

## **Annual Report 2003 -2004**

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**S&S POWER SWITCHGEAR LTD.**



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## **BOARD OF DIRECTORS**

Mr. Ashish Jalan (Chairman)  
Dr. P.P. Gupta  
Mr. Sanjay Babubhai Desai

## **AUDITORS**

GSV ASSOCIATES  
Chartered Accountants  
Chennai

## **BANKERS**

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

## **SHARE TRANSFER AGENT**

GNSA Investor Services P. Ltd.  
18/1 (Old No. 17/1) Balaiah Avenue,  
Mylapore, Chennai - 600 004.

## **REGISTERED OFFICE**

111, (Old No. 168) Mount Poonamallee Road,  
Porur, Chennai 600116

## **CHENNAI WORKS**

111, (Old No. 168) Mount Poonamallee Road,  
Porur, Chennai 600116

## **PONDICHERRY WORKS**

Setharapet Village  
Mylam Road, Pondicherry 605 111

**S&S POWER SWITCHGEAR LIMITED**  
**REGD.OFF: 111, MOUNT POONAMALLEE ROAD**  
**PORUR, CHENNAI-600 116**

**NOTICE TO THE MEMBERS**

NOTICE is hereby given that the 27th Annual General Meeting of the Members of S&S Power Switchgear Limited will be held at Lakshmi Balaraman Thirumanakkoodam, No.62, V.V. Koil Street, Thiruvalluvar Nagar, Thirumangalam, Chennai-600 040 on Monday, the 28th March 2005 at 9.30 A.M. to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Profit and Loss account of the company for the year ended 30.09.2004, the Balance Sheet as at that date and the Directors' and Auditors reports thereon.
2. To appoint a Director in the place of Mr. Ashish Jalan, 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 for the current year to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. GSV Associates, the Auditors of the Company, retire and are eligible for re-appointment.

Registered Office:  
 111, Mount Poonamallee Road  
 Porur, Chennai-600 116

By order of the Board  
 For S&S Power Switchgear Limited

Ashish Jalan  
 Chairman

Date: 17th February 2005

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 23rd March 2005 to Monday 28th March 2005 (both days are inclusive).
3. As per the provisions of Listing Agreements entered with the Stock exchanges, the Company has appointed M/s. GNSA Investor Services Private Limited as a Common Registrar and Share Transfer Agents for the shares of the Company held in both physical as well as electronic modes. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Company's Registrar and Share Transfer Agents at the address given below:

M/s. GNSA Investor Services Private Ltd  
 17/1, Balaiah Avenue, Luz,  
 Mylapore, Chennai-600 004  
 Tel: 24661675/24661976  
 Fax: 24662448.  
 e.mail: [sharma@satyam.net.in](mailto:sharma@satyam.net.in)

4. Members are requested to notify any change in their address to the Company or its Share Transfer Agents. In case of shares held in dematerialized form, this information should be passed on to their respective Depository Participants without any delay.
5. Members holding shares in physical form are requested to dematerialise the shares in electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The share certificates may be sent directly to our share transfer agent: GNSA Investor Services (P) Limited 18/1 (Old No. 17/1), Balaiah Avenue, Mylapore, Chennai-600 004.
6. Members are requested to note that pursuant to Section 205A of the Companies Act, 1956, the unclaimed, interim and final dividend for the year 1995-96, the unclaimed - Interim dividend for the year 1996-1997, and unclaimed application money on Rights Issue have been transferred to Investor Education and Protection Fund established under sub-section (1) of Section 205 C of the Act.
7. Shareholders are requested to note that no claim shall lie against the company or the aforesaid Fund in respect of any amount of dividends remaining unclaimed and unpaid for a period of seven years from the dates they became first due for payment.
8. As a measure of economy, copies of the Annual Reports will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

#### ANNEXURE TO NOTICE

##### Information pursuant to clause 49 of the Listing Agreement with Stock Exchanges

##### ITEM NO.2

Mr. Ashish Jalan Director of the Company retires by rotation during this AGM and is eligible for re-appointment.

Mr. Ashish Jalan is a commerce graduate. He is an Industrialist having long and diverse experience. The Company would be benefited by his rich experience.

Registered Office:  
111, Mount Poonamallee Road  
Porur, Chennai-600 116

By order of the Board

Date: 17th February 2005

Ashish Jalan  
Chairman

## **DIRECTORS' REPORT**

The Directors present the Twenty Seventh Annual Report together with the audited accounts for the year ended 30th September 2004.

### **Financial Results**

(Rs. In Million)

Particulars	2003-2004 (12 Months)	2002-2003 (15 Months)
Sales and other operational income	53.70	72.54
Other Income	23.53	20.29
Gross Profit / (Loss)	9.23	(9.49)
Add: Depreciation	(8.71)	(11.71)
Interest	(0.71)	(137.00)
Profit or Loss before extra Ordinary items and tax.	(0.19)	(158.20)
Add: Extra Ordinary Items	(4.36)	(58.91)
Less: Provision for Tax	NIL	NIL
Profit or Loss after Tax	(4.55)	(217.11)
Add: Balance in Profit or Loss account brought forward	(1099.66)	(882.55)
Balance carried forward to Balance Sheet	(1104.21)	(1099.66)

### **Review of Operations and Outlook**

During the financial year your company continued to face difficult business conditions. Your company continues to suffer from shortage of working capital. The focus has been on concentrating exports to the United Kingdom, ASEAN & SAARC markets. Local sales were limited to supply of Spares only. Regular interaction with your company's UK customers resulted in a continuous improvement in the quality of company's products. Given the circumstances the focus will continue to be on the export market for Disconnectors and spares sales in domestic market. During the year under review, your company achieved a turnover of Rs.772.30 lakhs. What is gratifying to note is that there is a small operating profit during the current year as compared to the previous period. Porur unit of your company continued to be under suspension of operation. Your company continued to be denied even the minimum banking facilities. As a result the Company was operating at a level far below the break even and consequently there was gross under utilisation of capacity.

Your Company continues to be in negotiation with various Secured Lenders in the consortium. The future of your company much depends on the above settlements, financial restructuring and your company is hopeful of a positive response in the matter. Your Directors' hope that the Banks, Hon'ble Board for Industrial and Financial Reconstruction and the workers will be receptive to your company's effort to restructure.

### **Sick Industrial Company.**

As you are aware, the net worth of the company became negative as at 31.3.2000 and your company made a reference to the Board for Industrial and Financial Reconstruction (BIFR) for formulating a scheme for rehabilitation.

During the hearing before BIFR on 21st December 2004 your company represented to make a note of the collection of a sum of Rs.2.28 Crores out of the earlier Provisions made upto 31.3.2000. On the advice of BIFR your company circulated to all the Secured Creditors the details of the recoveries made out of the provisions.

Further your Company filed fresh references with BIFR based on the audited accounts as at 30.06.2002 and 30.9.2003 and the same have been registered.

### **ISO 9001 Certification**

Your company has undergone surveillance audits successfully by RWTUV for the year 2003-2004.

### **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 Sec.212 of the Companies Act 1956 have not been received. Application is being made seeking exemption from the provisions of Section 212 of the Companies Act, 1956 in respect of the above subsidiary.

### **Non Compliance of Accounting Standard 21 and Segmental Reporting:**

The company deals with only one type of product namely, Switchgear and hence management is of the opinion that segmental reporting will not apply. Also most of the company's sales are outside India and hence management is of the opinion that geographical segment-wise reporting will also not apply to your company.

### **Disqualification under Section 274 (1) (g) of The Companies Act, 1956:**

With regard to para 2(e) of the Auditors Report, all the directors of the company excepting Mr.S.C. Bhatia the nominee director of ICICI Bank Ltd. are disqualified from being appointed as directors in any other public limited companies.

### **Fixed/Cumulative Deposits:**

The deposits outstanding as on 30th September 2004 were Rs.1.80 million (including interest of Rs.0.84 million).

### **Depository services**

As on date 28,49,312 shares have been dematerialised and are being held in electronic form.

### **Auditors**

M/s.G.S.V.Associates, Chartered Accountants, Chennai, your company's auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

### **Corporate Governance:**

A report on the Compliance of Corporate Governance is annexed together with a certificate from the auditors of the Company on Compliance.

### **Directors**

Mr.Ashish Jalan retires by rotation in terms of article 118 of the Company's Articles of Association and is eligible for re-appointment.

Mr.S. Purkayastha resigned as Director of the company with effect from 25.10.04 and the Board records its appreciation for the services rendered by Mr. S. Purkayastha during his tenure of office as Director of the Company.

Mr.S.C.Bhatia resigned as Nominee Director of ICICI Bank Ltd from the Board of the Company with effect from 13.1.2005 and the Board records its appreciation for the services rendered by Mr. S.C.Bhatia during his tenure of office as Director of the Company.

### **Directors' Responsibility Statement**

Pursuant to the provisions of Section 217 (2AA) 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 for the year ended 30.09.2004.

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.

### **Auditors' Report**

With regard to points raised in the auditors' report the same are dealt with hereunder :

Para Reference: to Auditors' Report	Reply
2 (e)	All the Directors of the company except the Nominee Director are disqualified from being appointed as Directors in other Public Limited Companies.
f. (i)	Refer Note 1(c) of Schedule 15. The company has received confirmation of balance from these companies; differences between confirmation and books are being reconciled; further Rs.20 lacs has been received during the current year. Considering this, your Board felt that these are recoverable.
f. (ii)	Although the total value of assets with the company falls short of the balance of secured loans, this is essentially on account of interest applied on these loans upto 31.03.2003 even subsequent to the company turning sick. The company has been negotiating for a one-time settlement with full waiver of interest.
f. (iii)	Refer Note 1 (a) of Schedule 15.
f. (iv)	In respect of Advance Licences obtained for supply to Malaysia, the company could not fulfill its export obligations since the company stopped further supplies due to the customers having not paid for the past dues. The company is holding negotiations with the Workers Union and is hopeful of an amicable settlement. There were delays in the payment of Statutory dues due to acute shortage of Working Capital and non-availability of even the limited banking facilities. The company has since remitted all the unclaimed dividends, and refunds of public issue to Investors Protection and Education Fund



Para Reference: to the Annexure to Auditors' Report	Reply
3	Refer Note 20
6	The company has repaid certain deposits in the financial year and would clear the balance.
9	The company has since paid the Listing Fees to National Stock Exchange and The Stock Exchange, Mumbai. The company has since paid an adhoc amount of Rs.50,000 towards EDLI premium to LIC of India covering the existing working employees. The revised notice is awaited from LIC of India and excess provision, if any, made will be reversed in the current year. ESI damages and interest payable have since been paid. As regards Provident Fund (Damages and Interest) the company has obtained stay in the EPF Appellate Tribunal, New Delhi.
11	Refer Note 1(a) & 1(b)

### **Particulars of Employees**

None of the employees have received remuneration in terms of section 217(2A) of the Companies Act, 1956

### **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.

### **Industrial Relations:**

Industrial relations at Pondicherry are cordial.

At Porur, the Unions raised disputes before the Joint Commissioner of Labour challenging the suspension of operation and the same has been referred for adjudication.

### **Acknowledgement:**

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

for and on behalf of the Board  
for S&S Power Switchgear Ltd.

**Ashish Jalan**  
Chairman

**Place: Chennai**  
**Date: 17th February 2005**

**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 2003-2004**

- i. Usage of alternate street lights and lights in the office area
- ii. Single shift operation introduced.

**b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy. Proposal to:**

NIL

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

Estimated saving 0.5% to 1% of the total energy consumption.

**B. Technology Absorption****a. Research and Development****i. Specific area in which R&D is carried out by the company:**

NIL

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

NIL

**iii. Future plan of action**

- a) 145kv RP (Pantograph type) Disconnector for UK Market - Test planned at KEMA / CESI by March 2005.
- b) To improve continuously quality and aesthetics to meet expectations of the export market and achieve world class quality.

**iv. Expenditure on R&D (Rs. In Millions)**

a.	Capital	Nil
b.	Recurring	1.59
c.	Others (Testing Fees)	0.01
d.	Total	1.60
e.	Percentage of Turnover	3.04%