

SAB NIFE POWER SYSTEMS LTD.

MD	<input checked="" type="checkbox"/>		BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DEV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>		AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>		SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			



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11th ANNUAL REPORT
1996 – 97

Board of Directors (as on June 27, 1997)

Dr. A J Prasad, Chairman
Mr. Arne Georgzen, Swede Fund
Dr. E G Mahadevan
Mr. S S Rao (Wholetime Director)
Mr. Nrupender Rao
Dr. Ram K Rao
Mr. Torbjorn Anulf, Saft Nife AB
Mr. Per-Eric Hakaansson, Saft Nife AB
Mr. A Subramanian (Wholetime Director)
Dr. Alvin J Salkind
Mr. Arne O Nilsson
Mr. Jean Pierre SINET (Alternate to Mr. Torbjorn Anulf)
Mr. Deepak Sahay (Alternate to Mr. Arne Georgzen)

Company Secretary

Mr. C Purushotham

Auditors

Satyanarayana & Co.
Chartered Accountants
Amar Mansion, Ranigunj
Secunderabad 500 003

Bankers

State Bank of India
Jeedimetla 1A Branch
Hyderabad

Registered Office

8-2-601, Road no.10
Banjara Hills
Hyderabad 500 034

Factory

Lalgadi Malakpet
Shamirpet Mandal
Rangareddy District 500 014
Andhra Pradesh, India

Corporate Office

Snehalata Complex, II floor
6-3-871, Green Lands Road
Begumpet, Hyderabad - 500 016

NOTICE is hereby given that the Eleventh Annual General Meeting of SAB NIFE POWER SYSTEMS LIMITED will be held at Surana Udyog Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004, on Thursday, the 25th day of SEPTEMBER, 1997, at 3.00 PM, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 1997 and the Profit and Loss account for the year ended on March 31, 1997 together with the Directors Report and the Auditors Report thereon.
2. To appoint a Director in place of Dr. E G Mahadevan, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Ram K Rao, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors for the period till the conclusion of the next annual general meeting and to authorise the Board to fix their remuneration. M/s Satyanarayana & Company, Chartered Accountants, the retiring Auditors are eligible for reappointment.

SPECIAL BUSINESS:

TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTIONS AS ORDINARY RESOLUTIONS:

5. To appoint Mr. A Subramanian, as a Director of the Company:
 "RESOLVED THAT Mr. A Subramanian be and is hereby appointed Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."
6. To appoint Mr. A Subramanian as a Wholtime Director for a period of 5 years with effect from 1.4.1997:
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, 314 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary, Mr. A Subramanian be and is hereby appointed as Wholtime Director for a period of 5 years, commencing from 1.4.1997, subject to termination of agreement by either party by giving three months notice, on the following terms as to remuneration:
 Salary : Rs.12,000/- per month
 Perquisites : In addition to salary, Mr. Subramanian will be entitled to perquisites, the monetary value of which is restricted to a sum of Rs.94,000/- per annum. For this purpose, perquisites will include the following, viz. House Rent Allowance, medical / accident insurance, Leave Travel Concession for himself and his family, club fee etc. These perquisites shall be evaluated as per Income Tax Rules wherever applicable.
 Contribution to provident fund, superannuation fund or annuity fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity for each completed year of service, subject to the ceiling perscribed under Payment of Gratuity Act, 1972 from time to time.
 Provision of car for use on Company's business and a telephone at residence, and reimbursement of entertainment expenses incurred exclusively for the business of the Company will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.
 Mr. A. Subramanian will not be entitled for any sitting fee for attending meetings of the Board or any committee thereof."
7. To appoint Mr. A O Nilsson, as a Director of the Company:
 "RESOLVED THAT Mr. A O Nilsson be and is hereby appointed Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.
 RESOLVED FURTHER THAT, purusant to Article 90of the Articles of Association of the Company and provisions of Section 309 of the Companies Act, 1956 and Reserve Bank of India guidelines consent be and is hereby given to avail the technical services of Mr. A O Nilsson, who is a Director on the Board of the Company for a fee of US \$ 3,750 (exclusive / inclusive of taxes) per annum plus to and fro air fare once in a year for

rendering professional services to the Company as an expert in Batteries, with effect from 01.04.1997 for a period of two years, subject to termination by either party by three months notice in writing to the other.

RESOLVED FURTHER THAT, the Directors be and are hereby authorised to accept on behalf of the Company any modification or variation in terms and conditions as may be approved by the Concerned Authorities."

8. To appoint Dr. Alvin J Salkind, as a Director of the Company:

"RESOLVED THAT Dr. Alvin J Salkind be and is hereby appointed Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

RESOLVED FURTHER THAT, pursuant to Article 90 of the Articles of Association of the Company and provisions of Section 309 of the Companies Act, 1956 and Reserve Bank of India guidelines consent be and is hereby given to avail the technical services of Dr. Alvin J Salkind, who is a Director of the Board of the Company for a fee of US \$ 3,750 (exclusive / inclusive of taxes) per annum plus to and fro air fare once in a year for rendering professional services to the Company as an expert in Batteries, with effect from 01.04.1997 for a period of two years, subject to termination by either party by three months notice in writing to the other.

RESOLVED FURTHER THAT, the Directors be and are hereby authorised to accept on behalf of the Company any modifications or variations in terms and conditions as may be approved by the Concerned Authorities."

9. To revise the remuneration payable to Mr. S S Rao, Wholtime Director of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, 314 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary, the overall remuneration of Mr. S S Rao, Wholtime Director of the Company be increased by Rs.60,000/- per annum, with effect from November 1, 1996 until decided otherwise, upon the following terms as to remuneration as set out hereunder :

Salary : Rs.12,000/- per month

Commission : As may be decided by the Board from time to time for each financial year or part thereof.

Perquisites : Rs.13,000 p.m. the monetary value of which shall be according to the Income Tax Act, 1961.

However, perquisites which are expressly excluded in Schedule XIII of the Companies Act, 1956 like Company's contribution to provident fund, superannuation / gratuity, provision of car for use on Company's Business, telephone at residence, club fees and reimbursement of expenses incurred exclusively for the business of the Company and such other perquisites permissible under Schedule XIII shall not be included in computation of the above ceiling to the extent permissible.

Mr. S S Rao will not be entitled for any sitting fee for attending meetings of the Board or any committee thereof."

TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

10. To relocate the Register of Members, etc.

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the shareholders hereby approve that the Register of Members of the Company together with the Index of Members and all copies of Annual Returns prepared under Section 159 of the Companies Act, 1956 as also copies of certificates and documents required to be annexed thereto under section 161 of the Companies Act, 1956 be kept at Company's office at Survey no. 46, Kubera Towers, Trimulgheri X Roads, Secunderabad - 500 015, with effect from 1.4.97."

By Order of the Board

Place : Hyderabad
Date : June 27, 1997

C PURUSHOTHAM
Company Secretary

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item 5 & 6 :

Mr. A Subramanian was appointed as an additional Director effective from April 1, 1997. Pursuant to Section 260 of the Companies Act, 1956, Mr. A Subramanian holds office upto the date of Annual General Meeting. The Company has received a notice from a member under Sec. 257 of the Companies Act, 1956, proposing Mr. A Subramanian as a candidate for the office of the Director.

Mr. A Subramanian was also appointed as a Wholetime Director for a period of 5 years with effect from April 1, 1997. The remuneration and other perquisites payable to Mr. A Subramanian are within the limits laid down in Schedule XIII of the Companies Act, 1956.

Mr. A Subramanian joined the HBL Group Companies as General Manager in 1990. During his association with the Group he handled diverse assignments and developed the product further. He was a project leader for setting up a manufacturing facility for needle perforated and nickel plated steel strip, which is a crucial input for manufacture of electrodes in nickel cadmium industrial batteries, which was hitherto an imported item. He was elevated to Vice President (Engineering).

Prior to joining of HBL Group in 1990, for 20 years he worked in various organisations, visited several countries and gained rich experience in the field of indiginisation of industrial machinery and battery components.

None of the Directors other than Mr. A Subramanian may be deemed to be interested or concerned in these resolutions.

Item 7 :

Mr. Arne O Nilsson was appointed as an additional Director effective from April 1, 1997. Pursuant to Section 260 of the Companies Act, 1956, Mr. Arne O Nilsson holds office upto the date of Annual General Meeting. The Company has received a notice from a member under Sec. 257 of the Companies Act, 1956, proposing Mr. Arne O Nilsson as a candidate for the office of the Director.

Mr. Arne O Nilsson is an expert engineer. He has excellent experience in the field of nickel cadmium battery manufacturing and his services are useful to the Company for the improvement of the product as well as development of new products.

Your Company wishes to avail the expert technical services of Mr. Arne O Nilsson as an Advisor and reward with the nominal remuneration as set out in the draft resolution.

None of the Directors other than Mr. Arne O Nilsson may be deemed to be interested or concerned in this resolution.

Item no. 8 :

Dr. Alvin J Salkind was appointed as an additional Director effective from April 1, 1997. Pursuant to Section 260 of the Companies Act, 1956, Dr. Alvin J Salkind holds office upto the date of Annual General Meeting. The Company has received a notice from a member under Sec. 257 of the Companies Act, 1956, proposing Dr. Alvin J Salkind as a candidate for the office of the Director.

Dr. Alvin J Salkind is an internationally known figure in the world of batteries. A book he jointly authored with Mr. Uno Falk titled Alkaline Storage Batteries, is a classic and has been translated in to other languages. Your Directors feel that the vision of Dr. Alvin J Salkind helps the Company in its growth and development.

None of the Directors other than Dr. Alvin J Salkind may be deemed to be interested or concerned in this resolution.

Item no. 9 :

Mr. S S Rao was originally appointed as a Wholetime Director of the Company with effect from November 1, 1994. Mr. S S Rao contributed significantly for the development of the Company. Your Directors felt that the remuneration of Mr. S S Rao be increased with effect from November 1, 1996, subject to your approval as set out in the draft resolution.

SAB NIFE POWER SYSTEMS LTD.

Mr. S S Rao is deemed to be interested in this resolution.

Item no. 10 :

The Register of Members and other statutory records required to be kept under Section 163 of the Companies Act 1956 are presently located in the Corporate office of the Company. In order to keep these records in convenient place, approval of the members by a special resolution is required.

None of the Directors may be deemed to be interested or concerned in this resolution.

By Order of the Board

Place : Hyderabad
Date : June 27, 1997

C PURUSHOTHAM
Company Secretary

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy forms to be valid shall be lodged with the Company not later than 48 hours before the meeting.
2. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business set out above is annexed hereto.
3. The Register of Members and share transfer books of the company shall remain closed from 15.09.1997 to 25.09.1997 (both days inclusive).
4. Members are requested to bring Annual Report with them for the Annual General Meeting. No copies of Annual Reports will be distributed at the meeting.
5. As a measure of austerity and in accordance with the regulations, no gifts will be distributed at the Annual General Meeting.

DIRECTORS' REPORT

Dear Shareholders,

1.0 Your Directors are pleased to present you the Eleventh Annual Report and the Audited Accounts of your company for the financial year ended on 31st March 1997.

2.0 FINANCIAL RESULTS:

	1996-97	Rs.Lacs 1995-96
Turnover	1957.61	1550.11
Operating Profit	294.07	168.27
Interest, Depreciation and Misc.expenses charged	170.93	158.17
Provision for Income Tax	50.00	-
Income Tax adjustment for the earlier years	12.19	-
Net Profit	60.95	10.10
Profit balance carried over	130.35	69.40

3.0 OPERATIONS:

Your company continued to show improved results in the operations. Not only there is steady raise in the turnover, but also there is good improvement in the profit yield over the previous year, contrary to the general trend in the Indian economy. This culminated in six-fold increase in the net profit from Rs.10.10 lacs for 1995-96 to Rs.60.95 lacs for the current year, inspite of providing adjustments for earlier periods' charges. Therefore, the operational results are satisfactory and promising.

4.0 DIVIDEND:

Your Directors regret for not declaring dividend though your company made profits. We need the funds for additional investments to enhance the operational efficiency of your Company.

5.0 MARKET & FUTURE OUTLOOK:

The company has been successful on both domestic and export markets. A single order worth about rupees 14 crores has been received against stiff domestic and foreign competition. Export orders have been received from several countries and we are sure to achieve higher export turn over during 1997-98.

The Power Electronics division has made significant progress. Your Company is also developing two new products which are expected to generate additional business from 1998-99.

The company is also concentrating on product development for modern Railway signaling and Telecom products as an entirely new area of business.

6.0 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE FLOW:

This information as required by the Companies (Disclosures of particulars in the Reports of Board of Directors) Rules 1988, are given in the Annexure appended to this report.

7.0 INDUSTRIAL RELATIONS:

Your company enjoys cordial relations with its employees and your Directors thank all the employees and the Trade Unions for their continued cooperation and support for the improved operations.

8.0 DIRECTORS:

Mr A Subramanian, Mr A O Nilsson and Dr Alvin J Salkind have been appointed as additional Directors of your company effective from 1st April, 1997. They hold the office till the ensuing Annual General Meeting and it was proposed to appoint them with the approval of the shareholders. These new Directors are technicians with rich experience in our line of activity and your company would be benefited with their services.

In accordance with the requirements of the Companies Act, 1956, Dr E G Mahadevan and Dr Ram K Rao are due for retirement at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr R M Kranthi, Director nominated by The Industrial Finance Corporation of India Ltd., (IFCI) resigned from the Board during the year. Your Directors wish to place on record their appreciation for his invaluable services to the company while on the Board. None was appointed in his place by IFCI Ltd.

9.0 AUDITORS:

M/s Satyanarayana & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

10.0 ACKNOWLEDGEMENTS:

Your Directors wish to thank the State Bank of India, The Industrial Finance Corporation of India Ltd., the officials of Central and State Government departments for their timely support and co-operation in the operations and especially all the employees of the company for their hard work and efforts.

For and On behalf of the Board

Place: Hyderabad
Date : June 28, 1997.

Dr A J Prasad
Chairman

ANNEXURE TO DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, EXPORTS AND FOREIGN EXCHANGE OUTGO:

- A. **Conservation of Energy:** Operations of the company are not energy intensive. Even then necessary controls are adopted to conserve energy, wherever possible.
- B. **Technology Absorption:** Continuous efforts are being made to develop indigenous substitutes for imported raw materials and also for absorption of technologies for product/process development.
- C. **Foreign Exchange earnings and outgo:** (on cash basis)

	1996-97	1995-96
a. Value of Imports on C.I.F (on cash basis): (Value in Rs.Lacs)		
- Raw Materials and components, spares, others	253.74	197.13
b. Expenditure in Foreign Currency (on cash basis) (Value in Rs.Lacs)		
- Commission	—	7.70
- Travelling	3.99	8.13
- Others	1.79	—
c. Earnings in Foreign Exchange (on cash basis) (Value in Rs.Lacs)		
- F.O.B Value of Exports	119.07	150.11

- D. There are no employees coming under the preview of section 217(2A) of the Companies Act, 1956.

For and On behalf of the Board

Place: Hyderabad
Date : June 28, 1997.

Dr A J Prasad
Chairman