

Date: September 07, 2023

To

The Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
BSE STOCK CODE: 517271

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (East), Mumbai – 400 051
NSE CODE: HBLPOWER

Dear Sir/Madam,

Sub: Intimation of Analyst / investor meetings under the SEBI (LODR), Regulations 2015

Pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, it is hereby informed that the official(s) of the Company will be interacting on Saturday, September 09, 2023 through virtual call with Investor(s)/analyst(s) in response to the requests received. Any request for meeting / call after this announcement to the Stock Exchanges shall be considered for next meeting / call as may be scheduled by the Company.

This is to further inform that the interaction will be on the presentation attached herewith and placed on the website of the Company (<https://hbl.in/reports/investor-presentation-sep23.pdf>) for the stakeholders and public at large. The company does not intend to discuss / share any Unpublished Price Sensitive Information (UPSI) during the interaction.

We request you to kindly take the same on record and disseminate the same on your respective websites.

Note: The above meeting schedule is subject to change, which may happen due to exigencies on the part of the Company or Investor(s).

Thanking you

For HBL Power Systems Limited

E Sairam
E Sairam
Chief Financial Officer

Regd. Office :

HBL Power Systems Limited
Road No.10, Banjara Hills, Hyderabad - 500 034.
Website : www.hbl.in

HBL POWER SYSTEMS LIMITED

INFORMATION FOR SHAREHOLDERS

September 09, 2023

WHAT DOES HBL DO?

- Organizing Engineering talent to fill Technology Gaps is HBL's purpose.
- There are six pillars to HBL's strategy, which are based on the founder's background in learning, teaching and practicing, both technology development and management.
- Specialized Batteries for Defence and Industry happened to be the first domain to which this strategy was applied.
- But HBL has later applied it to Defence Electronics, Railway Signaling, Electronic Fuzes and Electric Truck Drive Trains.

STRATEGY PILLARS 1,2 AND 3

1. Because most Indian companies rely on foreign technical collaborations, but foreign companies are unwilling to transfer technology, ***technology gaps exist*** in the Indian market. ***These gaps offer business opportunities, for those with the Technical judgement*** in deciding which products can be developed with available engineering talent.
2. The ***Business judgment*** is in choosing ***niche markets*** (too small for big firms and too hard for small firms) to create secure market spaces for a long period of time, so each business can survive infant mortality.
3. With success, there will be ***less competition***. Better prices will lead to a good return on investment. HBL has succeeded technically in most attempts so far; and commercially, even if with long delays, in enough attempts to be what it is today.

STRATEGY PILLARS 4, 5 AND 6

4. A single product is too big a risk for a small company. So, a portfolio was developed with ***related products*** (in both technology and market extensions).
5. HBL chose Specialized Batteries, Electronics and Electric Motors as the set of ***related technologies*** *within which to develop businesses without foreign collaborations.*
6. To develop technology indigenously, HBL taps diverse sources of talent, and encourages an entrepreneurial spirit within the company.

BUSINESSES SEGMENTED BY EXPECTED GROWTH RATES

INDUSTRIAL BATTERIES Low Growth Decent EBITDA	DEFENCE & AVIATION BATTERIES Decent Growth Good EBITDA	INDUSTRIAL ELECTRONICS Rapid Growth Good EBITDA
All Lead Batteries	Batteries for Torpedoes, Submarines and other underwater applications	RAIL SIGNALING ELECTRONICS Kavach, Electronic Interlock, TMS
All Nickel Batteries except Aviation	Nickel Aviation Batteries	DEFENCE ELECTRONICS : Electronic Fuzes for Ammunition
Lithium Batteries for Small Energy Storage Systems and E-Trucks	Lithium Missile Batteries	INDUSTRIAL ELECTRONICS : Motors & Controllers for Electric Tucks
R&D currently in progress. Results may appear only in FY 2027		
Advanced Chemistry Stationary Batteries for B2B Energy Storage Systems	State of the Art batteries for Torpedoes. Lithium batteries for defence and aviation.	Power Electronics needed for B2B Energy Storage Systems

Note : Investors interested in details of the products/applications are referred to the Annexure to this presentation

Disclaimer

This presentation contains certain forward looking information concerning HBL's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, government policies and actions with respect to investments, factors, regulations, interest rates and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or to update any forward looking statements made from time to time by or on behalf of the company. No part of this presentation shall be reproduced, copied, forwarded to any third party either in print or in electronic form without prior express consent of the company.

MACRO ECONOMIC TAIL WINDS FOR HBL PRODUCTS

- Batteries made by HBL are replacement products for essential infrastructure. Demand is less subject to the state of the overall economy, thus more stable.
- Electronic signaling is a priority investment for the Railways because it enables higher utilization of existing track infrastructure. Safety is a bonus.
- Defence indigenization is at last being taken seriously.
- Electric mobility is necessary for energy security. Reduce petroleum imports. Trucks consume a lot of diesel and diesel prices will continue to go up.

POTENTIAL SALES BY BUSINESS SEGMENT, OVER NEXT 3 YEARS

HBL[®]

Please read Disclaimer again!

"There is many a slip, between the cup and the lip"

Rs. Crores

YEAR	Traditional Low Growth <i>Industrial Batteries</i>	Established Moderate Growth <i>Defence & Aviation Batteries</i>	Emerging Rapid Growth <i>FY 24, Plus Industrial Electronics</i>	TOTAL SALES	EBITDA	EBIDTA %	
FY 23	1027	205	118	1350	167	12	
Capex FY 24	37	18	35	Excluding equity Investment in Tonbo Imaging Ltd of 150 cr			
FY 24	1060	220	470	1750	262	15	
FY 25	1100	250	950	2300	414	18	
FY 26	1160	300	1440	2900	522	18	

BASIC STRENGTHS OF THE COMPANY

- HBL has developed the technology for most of its products in house and has freedom to export and sell technology. Physical and intellectual infrastructure already exists to support steady growth.
- HBL market position in India is # 1 or # 2 in all products, except telecom tower batteries where it is # 3.
- Much of the cost of product development has been expensed. This is one reason why the profitability has been low in recent years, and why it will be higher in future.

FINANCIAL METRICS

- Credit Rating by Care Edge: Long term A(Positive)
Short Term A1
- All bank obligations have been met for 40 years without any rescheduling.
- Debt is currently negative.
Total Debt / Net worth may be around 0.2 at the end of FY 24, after capex of Rs 90 crs and Rs 150 cr investment in Tonbo, and borrowing for working capital to finance the growth, during FY24.
- Dividend policy is to increase it by 5% every year.

CONCLUSION

- For the next few years, R&D expenditure would be lower and working capital would increase. The high capex of FY 24 will not be needed again in the next few years.
- HBL avoids the risk of large Capex intensive projects, and should therefore have little volatility in its financial performance.
- HBL aspires to be a high value technology based business, like the leading Mittelstand firms of Germany. We are on track to become one such company.
- Organizing Engineering Talent to fill Technology Gaps remains our purpose.

ANNEXURE

BRIEF NOTES ON HBL BUSINESSES

September 09, 2023

1. Telecom Tower Batteries

- Most telecom batteries today are Valve Regulated Lead Acid. HBL developed the technology in-house. This is a B2B procurement by private telecom operators; and tender based by BSNL.
- There are now only three firms in the Telecom market in India, versus six firms about 10 years ago.
- Amara Raja has the highest share, followed by Exide and then by HBL. ARBL and Exide both expanded capacity only to find that the demand had declined. This excess capacity depressed prices and the margins are still low.
- Addition of 5G towers and return to normalcy on replacement schedules of batteries for older towers (which was deferred when the operators were impacted by JIO) will increase demand with effect from FY 24.

2. Rail & Metro Coaches / Loco Batteries

- Every rail/ metro coach needs a battery. These are made as Lead Acid or Nickel Cadmium Alkaline Batteries. HBL has been a recognised supplier in India and in export markets of both types.
- HBL is the second largest producer of Industrial Nickel Cadmium Batteries, globally.
- Siemens – Germany has selected HBL as the OEM supplier for their new generation of coaches, called RRX. Siemens – America has bought HBL batteries for coaches they sold to Canada.

3. Batteries for Oil and Gas and Utility Industries

- There are many industries where Nickel Cadmium Pocket Plate Batteries are used because reliability and safety are of paramount importance. Oil and Gas is one such industry.
- Reliance Industries Jamnagar Refinery has been using HBL batteries since its inception.
- HBL has been successfully exporting these batteries for thirty years.

4. DC Power Back up Systems

- Pure Lead Tin batteries are Lead batteries designed to deliver higher power (more than automotive) for short durations. They are being used for stationary engine starting (Cummins resells HBL made batteries under its brand). Also used for Tanks, Army trucks operating at -30°C temperature etc.
- These batteries are now also being preferred for Data Centers. HBL is the only producer in India and the second in the world, based on in-house development of technology. HBL also has export markets.
- Lithium Ion battery packs, Energy Storage Systems (ESS) supplied with imported cells and HBL made Battery Monitoring Systems (BMS) are a market where HBL brand has value.

5. Torpedo Batteries

- HBL is one of two suppliers in India which have been supplying batteries for Torpedo Propulsion to the Indian Navy. HBL also exports these batteries in limited numbers.
- HBL has two contracts from NSTL/ DRDO for development of state of the art Al AgO Torpedo Batteries. Only two companies in the world make such batteries today.

6. Missile Batteries

- Most of the Missile Batteries used in India are designed, developed and manufactured by HBL. Including for the Agni V.
- HBL exports Missile Batteries to Israel and UAE.
- There are very few manufacturers of such batteries globally.

7. Aircraft Batteries

- HBL took six years from 1977 – 1983, to develop technology for Sintered Plate Nickel Cadmium Batteries. Today, HBL supplies almost all the batteries used by the Indian air force.
- Globally, there are perhaps four other companies in this market.
- The FAA and EASA had certified HBL batteries as acceptable for Boeing 737 and Airbus 320 series of aircraft. But sales have not yet occurred, because companies insuring aircraft want OEM's to approve the batteries used. However, OEMs are indifferent to the cost saving by buying from HBL.
- Company also received the clearance certificate for its product induction in PILATUS, P8-I and V5 aircraft.
- Company continued to export batteries to Bombardier for use in Global 7500 aircraft and to Israel Aerospace Industries (IAI) for use in UAVs.

8. Submarine Batteries

- All submarine propulsion batteries in India are “Tubular plate flooded lead acid”.
- HBL and Exide supply the same types of batteries. Tenders decide who gets the business. The average life of a submarine battery is four years; and indicative cost about Rs. 15 crores.
- The market in India is small, but should grow. HBL also has export opportunities because there are less than ten companies globally, making such batteries.
- HBL has been awarded a contract by NSTL / DRDO to develop prototype modules for Li Ion batteries for Submarine application.
- HBL achieved the type approval process for Type-II batteries meant for use in HDW German (Shishumar) class submarines securing manufacturing clearance.

9. KAVACH (Train Collision Avoidance System)

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- HBL pioneered the system with help from RDSO; the demo trial occurred in October 2012 at Tandur, SCR. The Railways announced that they will install Kavach (TCAS) over at least 30,000km of track in ten years.
- There are now three companies approved for supply of TCAS. Interoperability among the three designs has been established. New suppliers must also be interoperable with the current suppliers and this is a time consuming process.
- HBL has four EPC contracts on hand for Rs. 686 crores. The EPC part is subcontracted. The TCAS part varies from Tender to Tender. For tenders on hand, the TCAS part averaged at 70%. Each contract needs around two years to complete.
- Expected service life of a TCAS system is 15 years. Electronics systems need maintenance, and railways pay for this annually (after the first few years).

10. TMS (Train Management System)

- A Train Management System is a master control centre where a huge display panel shows the status of all trains in the territory of that system. There are very few systems in use today in India; a few imported and two from HBL.
- HBL is the only approved and proven Indian company for TMS. HBL's TMS System is certified for SIL - 2 by Bureau Veritas Spain.
- HBL's Train Management System (TMS) has been inaugurated by the General Manager of the Eastern Railway in Sealdah division of Eastern Railway on August 31, 2023.
- Demand is expected to slowly grow from FY 2024. Compared to TCAS, the value of business is small; at most 200 crs per year. A typical price per system would be 40 to 50 crs.

11 Electro Optics – Equity investment

- HBL has committed to invest in the equity capital of Tonbo Imaging India Pvt Ltd, as informed earlier. So far Rs.86.67 crs has been invested in Tonbo group.
- Tonbo Imaging is an Indian company that indigenously designs and manufactures electro-optics and imaging systems for surveillance, reconnaissance and targeting. Electro-optics and imaging subsystems are “the eyes” and “the brain” of surveillance platforms and weapon systems.
- Over the last 10 years, Tonbo Imaging has built a large portfolio of products addressing the needs of land, air, and missile systems. It counts among its customers, global military forces, special forces and international Tier I defense manufacturers.

12. Electronic Drive Trains For Trucks

- Apart from Li Ion cells, India currently imports motors & controllers for most EVs made in India. HBL has been investing on in-house development of all parts of the technology for Motors and Controllers since 2017 and plans to test products on the highways in 2024.
- The business plan is to convert old diesel highway trucks to Electric Drive using HBL made motors and batteries. The solution does not need subsidy. The benefit to the operator varies based upon his use conditions. Customers will be by invitation.
- Sales may begin in FY 2025. The number of old trucks is very large, but the HBL solution will only be viable for a small percentage of them. Even so, the scope is huge. At this time there are no competitors, because there is no subsidy for electric trucks.

13. Grenades with Electronic Fuzes

- Under a “Development cum Production Partner” contract with ARDE/DRDO, grenades made by HBL have been approved by the Ministry of Home Affairs for use by the paramilitary forces. Sales to MHA are expected to begin FY 24 and increase rapidly.
- Electronic Fuzes are essential for reliability and safety. HBL is the only Indian supplier for the Electronic Fuzes, and can also supply to other firms making the rest of the grenades.
- Approval of the Army for their needs of Grenades is expected during FY 24.
- HBL has facilities and licenses for handling explosive materials.

14. Electronic Fuze for Guns, Rockets, Bombs,.....

HBL®

- A fuze is a complex device that ignites ammunition. Electronic fuzes are preferred to mechanical fuzes because they are much more reliable.
- Over the last 15 years, HBL has developed 100% in-house technology for Electronic Fuze for grenades and other ammunition, including Artillery guns. HBL is the only Indian company with 100% indigenisation.
- ECIL (DAE) and BEL (MoD) have been supplying Electronic Fuze for artillery, with import content of about 80% of Bill of Materials. MoD says it wants Atma Nirbhar.
- HBL fuzes have already been tested on army guns many times. Eligibility for bulk supply is expected end FY 24.
- The market is huge and there are very few companies in this area globally. So, exports are expected.

15. HBL Capability in Defence Electronics

- HBL has proven capability for manufacturing complex Defence Electronics products. This capability is illustrated below:
 - Digital Control Harness. A HBL/ELBIT(Israel) developed product has been installed in nearly six thousand armoured vehicles, to be used for communications in the battlefield. All new armoured vehicles being built will use this DCH as original equipment. HBL is the only supplier. The market is not very big.
 - Integrated Platform Management System and Steering Consoles for four Scorpene (P75) Submarines, were built to print by HBL and supplied to the OEM – Naval Group; France. All these submarines are now in operation.

THANK YOU

HBL TEAM