

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

*Speech delivered by
Sri N Gopalaratnam,
Chairman*

62nd Annual General Meeting

June 24, 2023

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Chairman's Speech

Dear Shareholders.

I extend a warm welcome to all of you to this 62nd 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 different battery types involving various electrochemical systems / technologies that are indigenously developed through in-house R&D, to support and meet our country's critical energy needs.

I am indeed proud that our company's R&D Labs., over the years are well 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, Cuprous Chloride and metal – Oxygen. This enables the Company to design and manufacture batteries for Mission Critical platforms like Torpedoes, Fighter Aircraft, Supersonic Missiles, Army Battle Tanks,

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Unmanned Aerial Vehicle. (UAV), Drones, Autonomous Underwater Vehicle (AUV) and Satellite Launch Vehicles (SLV).

In addition to the manufacture and supply of Battery Based Power Source, for commercial and Defence applications, our Company is currently equipping itself through development programs initiated, to provide the needed technological solutions and Electrochemical systems, meeting the requirements of the upcoming areas like Fuel Cell for In-situ Power Generation using Hydrogen as fuel and Long duration Energy Storage through Flow Battery.

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. Shareholders, I am confident, would be happy with the Results turned out by the Company and the Dividend declared at 175% for FY 2022-23.

ECONOMY

"World Economic outlook" report of IMF predicts: "global growth is expected to slow down significantly in 2023, largely as a consequence of the war in Ukraine, high inflation and consequent financial sector turmoil. A deep contraction is projected for Russia due to sanctions and the decision of European countries to scale back energy imports. Fuel and food price increases had already posed a severe global impact. The Cost of Living pressures are particularly acute in some developing economies, where domestic price dynamics are exacerbated by Currency depreciation.

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Global growth is projected to slow down from an estimated 3.4 per cent in 2022 to 2.8 percent in 2023 before settling at 3.0 percent in 2024.

IMF's growth projections indicate that GDP of India was 6.8% in FY 2022 which got decelerated to 5.9% in FY 2023, but will again accelerate to 6.3% in FY 2024. This is mainly due to the prevailing high oil and food prices. There seems to be no immediate breather for India to contain its trade deficit, the reverse fall in and a sustainable solution to tame high inflation.

Nevertheless, in the prevailing global scenario, India is being regarded as one of the high growth economies of the world.

DEFENCE

Government allocated Rs 5.94 Lakh Crores to defence sector in FY 2023 – 24 Budget, a jump of 13% over previous year. It also allocated a record 75% of capital procurement specifically ear-marked for domestic industry in 2023 – 24 when compared to 68% in 2022 – 23, which will have beneficial effect on our local industry.

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

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THRUST IN DEFENCE ALLOCATION

Government is planning to impose a ban on imports of arms and ammunitions in a phased manner and such import shall be substituted through the procurement from Domestic Industry. This will benefit the Company because of the active involvement with the Defence Agencies.

The recent successful trials on the underwater weapons by the Indian Defence would benefit the Company due to increase in its supply of Batteries for underwater application.

CARBON CAPTURE AND HYDROGEN ECONOMY

National Mission on Transformative Mobility and Battery Storage was set up in NITI Ayog aimed towards creation of an ecosystem of about 10 MMTPA (Million Metric Tonnes Per Annum) of green hydrogen production by 2030. The critical element in achieving this ambitious target is to create a vibrant Hydrogen Economy wherein the output cost is much less. Thus the said mission's aim is to reduce the investment cost through scaling up renewable technologies and provide assistance in the form of subsidies to manufacture electrolysers.

SIGHT PROGRAMME

The Cabinet through its official press release dated 04th January, 2023 approved National Green Hydrogen Mission with an initial outlay of Rs.19,744 Crores, including an outlay of Rs.17,490 Crores for the Strategic Interventions for Green Hydrogen Transition Programme (SIGHT) programme, Rs.1,466 Crores for pilot projects,

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Rs.400 Crores for R&D, and Rs. 388 Crores towards other Mission components.

Under the SIGHT Programme, two distinct financial incentive mechanisms will be provided such as targeting domestic manufacturing of electrolysers and production of Green Hydrogen. The Mission will also support pilot projects in emerging end-use sectors and production pathways.

This programme would benefit the company's ambition of foraying into manufacture of Fuel Cell and Electrolysers in Green Hydrogen space.

COVID 19

Though the company did not face lockdowns in FY 2022 – 23 due to the pandemic, disruptions in supply chain and delays in receipt of imported materials continue even now.

PERFORMANCE REVIEW

The company achieved a turnover of Rs. 92.54 Crores as compared to last year turnover of Rs. 79.25 Crores resulting in an increase of 17% compared to the previous year. PBT for the year was Rs.27.50 Crores, as against Rs.24.75 Crores last year.

I am happy to inform that with this increase, the Company has achieved its highest Turnover in its 43 years of Journey.

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Another accomplishment which is worth sharing was that the Company has become “Debt Free (Long Term)” Company during FY 2022 – 23.

The Company has developed Two (2) “Exercise Version” of Torpedo Batteries during FY 2022 – 23 for Russian Platform.

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

R & D

Your company through a joint working with IIT, Madras over the last two years, had developed a 1kW / 10kWh Vanadium based Flow Battery and demonstrated its performance satisfactorily, over repeated usage and cycling. 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 for Defence, 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 also the 2nd life usage of Li Ion Packs/ Batteries.

The In-house evaluation of street lights using 2nd life LIB packs, put on charging during daytime through solar panels, is going on within the Company Campus. Our 62nd Annual Report contains the image of one such LIB pack installed in the factory campus, stands as a testimony to this fact. The company will be pursuing the scale - up of

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the systems to higher levels of Power and Energy, in a phased manner over the next 3 to 5 years, as the fund – level requirements clubbed with the technical challenges, are high.

DIVIDEND

Bard of Directors have recommended payment of dividend at 175% for this year 2022-23 (150% for the years 2020-21 & 2021-22).

SUB-DIVISION OF SHARES

We are happy to inform that based on the approval obtained from the members in the last AGM, the Sub-Division of shares activity was completed by August 2022.

CURRENT YEAR (2023-24)

The company, it is hoped, will be able to maintain its physical and financial performance this year also on similar levels. The company is free of all inter-corporate loans and our banking operations are at a comfortable level.

DIVERSIFICATION

As informed in the last Annual General Meeting, we continue to pursue R & D Programme for Li-Ion 2nd life batteries and other types of power sources like Fuel Cells and Flow Battery.

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Globally and in India as well, the thrust for e-mobility and use of non-fossil fuel is on the increase. This calls for development efforts on green energy systems like Li-Ion and also Fuel Cells. This trend will continue to grow.

Conscious of the opportunities and the prevailing Tech – friendly atmosphere, the company is on the lookout for proposals for tie-up with emerging leaders, to enter into the latest energy based / power related systems and Hydrogen usage activities.

DIRECTORS

On the recommendation of Nomination and Remuneration Committee, the Board of Directors had re-appointed Dr. G A Pathanjali as Managing Director for a further period of 3 years from 01st April 2023 to 31st March 2026.

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 Laboratories and Ministry of Defence (MOD), ISRO, VSSC, NSTL, NPOL, NMRL, RCI, ASL, BrahMos (BAPL), BEL, HAL, ADE, BDL, ADA and other defence based organizations such as DGONA, DAPI, CVRDE, MGO, Indian Army,

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Indian Air Force, Indian Navy, Overseas Customers, LIC and our consortium of Bankers Viz., UCO Bank and Punjab National Bank.

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.

And to you, our Shareholders, I am deeply grateful for the confidence and trust that you have always reposed on us and I take this opportunity to 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 24, 2023

(N GOPALARATNAM)

Chairman

**(This does not purport to be a record of the
proceedings of the 62nd Annual General Meeting)**