



SAB NIFE POWER SYSTEMS LTD.

(AN ISO 9001 HBL GROUP COMPANY)

MARKET LEADERS IN INDUSTRIAL DC POWER SYSTEMS

(Nickel Cadmium Pocket Plate Batteries, Battery Chargers, Switch Mode Rectifiers)

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13th ANNUAL REPORT
1998 – 99



SAB NIFE POWER SYSTEMS LIMITED

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

Notice for the Court Directed meeting of Equity Shareholders

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IN THE HIGH COURT OF JUDICATURE OF ANDHRA PRADESH
AT HYDERABAD
(ORIGINAL JURISDICTION)

COMPANY APPLICATION NO: 433 OF 1999

In the matter of Companies Act, 1956 (1 of 1956)

and

In the matter of Sec.391 and 394 of the said Act.

and

In the matter of M/s SAB NIFE POWER SYSTEMS LIMITED

and

In the matter of M/s HBL LIMITED

and

In the matter of M/s PINAKI TECHNOLOGIES LIMITED.

M/s SAB NIFE POWER SYSTEMS LIMITED, a Company incorporated under the Companies Act, 1956 having its Registered office at 8-2-601, Road No.10, Banjara Hills, Hyderabad - 500 034 represented by its Company Secretary Mr C.Purushotham.

.....Applicant
(Transferee Company)

NOTICE CONVENING MEETING

To

The Members of SAB NIFE Power Systems Limited,

Take notice that by an order made on 02-08-1999, the Hon'ble High Court of Andhra Pradesh, Hyderabad has directed that the meeting of the Equity Shareholders of the Applicant Company be held at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad- 500 004 on Thursday the 23rd September, 1999 at 11.30 A.M. for the purpose of considering, and if thought fit, approving with or without modification(s) the proposed Scheme of Amalgamation of M/s HBL Limited and M/s Pinaki Technologies Limited with M/s Sab Nife Power Systems Limited.

Take further notice that in pursuance of the said order, the meeting of the Equity Shareholders of the Applicant Company will be held at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004 on Thursday the 23rd September, 1999 at 11.30 A.M. when you are requested to attend.

Take further notice that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you, is deposited at the Registered Office of the Company at 8-2-601, Road No.10, Banjara Hills, Hyderabad - 500 034 not later than 48 hours before the meeting.

The Hon'ble High Court, Andhra Pradesh, has appointed Mr Mahmood Sharief, Advocate to be the Chair-person of the said meeting.

A copy of Scheme of Amalgamation, the statement under Section 393 and a form of proxy are enclosed.

Sd/-

Mahmood Sharif

Advocate

Chair-Person appointed for the meeting.

Date : 09-08-1999

Place : Hyderabad

Address

202, Minar Apartments,
Deccan Tower, Basheerbagh,
HYDERABAD-500 001

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.....Applicant
(Transferee Company)

STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

- 1 Under the Scheme of Amalgamation, it is proposed to amalgamate M/s HBL Limited (hereinafter referred to as "HBL"/Transferor company) and M/s Pinaki Technologies Limited (hereinafter referred to as "PTL"/Transferor company) with M/s Sab Nife Power Systems Limited (hereinafter referred to as "Transferee Company")
2. Under the Scheme of Amalgamation, the entire undertaking, properties, assets and liabilities of the Transferor Companies shall be transferred to the Transferee Company.
3. The circumstances which justify and/or necessitate the said Scheme of Amalgamation are inter-alia as follows:

The Transferee Company is engaged in the business of manufacture of specialized batteries, power electronics, switch mode rectifiers which are mainly used in the Railways, Telecom and other industries. It is submitted that "HBL"/Transferor Company is engaged in the manufacture of specialized batteries which is also used in the Defence, Telecom and other core industries. On the other hand, "PTL"/Transferor Company engaged in the business of making of moulds, designs and composite material used in the battery industry. By the proposed amalgamation of Transferor Companies with the Transferee Company, there will be a forward integration and it is advantageous and beneficial to market the products and also assimilate its activities for the further growth of these Companies.

The proposed amalgamation, will also reduce the overhead costs of the companies and there will be synergy of operations. Further, the proposed amalgamation will also increase the financial position of the Transferee Company which ultimately benefits the shareholders and their employees.

Further, by the proposed amalgamation, it imparts a strong image of the specialized batteries established with the overseas customers and the Transferee Company will take its wide range of products that will be used in Railways, Telecom, Defence and Electronic industries.

The proposed amalgamation gives a diversified product mix which will result in stable earnings to the Transferee Company and more so there will be economies of scale and helps export market development and also create opportunities for further diversification by establishing overseas joint ventures. Since the Transferee Company is a listed company it will increase its liquidity.

Therefore, the proposed amalgamation will be more advantageous and beneficial to all these companies.

4. In view of the advantages and benefits to these Companies i.e., Transferor and Transferee Companies, it was thought fit to amalgamate the Transferor Companies with Transferee Company.
5. DETAILS OF THE FINANCIAL POSITION OF THE TRANSFEE COMPANY AND TRANSFEROR COMPANIES ARE DETAILED BELOW:

Particulars	As at 31st March, 1999		
	SAB NIFE	HBL	PTL
	Rs.	Rs.	Rs.
Sources of Funds :			
1. Shareholders' Funds :			
a) Share Capital	9,29,46,300	2,17,55,150	97,12,000
b) Reserves & Surplus	13,55,55,293	35,06,65,568	—
2. Loan Funds :			
a) Secured Loans	12,30,99,703	19,07,69,229	—
b) Unsecured Loans	20,28,515	—	29,901
TOTAL	35,36,29,811	56,31,89,947	97,41,901
Application of Funds :			
1 Fixed Assets (Net):	10,08,30,431	22,34,52,328	17,424
2 Investments	—	6,29,50,027	16,70,350
3 Current Assets (Net):			
Current Assets, Loans & Advances	40,40,66,108	46,16,31,196	5,86,698
Less: Current Liabilities and Provisions	15,39,75,515	18,48,43,604	45,245
	25,00,90,593	27,67,87,592	5,41,453
4. Mis. Expenditure : (to the extent not written off)	27,08,787	—	—
5. Profit & Loss Account	—	—	75,12,674
TOTAL :	35,36,29,811	56,31,89,947	97,41,901

6 SOME OF THE SALIENT FEATURES OF THE SCHEME ARE AS UNDER:

- i With effect from the appointed date, the entire undertaking of Transferor Companies including all its movable and immovable properties and other assets of whatsoever nature and including all its rights, interest, privileges, powers and authorities together with all its licenses, permits, approvals, trade marks, brand names, import entitlement, export quotas held, applied for or as may be obtained hereafter by it to which it is entitled and including all its moneys, advances, book debts, outstanding recoverable claims and agreements and including all other rights and powers of every description but subject to all mortgages and charges and hypothecation and guarantees and all other rights whatsoever effecting the properties of Transferor Companies i.e., M/s HBL Limited and M/s Pinaki Technologies Limited shall without any further act or deed be transferred to and be vested in Transferee Company in accordance with and under Section 394 of the Act.
- ii. With effect from the appointed date all liabilities, debts, duties and obligations of whatsoever nature shall without any further Act or Deed be transferred to and taken over by the Transferee Company in accordance with and under Section 394 of the Act.
- iii. Upon the scheme being sanctioned by the court under section 394 of the Act and it becoming effective Transferor companies shall be dissolved without winding up with effect from the appointed date or such other date as may be fixed by the Court.
- iv The scheme is conditional and subject to following approvals:
 - a. The approval by the requisite majorities of the members of the Transferor Companies and Transferee company.
 - b. Obtaining all sanctions and orders of the court under the Act.

The Shares held by the Directors in the Transferor Companies and the Transferee Company are set out below:-

Sl. No.	Name of Director	No. of Shares held in		
		HBL/Transferor Company	PTL/Transferor Company	SAB NIFE Transferee Company
1.	Dr. A.J .Prasad	1,19,100	2,71,100	3,00,000
2.	Dr. E. G.Mahadevan	NIL	NIL	5,500
3.	Mr. M.S.S. Srinath	100	NIL	3,300
4.	Mr. U.M. Rao	NIL	NIL	8,400
5.	Mr. Deepak Sahay	NIL	NIL	11,000
6.	Mr. D. Balasundaram	NIL	NIL	600
7.	Mr. Ashok Nagarkatti	NIL	NIL	1,500
8.	Ms. Kavitha Prasad	2,600	1,35,050	47,900
9.	Mr. L.C.Gangrade	NIL	NIL	1,500
10.	Mrs. A.Uma Devi	600	50	32,010

The Directors may accordingly be deemed to be interested or concerned in the Scheme to the extent of the Shares held by them. The following documents are available for inspection at the Registered Office of the Companies.

1. Scheme of Amalgamation of the Transferor Companies with the Transferee Company
2. Memorandum & Articles of Association of the Transferor Companies and Transferee Company.
3. Balance-Sheet and Profit and Loss Account of the Transferor Companies as at 31st March, 1999 and the Transferee Company as at 31st March, 1999.

Date : 09.08.1999.

Place: Hyderabad.

(Sd)

Mr Mahmood Sharief,
Advocate,
Chair-person appointed
for the Meeting.

Address:

202, Minar Apartments,
Deccan Tower,
Basheerbagh,
Hyderabad - 500 004,

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**SCHEME OF AMALGAMATION
OF
HBL LIMITED
AND
PINAKI TECHNOLOGIES LIMITED
WITH
SAB NIFE POWER SYSTEMS LIMITED**

PART - I

1. DEFINITIONS

In this Scheme unless inconsistent with the subject or context the following expressions shall have the following meanings:

- a) **'The Act'** means the Companies Act, 1956 (1 of 1956).
- b) **'Appointed Date'** means 1st April, 1999 or such other date as may be fixed by the High Court of Judicature of Andhra Pradesh at Hyderabad.
- c) **'Court'** means the Hon'ble High Court of Andhra Pradesh.
- d) **'Transferor Companies'** means M/s HBL Limited (hereinafter referred to as 'HBL') a Company incorporated under the Companies Act having its Registered Office at 8-2-601, Road No.10, Banjara Hills, Hyderabad 500034 and M/s Pinaki Technologies Limited (hereinafter referred to as 'PTL'), a Company incorporated under the Companies Act having its Registered Office at 8-2-601, Road No.10, Banjara Hills, Hyderabad - 500034.
- e) **'Transferee Company'** means M/s Sab Nife Power Systems Limited (hereinafter referred to as 'SABNIFE') having its Registered Office at 8-2-601, Road No.10, Banjara Hills, Hyderabad -500 034.
- f) **'Scheme'** means Scheme of Arrangement for Amalgamation of M/s HBL Limited and M/s Pinaki Technologies Limited with M/s Sab Nife Power Systems Limited, under Section 394 of the Companies Act, 1956.
- g) **"Undertaking of the Transferor Companies"** means.
 - i) It includes all the properties, assets and liabilities of the Transferor Companies viz., M/s HBL Limited and M/s. Pinaki Technologies Limited immediately before the amalgamation.
 - ii) Without prejudice to the generality of the foregoing clauses, the said undertaking shall include all rights, powers, interest, authorities, privileges, liberties and all properties and assets both movable and immovable, tangible, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wherever situated including lease, tenancy and agency rights and all other interests and rights in or arising out of such property with all licenses, trade marks, brand names benefits on all agreements of all tax reliefs (including under Income Tax Act) import entitlements and other quotas, if any, held, applied for or as may be obtained hereinafter by the Transferor Companies or

which the Transferee Company is entitled to and all debts, including borrowings from financial institutions and banks, liabilities and duties and obligations of the Transferor Companies to the secured and unsecured creditors and the shareholders and other creditors of whatsoever kind.

PART - II

- 2.i. a) The HBL / Transferor Company was incorporated under the name and style of M/s Hyderabad Batteries Private Limited under the Certificate of Incorporation No.2145 of 1976-77 on 7th March, 1977 in the State of Andhra Pradesh, and subsequently changed its name as **HBL Limited** after complying with necessary formalities and obtained fresh certificate of incorporation consequent on the change of name from Registrar of Companies, A.P. on 12-05-1993.
- b) The Authorised Share Capital of the Company is Rs.5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid up capital of the Transferor Company is Rs.2,17,55,150/- divided into 21,75,515 equity shares of Rs.10/- each.
- c) The HBL/Transferor Company was incorporated to carry on the business of manufacture of all types of cells and batteries, energy storage devices, electronic components, assemblies etc.,
- 2.ii. a) Transferor Company was incorporated under the name and style of M/s Pinaki Technologies Private Limited under the Certificate of Incorporation No.01-12602 of 1991-92 on 24th April, 1991 in the State of Andhra Pradesh and subsequently became a deemed public limited company.
- b) The Authorised Share Capital of the PTL / Transferor Company is Rs.1,00,00,000/- divided into 10,00,000 Equity Shares of Rs.10/- each. The issued, subscribed and paid up capital of the PTL/Transferor Company is Rs.97,12,000/- divided into 9,71,200 equity shares of Rs.10/- each.
- c) PTL/Transferor Company was incorporated to carry on the business of manufacturers, importers and exporters, merchants, traders, commission agents, brokers or in any other capacity in India or elsewhere in the world, deal in aircraft related products of all types and items made of composite materials e.g. wind mills and parts of wind mills, propellers, boats, parts of boats, sports goods, shelters and also to develop and export Computer Software and Hardware and its related services and to act as agents for import and export of software/hardware and its related spares, parts and services.
3. a) The Transferee Company was incorporated under the name and style of M/s SAB NIFE POWER SYSTEMS LIMITED under the Certificate of Incorporation No.01-6745 of 1986-87 on 29.08.1986 as a Public Limited Company.
- b) The Authorised share capital of the transferee company is Rs.10,00,00,000/- divided into 1,00,00,000 equity shares of Rs.10/- each and the entire Capital has been issued as per the Balance Sheet as at 31.03.1999. The subscribed and paid up capital of the Transferee Company is Rs.9,18,00,000/- divided into 91,80,000 equity shares of Rs.10/- each out of which a sum of Rs.96,000/- is the arrears on allotment. Apart from the above, the Transferee Company has also received as an up front payment