

Annual Report 2000-2001



S&S POWER SWITCHGEAR LTD.



S&S POWER SWITCHGEAR LIMITED

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BOARD OF DIRECTORS

Mr. K. Balarama Reddi
Dr. P.P. Gupta
Mr. A.R. Santhanakrishnan
Mr. S.C. Bhatia (Nominee Director of ICICI)
Mr. Ashish Jalan (Managing Director)

Mr. S. Purkayastha (President)

M/s. N.M. Raiji & Co., Mumbai (Auditors)
Mr. T. Raghavan, Chennai (Solicitor)

BANKERS

Indian Bank
Bank of Baroda
State Bank of Hyderabad
HDFC Bank Ltd.
Bank Internasional Indonesia
Citi Bank
South Indian Bank Ltd.
Central Bank of India

SHARE TRANSFER AGENT

GNSA Investor Services P. Ltd.
1/302, II Floor, 52nd Street
7th Avenue, Ashok Nagar, Chennai 600 083
Ph: 4891991/4890991
E-mail: sharma@satyam.net.in

REGISTERED OFFICE

111, Mount Poonamallee Road
Porur, Chennai 600 116

CHENNAI WORKS

111, Mount Poonamallee Road
Porur, Chennai 600 116

PONDICHERRY WORKS

Setharapet Village
Mylam Road, Pondicherry 605 111

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Shareholders of S&S Power Switchgear Limited, Chennai will be held on Tuesday, the 11th day of September, 2001 at 10.35 a.m at Naradha Gana Sabha, 314, T. T. K. Salai, Chennai to transact the following business:

1. To receive, consider and adopt the Directors' and Auditors' Reports and the Audited Profit & Loss Account for the financial year ended 31st March, 2001 and the Balance Sheet as at that date.
2. To appoint a Director in the place of Mr. P P Gupta, who retires by rotation in terms of Article 118 of the Company's Articles of Association and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. Appointment of Director:

To consider and if thought fit to pass the following resolution, with or without modifications as an ordinary resolution:

RESOLVED THAT Mr. A R Santhanakrishnan be and is hereby appointed Director of the Company.

5. Re appointment of Managing Director:

To consider and if thought fit to pass the following resolutions with or without modifications as a ~~special~~ ^{ordinary} resolution:

RESOLVED THAT pursuant to section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended and such other approvals as may be necessary, Mr. Ashish Jalan be and is hereby reappointed as Managing Director of the Company for a further period of five years with effect from 30th day of September 2001 and on the existing terms and conditions as set out hereunder:

SALARY : Rs. 50,000/- per month in the scale of Rs. 50,000/ — — Rs. 1,00,000/- (The increments to be decided by the Board of Directors)

PERQUISITES : (i) In addition to the above salary perquisites like furnished accomodation or house rent allowance in lieu thereof including gas electricity and water, medical reimbursement, leave travel concessions for self and family, club fees, medical insurance, etc. The annual value of these perquisites shall be restricted to an amount equal to his annual salary.

(ii) For the purpose of calculating the above ceiling perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of any such rules perquisites shall be evaluated at actual costs. Provision for use of Company car for official duties and telephone at residence (including payment for the local calls) and long distance official calls shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

(iii) Company's Contribution to Provident Fund, Superannuation Fund or annuity fund not exceeding the permissible limits under the Income Tax Act. These however, shall not be included in the computation of limits for perquisites.

(iv) Gratuity as per rules of the Company. This shall not be included in the computation of limits for perquisites aforesaid.

COMMISSION : In addition to salary and perquisites as above remuneration by way of commission be paid equivalent to 1% of the Net Profits of the Company subject to a maximum of annual salary

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits during the currency of tenure of Mr. Ashish Jalan as Managing Director he shall be entitled to receive a total remuneration including allowances, perquisites, etc., as per Schedule XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

By Order of the Board
for S&S POWER SWITCHGEAR LTD.

PLACE : CHENNAI
DATE : 27th June, 2001

ASHISH JALAN
MANAGING DIRECTOR

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed thereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS/HER STEAD AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORMS SHOULD BE DEPOSITED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Register of Members and Share Transfer Books of the Company will remain closed on Tuesday, the 4th day of September 2001 to Tuesday the 11th day of September 2001 (both days inclusive)
4. Members who have not encashed dividends for previous years 1994 - 95 (Final), 1995-96 (Interim & Final) and 1996 -97 (Interim) may claim the unclaimed dividend directly from the Company.
5. Members are requested to notify the change of address, if any, to the Company and to bring their copy of the Annual Report to the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No. 4**

Mr. A R Santhanakrishnan joined the Board of the Company on 31.10.2000 as an Additional Director and as per the provisions of Section 260 of the Companies Act, 1956 he holds office as a Director up to the date of this Annual General Meeting. The Company has received a notice under Section 257 from a member along with requisite deposit, signifying his intention to propose Mr. A R Santhanakrishnan as a Director.

None of the Directors except Mr A R Santhanakrishnan is interested in the resolution.

Item No. 5

Mr. Ashish Jalan was re-appointed as Managing Director on 30.09.1996 for a period of five years and his term expires on 29.09.2001.

Mr. Ashish Jalan has to his credit over 10 years of Managerial and Administrative experience in the industry and it is in the interest of the Company to have him re-appointed as the Managing Director.

There is no change in the terms and conditions of his appointment.

The Managing Director will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors subject to the supervision, superintendence and control of the Board. His remuneration is in compliance with Schedule XIII of Companies Act, 1956.

The proposed resolutions and this explanatory statement may be treated as an abstract of the terms and conditions of the appointment of Mr. Ashish Jalan as Managing Director in terms of Section 302 of the Companies Act, 1956.

None of the Directors except Mr. Ashish Jalan is interested in the resolution.

By Order of the Board
for S&S POWER SWITCHGEAR LTD.

PLACE : CHENNAI
DATE : 27th June, 2001

ASHISH JALAN
MANAGING DIRECTOR

DIRECTORS' REPORT

1. The Directors present the Twenty-fourth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2001.
2. **FINANCIAL RESULTS**

	Rs. in Million	
	2000-01	1999-2000
Gross Profit/(Loss)	(48.45)	(69.79)
Add : Depreciation	(1626)	(32.01)
Interest	(133.60)	(152.37)
Less : Profit on discontinuance of Business	(5.50)	128.74
Profit/(Loss) before Extraordinary Items and Tax	(203.81)	(125.43)
Add : Extraordinary items	-	(18.22)
Less : Provision for Tax	-	-
Profit/(Loss) after Tax	(203.81)	(143.65)
Add : Balance in Profit & Loss Account brought forward	(284.85)	(141.20)
Balance carried forward in Profit & Loss Account	(488.67)	(284.85)

3. OPERATIONS

The overall performance of the company continued to be poor, due to acute shortage of working capital coupled with adverse economic scenario. The company did business in the select sectors of export and contractors, which yielded reasonable margins. The company continued to maintain its focus on further reduction in overall costs and improvement in quality and systems.

The company continued to enjoy the patronage of select export markets. New markets have also been created from discerning customers from Western Europe. This is a matter of pride for your company as very few Indian companies have succeeded in exporting engineering goods to developed countries and getting repeat orders.

In spite of very low turnover, the company remained committed to development of new products with an eye to the future and completed development of 145kV RD Disconnectors duly certified by KEMA, Holland. This has been a major success story as it opened a new vista for company's marketing of Disconnectors in the UK where the orders are highly remunerative and volume is also expected to be good. Other supporting products in the family have also been taken up for certification to meet standards in Western Europe.

Recently integration between the company and its UK subsidiary has increased and this has opened doors for new business opportunities. The company has charted its business model in a way, which is already showing results, and the directors are confident that the company can be brought back into health shortly.

The company, however, continues to suffer due to lack of working capital facilities and high interest costs. The Company for the current financial year, has budgeted a performance based on focus on exports and greater integration with its UK subsidiary. We are happy to state that the performance for the first quarter of the current financial year has vindicated our plans. In the context of this, discussions with the banks are on and we are hopeful of success.

4. SICK INDUSTRIAL COMPANY

As you are aware the Board of Directors at its meeting held on 12.07.2000 formed an opinion that the Company had become a sick industrial company and made a reference to the Board for Industrial and Financial Reconstruction (BIFR) for formulating the scheme for rehabilitation under proviso to section 15 (1) of SICA, 1985. The company's case has been duly registered.

The objections raised by some banks have been answered and we should be able to start the rehabilitation process in right earnest soon.

As per the audited Balance Sheet for the year ended 31st March, 2001, the net worth of the Company is negative and the Company has become further sick in terms of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA)

The Board of Directors of your Company formed an opinion afresh that the Company has become Sick Industrial Company and further decided to make a fresh reference to the Board of Industrial and Financial Reconstruction, for formulating and expediting Scheme for rehabilitation.

5. PRODUCT DEVELOPMENT ACTIVITIES**Development of 145kV RD Disconnecter**

A new design of RD145 Disconnecter has been introduced suitable for ICE LOADING applications, Induced Current Switching and Bus Transfer Applications. These type of Disconnecters will be supplied to UK market for which your Company's design has been type approved by National Grid Corporation, UK. These products also meet the requirements of Power Grid Corporation of India Ltd, and National Grid Corporation, UK.

Earth switch for 12kV panel with making capacity

The earth switch so far used in Indoor HHV12 panel had only Short Time Current rating of 20kA for 3 sec. This was redesigned to uprate to 25kA for 3 sec and making capacity of 62.5kAp to meet the requirement of your Company's customers abroad.

6. ISO 9001 CERTIFICATION

The Company has obtained ISO 9001 Certification from RWTUV and successfully undergone surveillance audits for the financial year 2000-2001.

7. SUBSIDIARIES

The Audited Accounts of the Subsidiary Companies are attached except S&S Power Corporation Sdn. Bhd., Malaysia for which particulars under the provisions of Section 212 of the Companies Act, 1956 has not been received. The Company has sought exemption from the provisions of Section 212 of the Companies Act, 1956 in respect of this subsidiary.

8. FIXED/CUMULATIVE DEPOSITS

The deposits outstanding as on 31st March, 2001 were Rs.2.58 million (including interest of Rs.0.45 million) excluding unclaimed amounts of Rs.0.22 million (principal).

9. DEPOSITORY SERVICES

The Company has already entered into agreements with the National Securities Depository Limited and Central Depository Services (India) Limited. As on date more than 10 lac shares have been dematerialised and is being held in electronic form.

The Shareholders who send their shares for transfer in physical form are also sent option letters by which they can exercise their option to either hold them in physical form or in the electronic form.

10. CORPORATE GOVERNANCE

Pursuant to Section 292A of the Companies Act, 1956 read together with Clause 45 of the Listing Agreement of Madras Stock Exchange and Clause 49 of the Stock Exchange, Mumbai regarding Corporate Governance, the Company has taken the following steps at its Board Meeting held on 30th March, 2001.

(a) Constitution of Audit Committee

The Board of Directors has constituted an Audit Committee, as required under the amended provisions of the Companies Act, 1956 with Mr. K Balarama Reddi as Chairman. The other members are Mr. S.C. Bhatia and Mr. A R Santhanakrishnan. These nominees are as per the guidelines related to constitution of Audit Committee

(b) Constitution of Shareholders Committee

The Board of Directors has constituted a Shareholders Committee to look into the complaints of shareholders and for specific redressal of their complaints. The Committee consists of Mr. A. R. Santhanakrishnan, as Chairman, Mr. K Balarama Reddi and Mr. Ashish Jalan. These nominees are as per the guidelines related to constitution of Shareholders / Investors Grievance Committee.

11. DIRECTORS

Mr. Manoj K Maheshwari, Mr. Sushil K Jalan, and Mr. S Rajgopal resigned as Directors from the Board of your Company, with effect from 04.12.2000 30.03.2001, and 30.03.2001 respectively.

Your Directors place on record their sense of appreciation for the valuable services rendered by the aforesaid Directors during their tenure of their office.

Dr. P P Gupta retires by rotation in terms of Article 118 of the Company's Articles of Association and is eligible for re-appointment.

Mr. A R Santhanakrishnan was appointed as Additional Director on 31.10.2000. According to Section 260 of the Companies Act, 1956 he holds office up to the date of the Annual General Meeting. The company, u/s 257 of the Act has received notice from a member proposing Mr A R Santhanakrishnan as Director.

12. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Directors state,

That the preparation of the financial statements, applicable accounting standards have been followed and proper explanations have been given relating to material departures.

Accounting policies have been selected and applied consistently and 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 of the profit or loss account for the financial year ended 31.03.2001.

Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

The financial statements have been prepared on a going concern basis.

13. AUDITORS

M/s N M Raiji & Co., Chartered Accountants, Mumbai, Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

14. AUDITORS' REPORT

With regard to para 2(f) (i) (ii) (iii) (iv) of the Auditors' Report and para 9 of Annexure to the Auditors' Report, the Note Nos 19, 18, 20 and 21 are self explanatory. Further your Directors wish to state that pursuant to reference under section 15 (1) SICA, 1985, proposal is pending before the Board for Industrial and Financial Reconstruction.

15. PARTICULARS OF EMPLOYEES

The Statement of Particulars of Employees in terms of Section 217 (2A) of the Companies Act, 1956 and the Rules framed thereunder is annexed.

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

A Statement giving details of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo, as 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, is annexed.

17. INDUSTRIAL RELATIONS

Industrial relations were cordial throughout the year.

18. ACKNOWLEDGEMENT

Directors wish to place on record their appreciation of the valuable support from the customers, employees, shareholders and others at a time of financial crunch.

By Order of the Board
for S&S POWER SWITCHGEAR LTD.

PLACE : CHENNAI
DATE : 27th June, 2001

ASHISH JALAN
MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956

(a) Employed throughout the year and were in receipt of remuneration in the aggregate of not less than Rs. 12,00,000 per annum.

Sl. No.	Name	Age	Qualification & Experience (in years)	Designation/ Nature of duties	Date of Commencement of Employment	Remuneration (in Rupees)	Previous Employment
1.	Mr. S. Purkayastha	56	B.E., D.B.M., C.C.M., (35)	President	06.07.1998	1476537	Director-MV Switch Gear, GEC Alstom Ltd.

(b) Employed for a part of the period under review and were in receipt of remuneration of not less than Rs. 50,000/- per month.

NIL

Notes :

1. Gross Remuneration shown above includes Salary, Commission, House Rent Allowance, Company's Contribution to Provident Fund and benefits besides arrears and other benefits under the Income Tax Rules.
2. Terms of employment are Contractual in the case of Sl.No. (a) 1 above only.

On behalf of the Board

**ASHISH JALAN
MANAGING DIRECTOR**Report  junction.com

ANNEXURE TO DIRECTORS' REPORT

STATEMENT

Information pursuant to Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken during 2000 - 2001:

- i. Running of Thermopac boiler regulated by accumulated pretreatment jobs.
- ii. Powder coating oven when switched on after accumulated the painting jobs.
- iii. Minimise the usage of 50 hp Compressor by using the 5hp (3 nos.) Standby compressors

b. Additional investments and proposals, if any, being implemented for reduction of energy:

Proposal to -

- i. Powder coating oven panel - to introduce temperature controllers to reduce the power consumption.
- ii. Improve the efficiency of the air compressor

c. Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on the cost reduction of goods.

Estimated saving of 1.5 to 2% of total energy consumption.

B. TECHNOLOGY ABSORPTION

a. Research and Development

i. Specific area in which R & D is carried out by the Company:

Double break disconnector suitable for Ice loading application with Type testing.

145kV Earth switch suitable for Induced Voltage and current application with Type testing.

145kV Disconnector suitable for Bus transfer applications.

Certification testing on HHV12 at CESI Italy.

12kV Earth switch suitable for 25kA 3 second. STC and making capacity of 62.5kA peak.

ii. Benefits derived as result of above R & D :

Testing of 145kV Disconnector with above features has enabled to register with Electricity Association UK, and NGC, UK and qualify supply to UK market.

Testing of HHV12 has opened avenues for supply of Indoor breaker to European and other markets.

iii. Future plan of action :

Improvement in quality and sustaining the same to meet the European market and other countries expectations.

iv. Expenditure on R & D :

	Rs. in millions
a. Capital	Nil
b. Recurring	7.72
c. Total	7.94
d. Percentage of Turnover	5.62

v. Technology absorption, adaptation, and innovation :

i. Efforts in brief, made towards technology absorption, adaptation and innovation;

The design of 145kV Disconnectots have been modified to meet the requirements of British specification and practice.

ii. Benefits derived as a result of the above R & D

- a) Exported to OEM manufacturer in UK.
- b) Import substitution.

Continuous efforts to adopt quality indigenous materials and components.

iii. Imported technology during last 5 years

NIL