



HBL NIFE POWER SYSTEMS LIMITED

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***Fifteenth Annual Report
2000 - 2001***



HBL NIFE POWER SYSTEMS LIMITED

(Formerly known as SAB NIFE POWER SYSTEMS LIMITED)

Board of Directors as on July 30, 2001

Dr. A J Prasad, Chairman & Managing Director
 Mr. D Balasundaram
 Mr. Ashok Nagarkatti, Director (Battery Technology)
 Mr. L C Gangrade, Director (Operations)
 Mr. U M Rao, Director (Electronics)
 Mr. M S S Srinath, Director (Quality & Craftsmanship)
 Mr. M S Rama Krishna
 Ms. Kavita Prasad
 Dr. Bernd T Gans

Technical Advisory Committee

Dr. Alvin J Salkind
 Mr. Norman Bagshaw
 Mr. Grady Lynn

Audit Committee

Mr. M S Ramakrishna
 Chairman of the Committee
 Mr. D Balasundaram
 Ms. Kavita Prasad

Company Secretary

Mr. C Purushotham

Auditors

Satyanarayana & Co.
 Chartered Accountants

Registered Office

8-2-601, Road # 10
 Banjara Hills
 Hyderabad - 500 034.

Bankers

State Bank of India
 State Bank of Hyderabad

Investor Services Department

Sy. No. 26, Kubera Towers
 Trimulgherry X Roads
 Secunderabad - 500 015.

Share Transfer Registrars

(Only for Electronic transfers - DEMAT)
 Karvy Consultants Limited
 46, Avenue 4, Street No. 1
 Banjara Hills, Hyderabad - 500 034

Factories

Aliabad, R.R. Dist., A.P.
 Lalgadi Malakpet, R.R.Dist., A.P.
 Kothur, Mahboobnagar Dist., A.P.

Nandigaon, Mahboobnagar Dist., A.P.
 Jeedimetla, Hyderabad - 500 055.

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Members of HBL NIFE POWER SYSTEMS LIMITED will be held at the Surana Udyog Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad – 500 004, on Thursday, the 27th day of September, 2001, at 3.30 PM, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2001 and the Profit and Loss Account for the year ended on 31st March, 2001, together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. D Balasundaram, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mrs. M Kavita Prasad, who retires by rotation and being eligible offers herself for re-appointment.
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 re-appointment.

SPECIAL BUSINESS:

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

5. To appoint Dr. Bernd T Gans as Director of the Company.

"RESOLVED THAT Dr. Bernd T Gans, who was appointed as an additional Director and whose term of office expires on conclusion of this Annual General Meeting be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation as per the provisions of section 255 of the Companies Act, 1956."

(B) TO CONSIDER AND IF THOUGHT FIT TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTIONS AS SPECIAL RESOLUTIONS:

6. Increase of Remuneration payable to Mr. Ashok Nagarkatti, Wholetime Director :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary Mr. Ashok Nagarkatti, Wholetime Director, be and is hereby authorised to share in the 'Team Royalty', which is calculated @ not exceeding 2% of net value addition for the turnover from the new products developed and commercialised by the team headed



by this Director for a maximum period of 3 years after commercialising each such product effective from the financial year 2000-01 and Dr. A J Prasad, Chairman and Managing Director, is and be hereby authorised to decide the products and the amount from time to time."

7. Increase of Remuneration payable to Mr. L C Gangrade, Wholetime Director :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary, Mr. L C Gangrade, Wholetime Director, be and is hereby authorised to share in the 'Team Royalty', which is calculated @ not exceeding 2% of net value addition for the turnover from the new products developed and commercialised by the team headed by this Director for a maximum period of 3 years after commercialising each such product effective from the financial year 2000-01 and Dr. A J Prasad, Chairman and Managing Director, is and be hereby authorised to decide the products and the amount from time to time."

8. Increase of Remuneration payable to Mr. U M Rao, Wholetime Director :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, read with Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary, Mr. U M Rao, Wholetime Director, be and is hereby authorised to share in the 'Team Royalty', which is calculated @ not exceeding 2% of net value addition for the turnover from the new products developed and commercialised by the team headed by this Director for a maximum period of 3 years after commercialising each such product effective from the financial year 2000-01 and Dr. A J Prasad, Chairman and Managing Director, is and be hereby authorised to decide the products and the amount from time to time."

By Order of the Board

Place : Hyderabad
Date : July 30, 2001

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.
2. Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office or Investor Services Department of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 in respect of item No.5 to 8 set out above is annexed hereto.
4. The Register of Members and Share transfer books of the Company shall remain closed from Monday, the 17th September, 2001 to Thursday, the 27th September, 2001 (both days inclusive).
5. Members desirous of making nomination in respect of their shareholding may approach the Company for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.
6. Members are requested to intimate immediately to the Company, quoting Registered Folio Number, Change in their address, if any, with the Pin Code Number.
7. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary at least seven days before the date of the meeting, so that the information required by the members may be made available at the meeting.
8. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.



EXPLANATORY STATEMENT

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

Item No. : 5

Dr. Bernd T Gans is the Vice President (Mergers & Acquisitions) for M/s Daimler Chrysler, Stuttgart, Germany. He is a business expert and his inclusion adds value to the Board.

He was appointed as Additional Director on 27th January 2001 and holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956 proposing his appointment as a Director on the Board.

Your Directors commend the resolution for the approval of the Shareholders.

None of the Directors are interested in this resolution.

Items No. : 6, 7 and 8 :

Your Company recognised the need for continuous R & D in our business. For successful R & D projects team efforts are required. The teams should also be encouraged with special incentives. Thus it was proposed to pay a Team Royalty at a rate not exceeding 2% of the net value addition to the turnover coming from the new products developed by these teams for a maximum period of 3 years after commercialising the products.

The Teams thus share the Royalty.

The Wholetime Directors are also entitled to share the Royalty as a Member of the Team they are associated with.

Since any additional remuneration paid to the Wholetime Directors requires the approval of the shareholders, these resolutions are proposed.

None of the Directors other than the respective beneficiary Directors are interested in these resolutions.



By Order of the Board

Place : Hyderabad
Date : July 30, 2001

C Purushotham
Company Secretary



DIRECTORS' REPORT

Dear Members,

Your Directors take great pleasure in presenting you the Fifteenth Annual Report and the audited Accounts for the Financial Year 2000-01.

1. FINANCIAL RESULTS

	Rs. Lacs	
	2000-2001	1999-2000
Sales & Other Income	17869	14796
Operating Profit	2816	2331
Finance Cost	901	698
Depreciation & Misc. Expenses	325	234
Provision for Tax & Tax Adjustment	179	72
Net Profit	1411	1327
Transfer to General Reserve	1500	973

2. PERFORMANCE REVIEW

The efforts of the management have yielded good results during the year. You will be glad to note the increase in turnover by 20% and also in operating profit. Even-though some of the new products were commercialised during the year, the turnover from these products was low. Otherwise results could have been better. But your directors expect improved turnover from these new products and some other new products planned to be launched during the year 2001-02 and 2002-03.

3. SETTING-UP OF 100% EOUs

Your Directors could identify a business opportunity for the export of some of the specialised products of your Company to USA and other Countries. For maintaining the required quality standards and strict delivery schedules, we have to establish new capacities. Hence your Directors thought it proper to set-up separate divisions as 100% Export Oriented Units, one for Nickel Cadmium Products and another for Lead Acid Products. The first division is expected to commence its operations before the end of the Current Financial Year (2001-2002) and the other in the subsequent Financial Year. These EOUs are expected to contribute substantially to the turnover as well as profits of your Company and we will also get Tax advantages as per the existing regulations.

4. PROJECTS AND TAX PLANNING

Your Directors are planning to establish a new industrial undertaking at Nandigaon, in Company's own buildings for the commercialisation of Electronics (Embedded Systems) during the year 2001-02.



Members may note that your Company has availed the full tax benefits for the undertakings set up for VRLA Batteries & SMRs at Kothur, Mahaboobnagar District in 1998. From the Financial Year 2001-02, the Income Tax exemption will be reduced to 30% of the profits earned from those undertakings.

During the year under review construction of buildings at Nandigaon, Mahaboobnagar District were taken up. The Monoblock Division which was temporarily accommodated in leased buildings at Kothur villages since its inception i.e. September 1999 has been shifted to the new building at Nandigaon during July, 2000.

The VRLA Division will also be shifted to our own buildings at Nandigaon after completion of other buildings under construction.

5. DIVIDEND

We are in need of funds for setting up the EOUs and for taking-up R & D on new products. You will appreciate the fact that loan component of these Project requirements have to be reduced in view of high interest burden. The best way is to plough-back the profits for these Projects. This will improve the share holder value. Your Directors therefore thought it prudent to skip the payment of dividend this year.

6. DIRECTORS' RESPONSIBILITY STATEMENT

In compliance to the Provisions of Section 217(2AA) of the Companies Act, 1956, your Directors wish to place on record :-

- (i) that in preparing the Annual Accounts, all applicable Accounting Standards have been followed;
- (ii) that the accounting policies adopted are consistently followed and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and the Profit and Loss Account of the Company for the Financial Year under review;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities; and
- (iv) that the Annual Accounts have been prepared on a going concern basis.

7. CORPORATE GOVERNANCE

The Company is taking necessary steps for the implementation of the Corporate Governance in terms of Listing Agreements, which is required to be complied by March, 2002.

8. AUDIT COMMITTEE

An Audit Committee was constituted as per the provisions of the Companies Act, 1956. Mr. M S Rama Krishna was elected as its Chairman and the other members are Mr. D Balasundaram and Ms. M Kavita Prasad.

The scope of Audit Committee includes the area of responsibilities as listed out in the Corporate Governance regulations.

9. AUDITORS' REPORT

The explanation to the qualifications made in the Auditors' Report is given in note no.(B) 10 of Schedule 17 to the Annual Accounts for the year (Accounting Policies and Notes on Accounts).

10. DIRECTORS

Dr. Bernd T Gans has been appointed as an additional Director during the year and retires at the ensuing Annual General Meeting and notice has been received for his appointment as a Director at the AGM.

In accordance with the provisions of the Companies Act, 1956, Mr. D Balasundaram and Mrs. M. Kavita Prasad retire by rotation and being eligible, offer themselves for re-appointment.

11. AUDITORS

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

12. PERSONNEL & INDUSTRIAL RELATIONS

Industrial Relations were cordial and satisfactory.

There are no employees other than the Managing Director & Whole-time Directors covered by the provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended. The remuneration paid to the Managing Director and Wholetime Directors during the year was as per approvals accorded by the Members. Any how, the details are available at the Registered Office of the Company for inspection during office hours.



13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, are set out in a separate statement attached hereto and forms part of this Report.

14. ACKNOWLEDGEMENTS

Your Directors place on record their thanks to Industrial Development Bank of India, Export Import Bank of India, State Bank of India, State Bank of Hyderabad, the concerned Departments of Central and State Governments, employees and share holders for their valuable assistance, support and co-operation to the Company.

For and on behalf of the Board

Place : Hyderabad
Date : July 30, 2001

Dr. A J Prasad
Chairman & Managing Director

