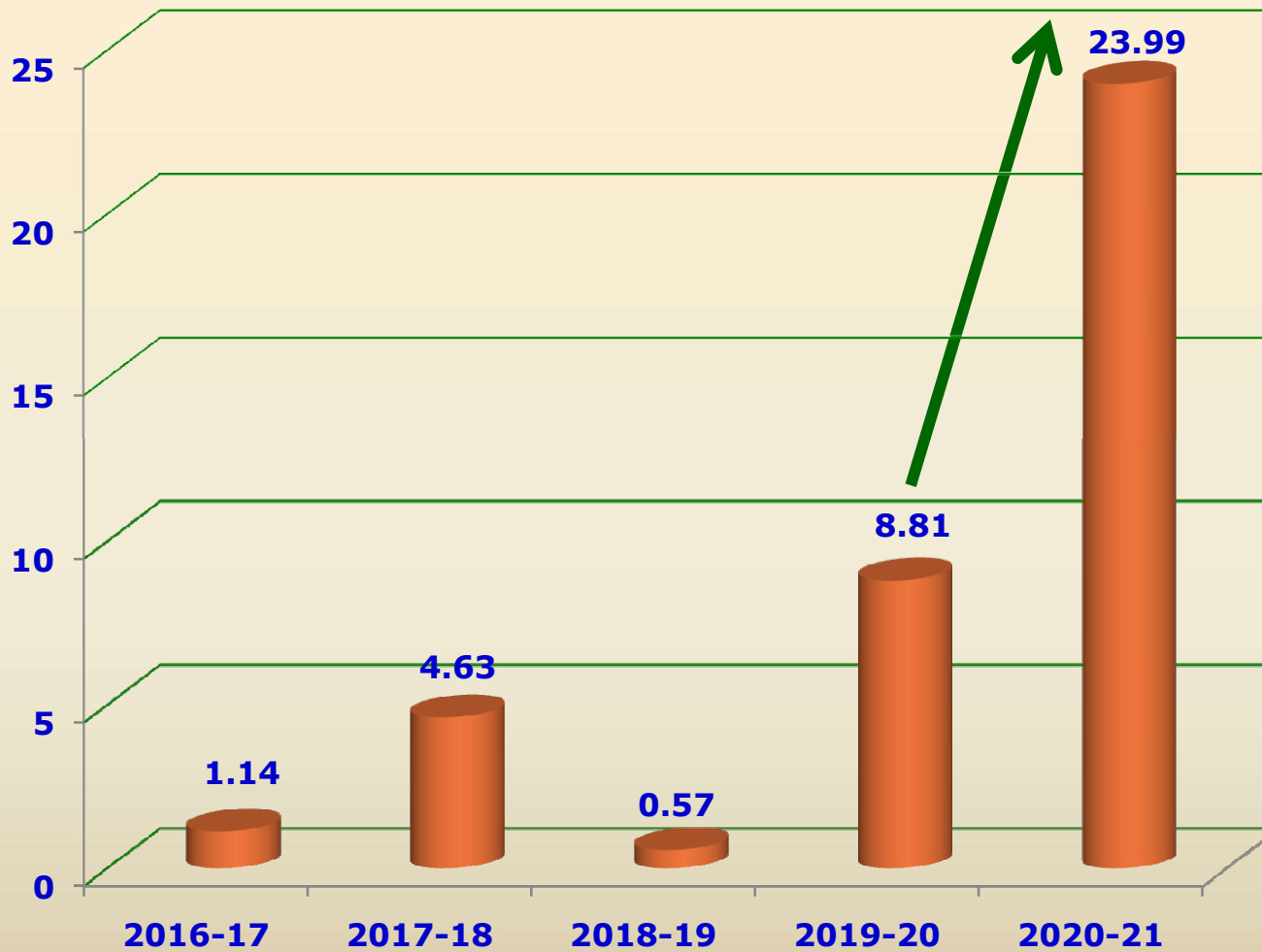


Sales for the last year increased by 26% and the trend will follow this year also.

Financial Highlights



PROFIT BEFORE TAX

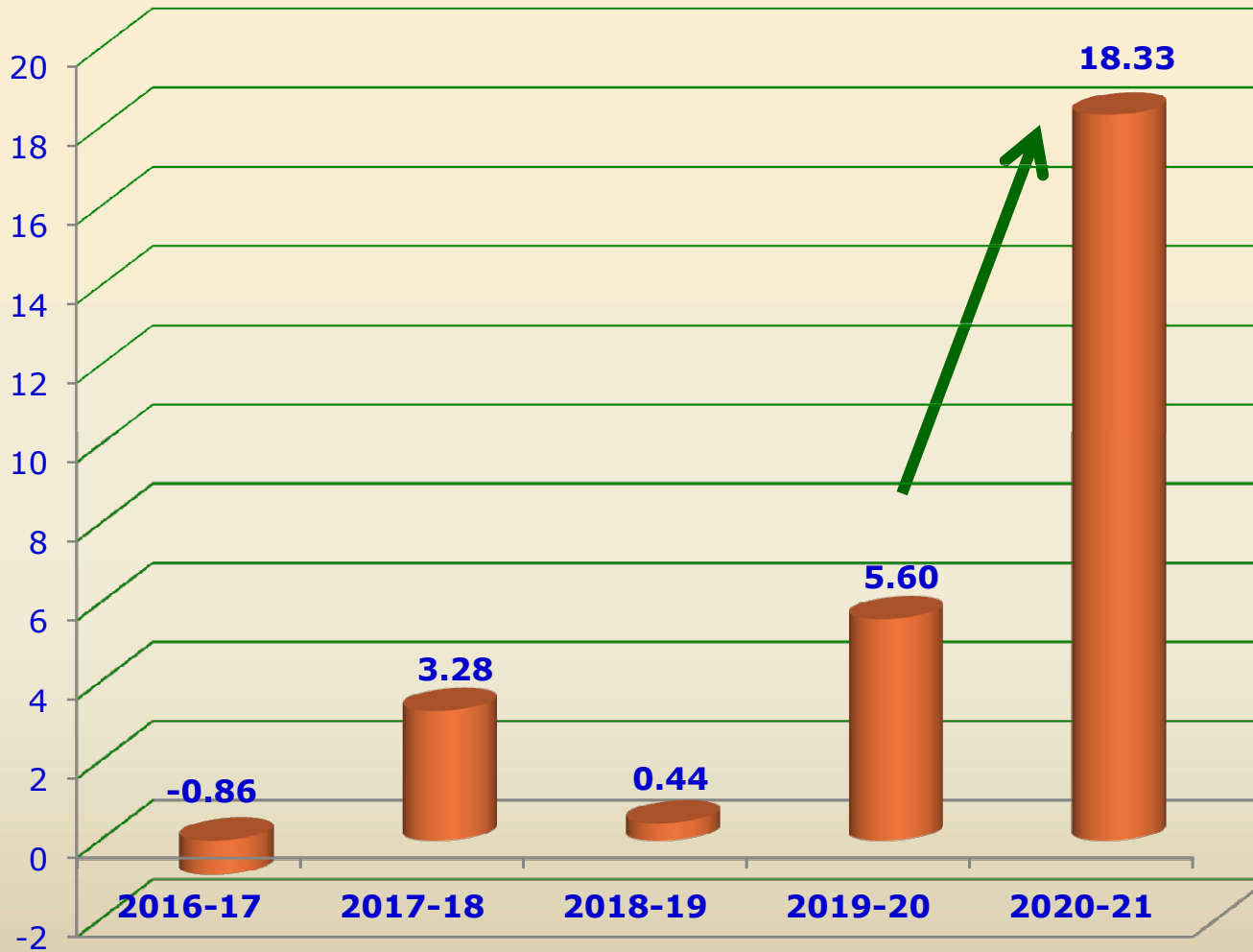


Substantial increase in PBT achieved in 2020-21

Financial Highlights



PROFIT AFTER TAX

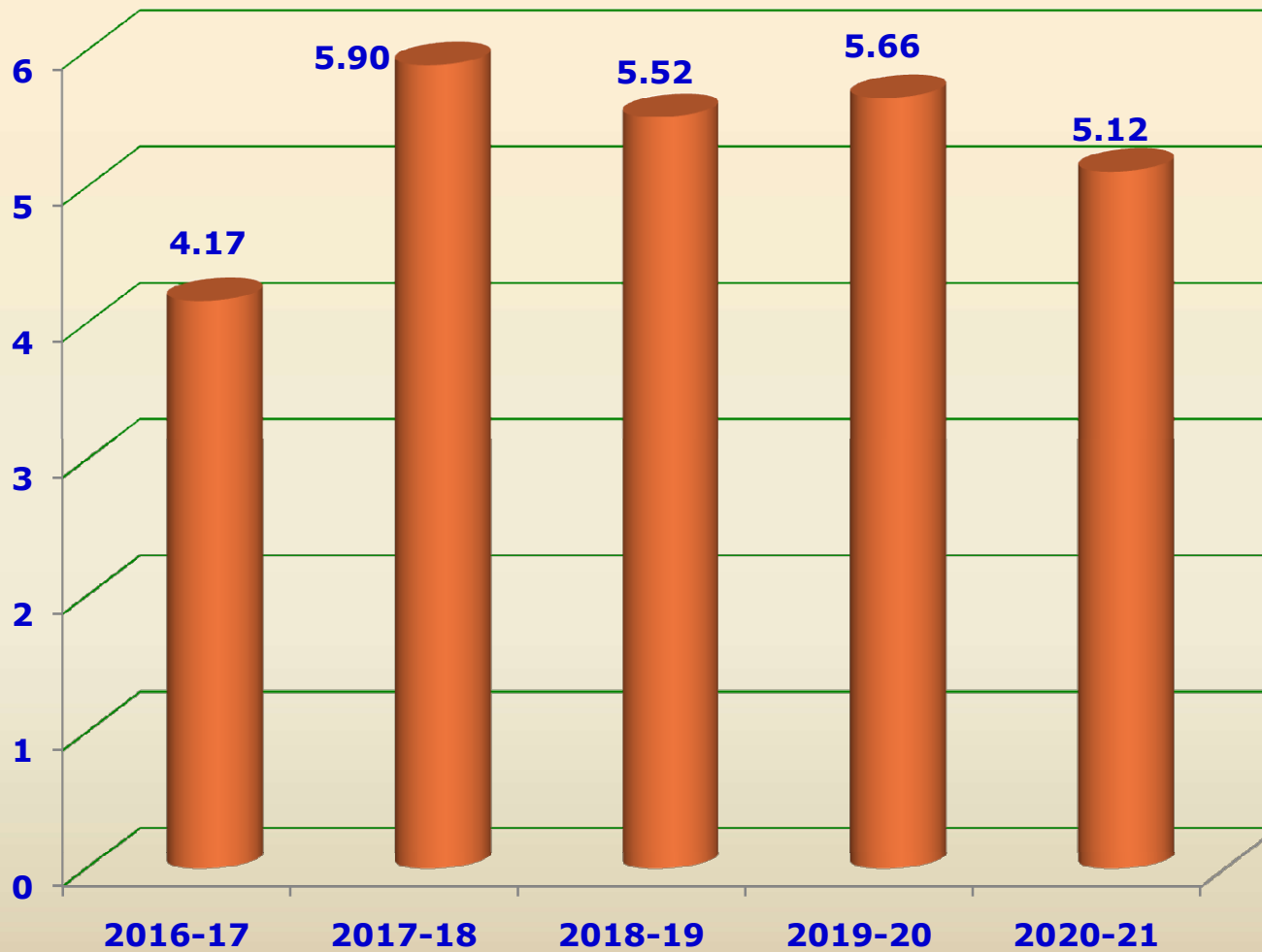


Substantial increase in PAT achieved in 2020-21



Financial Highlights

INTEREST COST

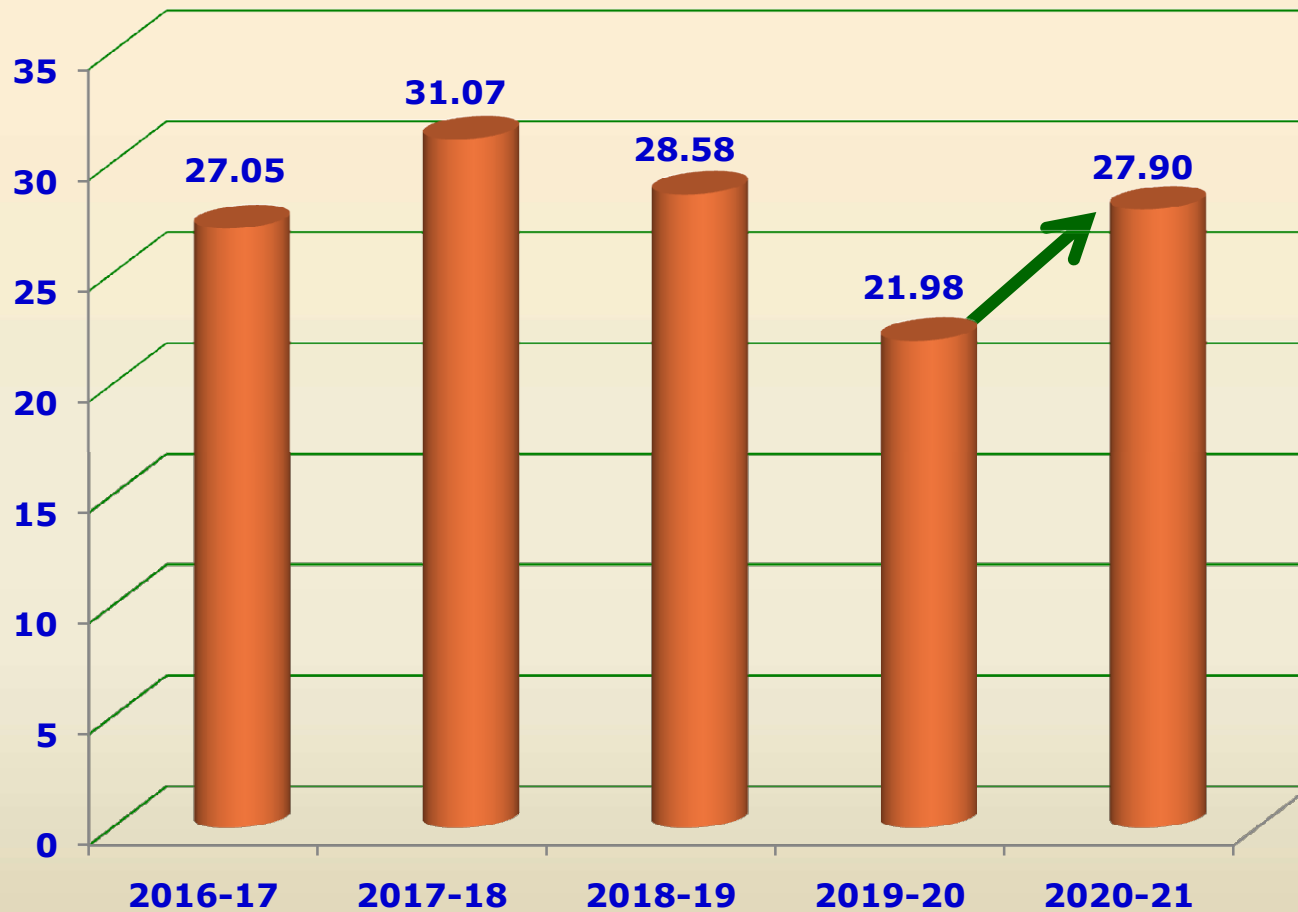


The finance cost maintained in the same level as that of last year though there is a 26% increase in operations.



Financial Highlights

BANK BORROWING

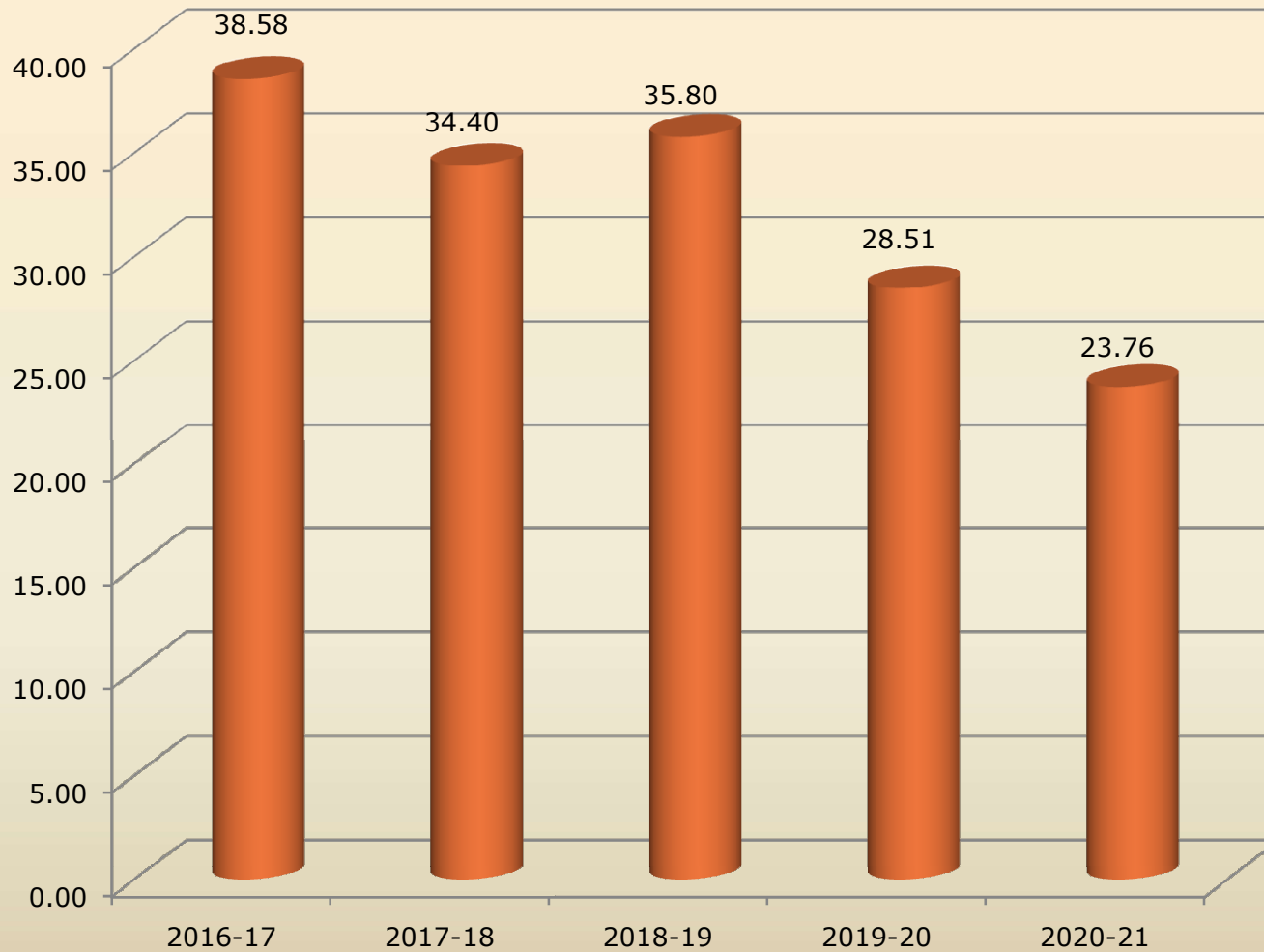


Bank borrowing marginally increased to cater additional operation.

Financial Highlights



OTHER LIABILITIES

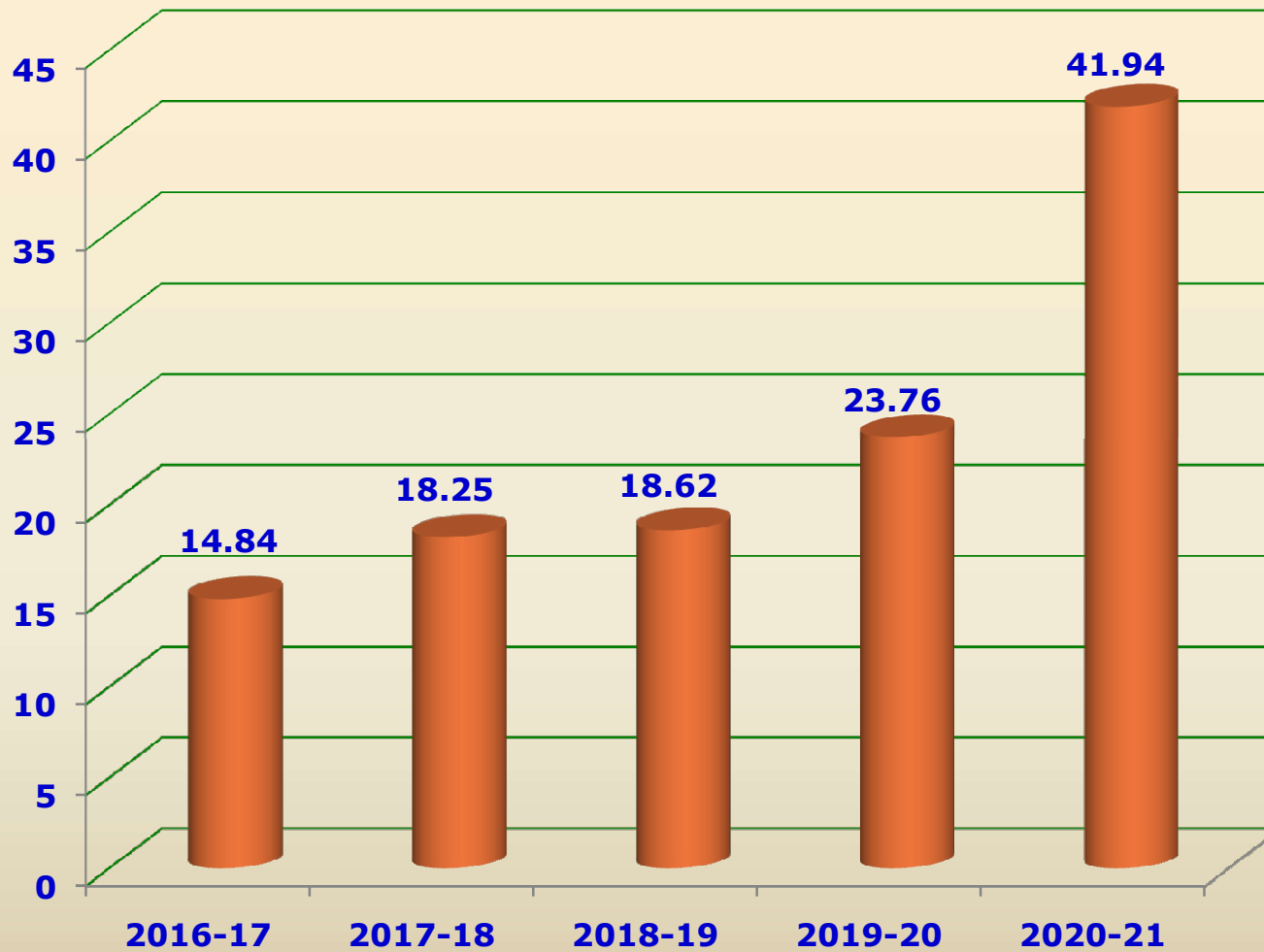


Continuous efforts are made to reduce the liabilities

Financial Highlights



NET WORTH



Net Worth has increased by 3 times in the last 4 years.

Thrust Areas for 2021-22

New Product	An advanced Silver Zinc Battery for DRDO
Dev. Orders	Two new Ag-Zn battery types
Further R&D	Work on Silver Oxide Aluminum for futuristic Naval Project
Sea Water Battery	Dev. Of Mg-CuCl
Vanadium Flow Battery	Progressing with IIT, Chennai for ONGC Energy Centre (OECT)

Highlights – Qtr 1 of 2021 - 22

- 1. Turnover – Rs.10.80 crores**
- 2. PBT – Rs.159.19 Lakhs**
- 3. PAT – Rs.116.81 Lakhs**
- 4. High Power Silver oxide zinc Development**
- 5. New Development: Funded Project for Flow Battery**



THANK YOU