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### Chairman's Speech

Dear Shareholders.

I extend a warm welcome to all of you to this 65<sup>th</sup> Annual General Meeting of the Company. I welcome this opportunity to reach Shareholders, far and wide, through this Video Conference mode. However, I 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 and technologies that are indigenously developed through in-house R&D, to support and meet our country's growing needs in the strategic Defence armament sector.

I am sure, you would be happy and 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 Silver Chloride, Cuprous Chloride and Metal–Air systems. This enables the Company to design and manufacture batteries for Mission Critical platforms like Torpedoes, Fighter Aircraft, Supersonic Missiles like BrahMos, Army Battle Tanks, Unmanned Aerial Vehicle (UAV), Drones, Autonomous Underwater Vehicle (AUV) and Satellite Launch Vehicles (SLV).

Our Company is currently equipping itself through development programs initiated to meet the requirements of the prospective growth areas like Fuel Cell for In-situ Power Generation using Hydrogen as fuel (HFC) and Long-duration Energy Storage (LDES), to provide over ten hours of Un-interrupted Power to consumers, through an emerging field called Flow Battery systems, which will surpass the techno-economical characteristic of the presently

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available Lithium based Battery Energy Storage Systems (BESS) for Solar, Wind and other Renewable Energy oriented applications. Our Company is also working on the assembly of Low Power Lithium-Ion Batteries for UPS/Industrial requirements along with the associated electronics like Battery Management Systems (BMS), that form part of the overall battery system.

Our Company has posted reasonable operational and financial results, given the global situation prevailing and has declared a dividend of 150% for FY 2025 – 26. I am sure that 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: “The economy opened on a cautiously brighter note than the past year. Resilience of the global economy to shocks in the past year, has brightened views of the year ahead, though significant uncertainties still remain. Large downside risks in the form of inflated asset prices, increased levels of public debt and high geopolitical uncertainty are of concern.”

Global inflation is easing, with the International Monetary Fund (IMF) projecting an annual average of 4.4% in 2026. However, the recent global scenario posts a challenge to the overall economy which has a bearing on all the Nations.

Despite domestic inflation hovering near the upper end of the Reserve Bank of India target of around 4%, India remains a global economic bright spot. The IMF projects India will remain the fastest-growing large economy, outpacing much of the global slowdown. India's nominal GDP stands at approximately \$4.15 trillion in 2026, ranking as the Sixth largest economy

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globally. Despite facing global challenges, Oil, gas and fuel supply constraints, the economy continues to grow at a robust rate of 6.5% to 6.6% per year, cementing its position as one of the fastest-growing major economies in the world.

### DEFENCE

The Ministry of Defence has received the highest-ever allocation of ₹7.85 lakh crore, an increase of 15.19% over Budgetary Estimates (BE) of FY 2025 – 26. This accounts for 14.67% of the Union Budget which is highest among the various Ministries of the Govt. of India. India's Defence budget rose from ₹ 2.53 lakh crore in 2013 – 14 to ₹ 7.85 lakh crore in 2026 – 27, an increase of approximately ₹ 5.32 lakh crore over a decade, marking about a three-fold rise.

Out of the said allocation of Rs. 7.85 Lakh Crores, Rs. 2.19 Lakh Crores (around 28%), was earmarked mainly for capital acquisition. Another salient feature of the budget is that ₹1.39 lakh crore was earmarked for procurement from Domestic Defence industries. The forthcoming Capital Acquisition projects will equip the Armed Forces with next-generation fighter aircraft, advanced weapons, ships and submarines, Unmanned Aerial Vehicles and Drones. The FY 2025 – 26 will go down in history as a memorable year for the Ministry of Defence, as the 'Year of Reforms' which not only witnessed our Nation making unprecedented strides to achieve the goal of "Atmanirbhar" in Defence. The unmatched valor, commitment and precision of the Armed Forces during 'Operation Sindoor' stand as a testimony.

The budgetary allocation to Defence Research and Development Organization (DRDO) has been increased by Ministry of Defence and it is expected that it might trickle down to a reasonable budget for battery related requirements.

On May 11, 2025, Raksha Mantri inaugurated the BrahMos Integration and Testing Facility Centre in Lucknow, a key component of the Uttar Pradesh

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Defence Industrial Corridor. I am happy to inform that HEB is the only qualified supplier of Batteries for BrahMos Supersonic Missile.

## **PERFORMANCE REVIEW**

The company achieved a turnover of Rs. 83.10 Crores as compared to last year turnover of Rs. 80.75 Crores resulting in an increase of around 2.35% compared to the previous year. The Company made PBT of Rs. 20.75 Crores, as against Rs. 20.68 Crores last year.

An accomplishment which is worth sharing is that the Company continues to be “Debt Free (Long Term)” Company since FY 2022– 23.

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

Our efforts towards the revival of operations of Lead Acid Battery Division are yet to bear fruits.

## **CSR**

The Company, by framing its CSR policy, is committed to the upliftment of rural areas near the factory and as part of the statutory obligation towards CSR, the Company spent Rs. 52.27 Lakhs with focus on promoting education, Rural Development activities, Contribution to War veterans and Health Care.

## **R &D**

Your Company received development cum supply order for a battery involving Silver Zinc system for Heavy Weight Torpedoes and the activity progressed satisfactorily within the stipulated period. Apart from this, the design of Silver Zinc cells with improved Cycle life and Wet life was also developed and the testing is under progress.

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Another key feature is the satisfactory on-schedule development of **Sea Water activated battery** catering to Light Weight Torpedo requirements requiring higher power of about 120 kW. Based on user reports, further modifications and improvements were carried out and the Sea Trial was completed successfully. Supply orders from DRDO and Indian Navy enabling regular production, is expected to commence during the FY 2026 – 27.

Your company also initiated the activities pertaining to the design, development cum evaluation of long endurance Sea Water battery through TDF (Technology Development Fund) DRDO. The field trials and testing of the battery were completed satisfactorily during FY 2025 – 26 (one at HEB premises and one battery in co-ordination with National Institute of Ocean Technology (NIOT) at sea, off the coast of Chennai).

Another Sea Water activated battery for underwater expendable acoustic devices was developed during FY 2025 – 26 and the performance on testing met the requirements satisfactorily. Regular production and supply, are expected during FY 2026 – 27.

I am happy to inform here that the Company received development cum supply order of Nickel Cadmium (Ni-Cd) batteries for Indian Railways Electric Loco application. Towards this, the battery manufacturing, cell assembly cum testing facility was established and regular production shall commence during FY 2026 – 27 upon receiving the approval which is underway from the customer.

The Company initiated the activity of indigenizing Towed Reel and Torpedo Reel for Underwater applications. In this, the company achieved the indigenization of Mechanical hardware. The reel wire development is in progress and upon completion of this activity and approval by Navy, regular supply can be pursued.

Related to Vanadium based flow battery (VRFB), Long Duration Energy Storage (LDES) program, after successful completion of the development

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program of 1 kW / 10 kWh module, the scaling up of the system up to 10 kW / 50 kWh rating, on stand-alone storage mode using Solar PV based energy harness was initiated. This scaling up activity was completed during FY 2025 – 26. At this juncture, I am happy to inform that the Company is presently exploring other opportunities by participating in Tenders / proposals on VRFB segment and energy storage back-up needs.

On the Lithium-Ion Battery (LIB), establishing the facility for cell screening, making battery pack assembly, BMS (Battery Management System), Controller and Electronics and testing as both LIB packs or Lithium-Ion battery using cylindrical as well as prismatic type cells, is now at an advanced stage. Further, work on EV battery is also under in-house evaluation coupled with development of Lithium-Ion batteries along with Inverter, BMS and Electronics for backup services as an integrated Battery Energy Storage System [BESS]. Field evaluation cum in-house testing is under progress in tandem with Solar PV based Energy source.

Drones being a strategic one for Defence, regarded as the Technology of today, we intend to pursue the related battery R&D work in the forthcoming Six (6) to Eight (8) months period, this year. Needed facilities are being created/augmented with in-house resources and be ready by Q1/Q2 of 2027-28.

## **DIVIDEND**

As you are aware, Board of Directors have recommended payment of dividend at 150% for this year 2025 – 26.

## **CURRENT YEAR (2026 – 27)**

The company hopes to maintain improved financial performance in the coming year. The company is free of all inter-corporate loans and our banking operations are at a comfortable level. With a reasonable level of orders on hand and the orders expected during the year, the company is expected to post better results during 2026 – 27 as well, barring unforeseen

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circumstances. The present development cum supply orders from DRDO for Silver Chloride Magnesium Battery for Light Weight Torpedo (LWT) and Silver Oxide Zinc Battery for Heavy Weight Torpedo (HWT), will materialize into production orders by year end and will fetch orders from Navy of around Rs. 50 to 60 Crores per year.

The undue delay in receipt of orders from MoD, during the first Quarter, had impacted severely the performance of the Company. However, we are confident that the Company will make good in the forthcoming quarters, as the orders will get finalized in the coming days.

### **DIVERSIFICATION**

As informed in the last Annual General Meeting, we pursue application-oriented development Programs in the field of Li-Ion and other types of power sources like Fuel Cells, Energy storage through Flow Battery and Hydrogen generation using Electrolyzer technology, which are in the introductory stage in India, as Alternate cum green sources of Energy.

Established Companies abroad (Europe) evince interest to have tie-up with our Company on Vanadium Redox Flow Battery (VRFB) and we wish to work with them on these upcoming growth areas so that we are not left out.

### **DIRECTORS**

During the year, Dr. G A Pathanjali (DIN: 05297665) was re-appointed as Managing Director of the Company for a period of three (03) years from 01<sup>st</sup> April, 2026 to 31<sup>st</sup> March, 2029. Further, Mrs. Jayashree Ajit Shankar (DIN: 08397093) was appointed as Woman Independent Director for a tenure of five years from 01<sup>st</sup> April, 2026 to 31<sup>st</sup> March, 2031. Both these appointments were passed as Special resolution through Postal Ballot by the Shareholders on 24<sup>th</sup> March, 2026.

Mr. C V Ramana (DIN:11517220) was appointed as Nominee Director replacing Mr. N P Sinha (DIN:07980838) based on the letter received from

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LIC during January 2026. This appointment was passed as an Ordinary resolution through Postal Ballot by the Shareholders on 24<sup>th</sup> March, 2026.

On behalf of the Board, I convey my thanks and appreciation to Mrs. Lalitha Lakshmanan, Independent Director and Mr. N.P Sinha, Nominee Director of LIC, for their valuable suggestions and detailed inputs to the Board. Further, I wish them success for all their endeavors in future.

## **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 off difficult situations.

I also wish to place on record the excellent support extended to our Company by Defence Services, VSSC, ISRO, RCI, ASL, DRDO Laboratories and Ministry of Defence (MOD), NSTL, NPOL, NMRL, BDL, BrahMos (BAPL), BEL, HAL, ADE, ADA, Mahindra Defense, TDF, NIOT and other Defence based organizations such as DGONA, DAPI, CVRDE, MGO, Air (HQ) and HQMC.

I also wish to thank all our valued Govt Statutory Bodies like IOF, PCB and Inspection cum Certifying agencies such as CEMILAC, DGAQA, DGNAI, DGQA, MSQAA, SSQAG, R&QA, CLW (Chittaranjan Loco Works) and Railways for their timely and meticulous adherence of Quality Assurance / Product acceptance procedures.

I also wish to thank the Educational Institutions of excellence viz., NIT(T), IIT Chennai for their co-operation and technical support to our R & D progress. OECT, part of ONGC for initiating a program on Vanadium Redox Flow Battery (VRFB), Centre for High Technology (CHT) in partnership with OECT, IOCL and GAIL and the Overseas customers, who have reposed utmost faith and confidence in our products.

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I further wish to place on record my sincere appreciation to all the employees of the company for their continued involvement and contribution towards the 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, LIC and our consortium of Bankers Viz., UCO Bank and Punjab National Bank.

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 27, 2026**

**(N GOPALARATNAM)**

**Chairman**

***(This does not purport to be a record of the proceedings of  
the 65<sup>th</sup> Annual General Meeting)***