

Annual Report 2004 - 2005

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S&S POWER SWITCHGEAR LTD



S&S POWER SWITCHGEAR LIMITED

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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, Balaiah Avenue,

Mylapore, Chennai - 600 004.

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.

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 28th Annual General Meeting of the Members of S&S Power Switchgear Limited will be held at Narada Gana Sabha Trust, Sathguru Gnanananda Mini Hall, 314, T.T.K. Road, Chennai-600 018 on Friday, the 31st March 2006 at 10.00 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 30.09.2005, the Balance Sheet as at that date and the Directors' and Auditors reports thereon.
2. To appoint a Director in the place of Dr. 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 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

Date: 30th January 2006

Ashish Jalan
Chairman

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 29th March 2006 to Friday 31st March 2006 (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
18/1, Balaiah Avenue, Luz,
Mylapore, Chennai-600 004
Tel: 24661675/24661976
Fax: 24662448.
e.mail: 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. 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

Dr. P.P. Gupta Director of the Company retires by rotation during this AGM and is eligible for re-appointment.

Dr. P.P. Gupta is a Post Graduate Diploma in Electrical Technology, Indian Institute of Science, Bangalore and Ph.D., London. The Company would be benefited by his rich experience.

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: 30th January 2006

DIRECTORS' REPORT

The Directors present the Twenty Eighth Annual Report together with the audited accounts for the year ended 30th September 2005.

Financial Results

(Rs. In Million)

Particulars	2004-2005	2003-2004
Sales and other operational income	42.55	53.70
Other Income	67.18	22.31
Gross Profit / (Loss)	14.92	12.84
Add: Depreciation	(8.50)	(8.71)
Interest	(1.03)	(0.71)
Profit or Loss before extraOrdinary items and tax.	17.26	(1.10)
Add: Extra Ordinary Items	0.71	(3.45)
Less: Provision for Tax	NIL	NIL
Profit or (Loss) after Tax	16.55	(4.55)
Add: Balance in Profit or Loss account brought forward	(1104.21)	(1099.66)
Balance carried forward to Balance Sheet	(1087.66)	(1104.21)

Review of Operations and Outlook

The operations of your Company during the year result at in a profit after Tax of Rs. 16.55 millions. During the year under review your Company achieved a turnover Rs. 42.55 Millions as against Rs. 53.70 Millions for the previous year. The company's focus has continued to be on exports during the period under review. Local sales were limited to supply of spares only. Porur unit of your company continued to be under suspension of operation. Even during the year under review your company has operated far below the break even and therefore there was gross under utilization of capacity.

Your company has been successful in entering into one time settlement with State Bank of Hyderabad (SBH), South Indian Bank Limited (SIB) and IDBI. Payments in accordance with settlement terms to SBH and SIB were made and all dues have been cleared. For IDBI upfront payment has been made in accordance with the terms and the balance would be cleared in accordance with the stipulated time as per the terms of settlement.

Your company has also been negotiating with other secured and unsecured lenders for a One Time Settlement and is hopeful of reaching amicable settlements soon.

Sick Industrial Company.

As you are aware, the net worth of your 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. 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 were registered.

The Hon'ble Board for Industrial and Financial Reconstruction (BIFR) vide its proceedings dated 04.10.2005 declared your company as a sick company under section 3 (1) (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Further the Hon'ble bench directed issue of show cause notice under Section

20(1) of SICA with six weeks' notice. The Hon'ble BIFR has also directed that in case the company within the said period came up with a fully tied up revival proposal, the proposal would be dealt in accordance with law. During pendency of the notice period, publication of notice under Section 20(1) was made on 19.11.2005 pursuant to an order of the Hon'ble BIFR dt.07.11.2005, throwing the efforts of the company in preparing a revival scheme out of gear.

Your company was advised to prefer an appeal against this order to the appellate authority viz., Appellate Authority for Industrial and Financial Reconstruction, as the order of Hon'ble BIFR was arbitrary. Your Company accordingly filed an appeal and the said order of BIFR has been stayed.

Also BIFR, vide its order dated 07.11.2005 appointed Bank of Baroda as an Operative Agency

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.

Segmental Reporting:

The company is engaged predominantly in manufacture of Disconnectors and there are no business segments within the meaning of Accounting Standard 17. Also since the company's sales are predominantly for export market there are no geographical segments.

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 are disqualified from being appointed as directors in any other public limited companies.

Fixed/Cumulative Deposits:

The deposits outstanding as on 30th September 2005 were Rs. 1.07 million including interest. Subsequent to the Balance Sheet date the company has repaid the fixed deposit holders and only 0.12 million remain unpaid as on the date of this report. The balance would also be cleared soon.

Depository services

As on 31st December 2005, 29,06,104 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

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.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 on 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 of the profit or loss account for the year ended 30.09.2005.

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 (b) relating to f(i)	Considering the doubtfulness on the recoverability of the principal amounts interest has not been accrued on the loans and advances. The company has however recovered a sum of Rs.33.45 millions since the date of the Balance Sheet.
2 (b) relating to f (iii)	The Company has been negotiating with secured and unsecured lenders for a One-Time settlement and subsequent to the balance sheet date settlements have been entered into with certain secured lenders as explained in Note 29 of Schedule 15. Given the financial position and reference to Board for Industrial and Financial Reconstruction (BIFR) for sickness, the Company deemed fit not to provide interest on the outstanding loans.
2 (e)	All the Directors of the company are disqualified for being appointed as Directors in other Public Limited Companies.
f. (ii)	Proposal for a One Time Settlement with the secured creditors has been consented by three of the secured lenders and the company is in the process of negotiating with the other secured lenders for a One Time Settlement and the requirement for asset backing is expected to be fulfilled.
f. (iv)	❖ In respect of Advance Licenses obtained for supply to Malaysia, the company could not fulfill its export obligations since the company stopped further supplies on default by the customers on payment for past supplies.

	<ul style="list-style-type: none"> ❖ The company is holding negotiations with the Union's and is hopeful of amicable settlements. ❖ The delays were only for a limited period during the initial few months of the financial year due to acute shortage of working capital. ❖ All dues were remitted with interest. The minor delays were due to shortage of working capital. ❖ As reported in Para 1 on Details of Non-Compliance of Listing Agreement in the 'Corporate Governance Report', unaudited results for the quarter ended 31st March 2005 was not furnished within 1 month from the end of the quarter due to non availability of the directors during end of April 2005. ❖ The company has made near total repayments of the outstanding Public Deposits since the date of the Balance Sheet. Also the investments held as on the date of this report is sufficient to comply with Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.
Para reference to the Annexure to Auditors' Report	
3	Refer Reply to Auditors Report under Para 2 f (i) above.
6	Refer Reply to Auditors Report relating to Contravention of Law under Para 2 f (iv) above.
9	Considering the reference to BIFR, the company expects to claim concessions / relief.
11	Refer Reply to Auditors Report under Para 2 f (iii) above and refer Para 29 Schedule 15 (Notes on Accounts).

Particulars of Employees

None of the employees has 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.

Your Company has been holding discussion with the union and are confident of reaching an amicable settlement, concerning the Porur work men.

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
S&S Power Switchgear Ltd.

Place: Chennai
Date: 30th January 2006

Ashish Jalan
Chairman

ANNEXURE TO DIRECTORS' REPORT

STATEMENT

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

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken during 2004-2005

i. Single shift operation maintained.

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 2% to 5% 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) Disconnecter for UK Market - Test planned at KEMA / CESI by March 2006.

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	0.82
c. Others (Testing Fees)	0.10
d. Total	0.92
e. Percentage of Turnover	2.17