

***High Energy Batteries
(India) Limited***

*Speech delivered by
Sri N Gopalaratnam,
Chairman*

61st Annual General Meeting

June 29, 2022

HIGH ENERGY BATTERIES (INDIA) LIMITED

Annual General Meeting

Wednesday June 29, 2022

Chairman's Speech

Dear Shareholders.

I extend a warm welcome to all of you to this 61st Annual General Meeting of the Company. As I had said earlier, I welcome this opportunity to reach Shareholders, far and wide, through this Video Conference mode, though I will miss the warmth and personal interaction that I enjoy during physical meetings.

The video presentation that you witnessed just now, I am sure, would have given you an in-sight into the history of the company's successful pursuit of differing technologies to create power sources to support and meet the country's critical energy needs.

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.

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The Company is currently equipping itself to provide the needed technological solutions and Electrochemical systems, meeting the requirements of the upcoming areas like In-situ Power Generation using **Hydrogen as fuel** and Long-duration Energy Storage through Flow Battery, in addition to the current Battery Based Power Source, for commercial and Defence applications.

Your Company has posted, again, enviable operational and financial results and declared a dividend of 150%. I am sure the shareholders would be happy at the Company's performance in the year under review.

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

Economy

"World Economic outlook" report of IMF predicts: "global growth is expected to slow significantly in 2022, largely as a consequence of the war in Ukraine. A severe double digit drop in GDP is expected in Ukraine due to war. A deep contraction is projected for Russia due to sanctions and European countries' decision to scale back energy imports. Fuel and food price increases are already having a severe global impact.

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Global growth is projected to slow down from an estimated 6.1 per cent in 2021 to 3.6 percent in 2022 and 2023.

IMF's growth projections indicate that GDP of India grew by 8.2% in FY2022, but will decelerate to 6.9% in FY 2023. This is mainly due to the prevailing high oil and food prices. There seems to be no immediate breather for India to contain in trade deficit, to reverse fall in ₹. and tame high inflation.

Nevertheless, India is being regarded as one of the high growth economies of the world.

According to India's Chief Economic Adviser, the Indian Economy consolidated its recovery in FY 2022 with most constituents surpassing pre-pandemic levels of activity. A positive trend in the high frequency indicators of growth during the first 2 months of Q1 of FY22-23 indicate continued expansion of Economic Activity.

Defence

Government has allocated Rs 5.258 Lakh Crores to defence sector. It also allocated 68% of capital procurement specifically ear-marked for domestic industry in 2022- 23, which will have beneficial effect on our local industry.

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Further, defence R&D is opened up for Indian industrial sectors including startup and through “Atma Nirbhar” programs, many new systems are being developed with Battery playing the main role of Power Supply, to meet the requirements.

COVID 19

The company had to face sporadic lockdowns during Quarter I in 2021-22. However, the company could overcome the challenges and achieve targeted levels of production and profits.

PERFORMANCE REVIEW

The company achieved a turnover of Rs. 79.25 Crores as compared to last year turnover of Rs. 77.53 Crores and a PAT of Rs.17.95 Crores, as against Rs.18.32 crores.

Our efforts towards successful revival of Lead Acid Battery Division is yet to bear fruits.

After my address, Dr.Pathanjali will make a short presentation, reviewing last year's performance

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R &D

Your company through a joint working with IIT, Madras over the last two years, has developed a Vanadium based Flow Battery and demonstrated its performance satisfactorily. This is the first time, design cum development pertaining to “Energy Storage System” is being pursued by our Company, while hitherto our focus was mostly on Battery as Power Source for Electronics, Telemetry, Underwater Propulsion and so on.

Concurrently, proto level R&D efforts are put into Fuel Cells towards Hydrogen usage and 2nd life usage of Li Ion Packs/ Batteries. The company will be pursuing the scale- up of the systems to higher levels of Power and Energy, over the next 3 to 5 years.

DIVIDEND

As you are aware, Board of Directors have recommended payment of dividend at 150% for this year 2021-22 as well.

Sub-Division of Shares

Share holders will be happy to note that as per the request of the members in the last AGM, the Board has decided to sub-divide the shares and the resolution for the same is placed in the AGM for your approval.

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Current Year (2022-23)

The company, it is hoped, will be able to maintain its financial performance this year also in view of the regular deliveries possible and a matching order position. The company is free of all inter-corporate loans. Our banking operations are at a comfortable level. With good orders on hand and orders expected during the year,, the company is expected to post better results barring unforeseen circumstances.

Profit for the 1st quarter is likely to exceed previous year's. This will provide a thrust for achieving better results in other quarters as well.

Diversification

As informed in the last Annual General Meeting we still pursue R & D Programme for Li-Ion and other types of power sources like Fuel Cells and Flow Battery. Globally and in India as well, the quest for e-mobility, introduction of non-fossil fuel and Li-Ion alternatives especially with focus on Hydrogen, is on the increase and will continue to grow.

Conscious of the opportunities and the prevailing Tech – friendly situations, the company is on the lookout for proposals towards diversification, to enter the latest energy based / power related systems and Hydrogen usage activities.

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Directors

On the recommendation of Nomination and Remuneration Committee, the Board of Directors had re-appointed Mr M Ignatius as Director (Operations) for a further period of 3 years.

Mr N Nanda was nominated by LIC in place of Mrs Jayashree Ajit Shankar, as Nominee Director of LIC.

Acknowledgement

I am grateful to my colleagues in the Board, who display keen interest in the affairs of the Company and whose timely advice, counsel and guidance, many a time, helped the Company to steer clear of difficult situations.

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 and Punjab National Bank. We also thank Indian Bank and Canara Bank, for their support rendered, till the change-over.

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

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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 and statutory bodies 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.

June 29, 2022

(N GOPALARATNAM)

Chairman

***(This does not purport to be a record of the
proceedings of the 61st Annual General Meeting)***