

S&S
S&S POWER SWITCHGEAR LTD

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Annual Report 2006-2007

BOARD OF DIRECTORS

Mr Ashish Jalan (Chairman)

Dr P P Gupta

Mr Anupam Vaid

AUDITORS

GSV Associates

Chartered Accountants

Chennai

BANKERS

ICICI Bank Ltd.

Chennai

State Bank of India,

Puducherry

SHARE TRANSFER AGENT

GNSA Infotech (P) Ltd

No.11, G R Mansion,

Srinivasa Road,

Pondy Bazaar,

T Nagar, Chennai – 600 017

REGISTERED OFFICE

No 16, TTK Road,

1st Cross Street,

Alwarpet,

Chennai – 600 018

PUDUCHERRY WORKS

Setharapet Village,

Mylam Road,

Puducherry – 605 111

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 30th 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 Monday, the 31st March, 2007 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 30.09.2007, 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.

For S&S Power Switchgear Limited

Ashish Jalan
Chairman

Date: 26th February 2008

Registered Office :
By order of the Board
No 16, TTK Road,
First Cross Street
Alwarpet, Chennai-600 018

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 Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 for the above mentioned items are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday 28th March 2007 to Monday 31st March 2007 (both days are inclusive).
4. As per the provisions of Listing Agreements entered with the Stock exchanges, the Company has appointed M/s. GNSA Infotech (P) Limited (formerly known as 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 Infotech (P) Ltd

11, G R Mansion,
Srinivasa Road,
Pondy Bazaar,
T Nagar, Chennai – 600 017
Tel: 42121428/42121429
Fax: 42121430.

e.mail: info@gnsaindia.com

5. 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.
6. 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 Infotech (P) Limited, 11, G R Mansion, Srinivasa Road, Pondy Bazaar, T Nagar, Chennai – 600 017.

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 holds Postgraduate Diploma in Electrical Technology, Indian Institute of Science, Bangalore. He obtained a Ph.D in London. The Company would be benefited by his rich experience.

DIRECTORS' REPORT

The Directors present the Thirtieth Annual Report together with the audited accounts for the year ended 30th September 2007.

FINANCIAL RESULTS

Particulars	(Rs. In Million)	
	2006-2007 (12 months)	2005-2006 (12 months)
Sales and other operational income	70.42	52.50
Other Income	166.67	86.85
Gross Profit / (Loss)	112.31	(61.76)
Less: Depreciation	7.28	(8.81)
Interest	1.89	(2.41)
Profit or Loss before extra Ordinary items and tax.	103.14	(72.98)
Less : Extra Ordinary Items	12.25	16.77
Less : Provision for Tax	(3.25)	0.33
Profit or (Loss) after Tax	94.14	(90.08)
Add : Balance in Profit or Loss account brought forward	100.22	(1087.66)
Balance carried forward to Balance Sheet	6.08	(1177.75)

ABRIDGED FINANCIAL STATEMENT :

As permitted by SEBI guidelines and Companies Act, 1956, we have included the abridged financial statements of S&S Power Switchgear Limited in this annual report. The detailed financial statements and audit reports of S&S Power Switchgear Limited and each of subsidiaries are available for inspection at the registered office of the Company and upon written request from a shareholder, we will arrange to send the full balance sheet, profit and loss account and auditors report to the said shareholder.

SETTLEMENT OF BANKS AND FINANCIAL INSTITUTIONS AND SUNDRY CREDITORS :

Though your company effected payments to all the secured creditors and sundry creditors as stipulated in the sanctioned Scheme of Arrangement and Compromise between the company and its secured creditors and sundry creditors, one of the bankers, however, had opposed the scheme and their application was allowed by the Hon'ble High Court vide their order dated 1st August, 2007. Aggrieved by the said order, your Company preferred an appeal before the Division Bench of the Hon'ble High Court who have since stayed the operation of the said order.

UNSECURED CREDITORS :

Your company has since settled unsecured creditors through a One Time Settlement.

PROSPECTS :

With the first phase of restructuring having been completed and with the continued thrust on quality of products,

development of new products your directors are confident to bring back the company to its erstwhile glory. We expect to bring the company into profit in the next year and also to consolidate all our Porur business under one Unit in the current year.

FINANCE :

Huge working capital is to be sourced to achieve the increased levels of production to match the growing demand and capture a sizeable portion of the market.

The promoters, their associates and others, to resurrect the company and to provide an impetus to the growth oriented developments will subscribe to fresh equity which your company plans to raise through private placement to meet long term commitments.

On the product side, your company is also taking steps to widen its range of switchgear and introduce more modern cost effective and maintenance free range of equipment.

With the favourable conditions, your company has re-entered domestic markets once again through revalidation of its products.

With the growth plans envisaged for the future, the organization structure has been revamped and your company has a well knit team which is expected to meet the challenges that would be thrown at it thus assuring long term stability of the company.

PORUR UNIT :

In spite of a fair settlement under Section 12(3) of the Industrial Disputes Act covering the workmen and staff at Porur, a section of a disgruntled workmen approached Hon'ble High Court for quashing the settlement. The writ petition was dismissed as not maintainable by the Hon'ble High Court. Against the order of the High Court, a writ appeal was filed which was disposed with a direction to the State Government to refer the dispute in case an application was made by the Union. The Government of Tamil Nadu, pursuant to an application by the said workmen issued a reference on 27th November 2007.

REVIEW OF OPERATIONS AND OUTLOOK :

During the year under review your Company achieved a turnover Rs. 70.42 Millions as against Rs. 52.50 Millions the previous year. The company's focus has continued to be on exports during the period under review.

ISO 9001 Certification :

Your company has been recertified for ISO 9001:2000 on 15.5.2006 valid till January 2009 by RWTUV.

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 said 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 :

The Company has during the year under Audit repaid all its deposits and redeemed its debentures. Hence as on the date of this report, none of the Directors attract disqualifications in terms of Section 274 (1) (g) of the Companies Act, 1956.

FIXED DEPOSIT :

The Company has not accepted any fixed deposits.

DEPOSITORY SERVICES :

As on 31st December 2007, 46,43,399 shares have been dematerialised and are being held in electronic form.

AUDITORS :

M/s.GSV 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.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations have been given relating to material departures.
- (ii) such 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 30.09.2006.
- (iii) 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.
- (iv) 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 (a)	The Company settled all its creditors as at 31.3.2006 in accordance with the sanctioned Scheme of Arrangement and Compromise with its creditors. The Company will be seeking confirmation of balances from all its creditors, debtors and others during the current year
2(f)	Please refer note 18
Para Reference: to Annexure to Auditors' Report	
9(A)	The company would be clearing the dues in course of time.
9(B)	These are contingent in nature and cases have been instituted at various forums disputing the claims

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 Puducherry are cordial.

A wage settlement was entered in Jan 2006 with the Union at Puducherry for 3 years from 2005.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation for the valuable support from the customers, vendors, bankers, financial institutions, employees, shareholders and others.

Your directors also wish to place on record their special appreciation to all the banks and institutions and Sundry Creditors for their cooperation but for which the Scheme of Arrangement and Compromise with the lenders would not have been successful.

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

Ashish Jalan
Chairman

Place : Chennai

Date : 26th February 2008



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 2005-2006

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.

Consumption is maintained at high efficiency. Reduction of energy consumption is very marginal.

B. TECHNOLOGY ABSORPTION

a. Research and Development

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

Development of 123 kV for Vietnam market.

Development of 145 kV for domestic market.

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

The above will increase the market share both in export and domestic business.

The proving test carried out has increased the confidence level of the product.

iii. Future plan of action

a) 245 kV RD for ASEAN and Domestic market

b) 420 kV RD for Domestic market:

c) 800 kV for Domestic market

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

a. Capital Nil

b. Recurring NIL

c. Others (Testing Fees) 1.26

d. Total 1.26

e. Percentage of Turnover 1.79

v. Technology absorption, adaptation and innovation:

1. Efforts in brief made towards technology absorption, adaptation and innovation:

NIL

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

NIL

3. Imported technology during last 5 years.

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

i) Activities relating to Exports

Our focus on ASEAN market continues. We are also planning reentry into other South East Asia & ASEAN countries.

ii) Foreign exchange earned (Rs. In Million)

Deemed Exports 3.00

Physical Exports 43.33

iii) Foreign Exchange outgo 1.07

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

Ashish Jalan
Chairman

Place : Chennai

Date : 26th February 2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company :

S&S Power was established as a switchgear-manufacturing unit in 1975 in Chennai. In 1978 the Company entered into collaboration with South Wales Switchgear and introduced High Voltage Disconnecting Switches and the Company is one of the major players in this field. The range of products include Outdoor Off Load Horizontal two post rotating central break disconnecter, double break disconnecter from 36kV to 420kV and outdoor pantograph disconnecter from 132kV to 420kV and outdoor vertical break disconnecter for 800kV.

Opportunity :

Your Company continues to focus on exports as key growth area. Over a period of time, we have established our presence in the ASEAN market specifically Vietnam, Thailand, Malaysia, Myanmar and in the Asian circle at Bangladesh and Sri Lanka. Through Acrastyle Limited our Disconnectors have grown in strength in number in the United Kingdom. Your Company, during this year, has focussed on the domestic market. Supplies have been effected to prestigious utilities like NDPL.

The History:

S&S was established in 1975 at Chennai to manufacture electrical power protection equipment for Transmission and Distribution of Electricity. Mr.N.S.Sethuraman originally promoted the company, in 1990, Jalans of Kolkata acquired the controlling interest in the company.

The plant located at Porur was manufacturing Circuit Breakers. The revolutionary introduction of Vacuum Circuit Breakers in the year 1981 and the launch of its patented Outdoor Porcelain Clad Vacuum Circuit Breakers soon after were instant successes with customers and eventually became benchmark for the industry. S&S Power was the first company in India to introduce this high technology equipment in Indian market.

The company's factory in Puducherry, which was established in the year 1997, has been known for state of art and low cost high quality manufacturing facilities for high technology power protection equipment for Transmission and Distribution. S&S was the first company, to have sold 420kV Disconnector both in Indian and Export markets.

The collapse of South East Asian market during 1998 resulted in the reduction in the export volumes. The cumulative effect pushed S&S into a debt trap which mounted on account of high interest and all other associated costs levied by banks and institutions.

S&S hived off its non core business namely Miniature Circuit Breakers and High Voltage Fuses to reduce the mounting debt burden and to focus on the core business.

Your company took several measures to mitigate the financial losses by various cost cutting methods. However, the company was forced to suspend its operations at its Porur unit w.e.f. 22.6.2002.

Though your company's major customers are State Electricity Boards and Power Corporations in the past, due to poor financial conditions of the State Electricity Boards, your

company focused its attention to Export market as the receivables are collected quickly. However with the change in the trend, your company is once again concentrating on the domestic market and your company already supplied its products to NDPL, CSEB etc.

Consequent to the sale of land at Porur, your company is in the process of shifting its Breaker unit from Porur.

The Trend :

India is experiencing phenomenal growth in the Power Sector. Infrastructure development in this sector is at its high and expected to continue in the same strength in the next 3-4 years.

With the Government's emphasis in the Power Sector the market for Transmission and Distribution is foreseen to increase. New competitors have entered into the domestic market during our absence, however the response shown by our customers in our products and quality has been encouraging. With the favourable conditions your Company has now turned its attention to revival of the business through revalidation of its products for the domestic market.

During the year under review your company has developed and successfully tested 123 kV for Vietnam and 145kV for domestic markets.

Outlook:

The Disconnector unit has been operating at a very low capacity utilization. With the increase in order book and the availability of working capital, we expect to reach high level of utilization during the course of the coming years.

Our focus will continue on quality and transparency in communication with the customers.

The promoters, their associates and others in order to provide an impetus to the growth oriented developments will subscribe to fresh equity which your company plans to raise through private placement to meet long term commitments.

Human relations:

During the year 2002 the company had suspended its operations at Porur and in spite of the 12(3) settlement in February 2006 covering the Porur staff and workmen, a section of the workmen challenged the settlement by way of a writ petition. The writ petition was dismissed as not maintainable by the Hon'ble High Court. Against the order of the High Court, a writ appeal was filed which was disposed with a direction to the State Government to refer the dispute in case an application was made by the Union. The Government of Tamil Nadu, pursuant to an application by the said workmen issued a reference on 27th November 2007. Industrial relations at Puducherry has been cordial. A wage settlement was entered in January 2005 with the Union at Puducherry covering a period upto 2008.

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

Ashish Jalan
Chairman

Place : Chennai
Date : 26th February 2008



REPORT ON CORPORATE GOVERNANCE

COMPLIANCE WITH CLAUSE 49 OF

THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the compliance Report on Corporate Governance (in the prescribed format), along with the Certificate of Statutory Auditors, (Annexure I) is given as under:

PHILOSOPHY ON CODE OF GOVERNANCE

S&S Power Switchgear Limited is committed to standards of Corporate Governance in all activities.

BOARD COMPOSITION

Size of the Board and Independent Directors

The Board, has currently Three Members comprising of a Non-Executive Chairman, and Two non-executive Directors. As per the current by-laws of the Company, the Board can have up to 12 (twelve) Members. The present Board has three Non-Executive directors of which Two are independent directors.

BOARD COMMITTEES

The Committees of the Board

Currently, the Board has Three Committees – the Audit Committee, the Shareholders Committee and Remuneration Committee

BOARD OF DIRECTORS

Composition and category of Directors as of March 31, 2007 is as follows:

Category	No. of directors	%
Non – Executive Directors	3	100
Independent Directors	2	66.6%

During the financial year ended 30.9.2007, 8 Board Meetings were held on the following dates.

Sl.No	Date of meeting	No. of Directors Present
1	30.10.2006	3
2	18.01.2007	3
3	22.03.2007	3
4	23.04.2007	3
5	04.06.2007	3
6	26.07.2007	3
7	10.08.2007	3
8	12.08.2007	3

Attendance of each director at the Board Meetings

Name of Director	Category*	Board Meetings	
		Held Nos	Attended Nos
Ashish Jalan - Chairman	NED	8	8
Dr. P.P. Gupta	NED/ID	8	8
Anupam Vaid	NED/ID	8	8

NED - Non Executive Director; ID – Independent Director

Attendance of each director at the last AGM

Name of Director	Category*	Attendance in last AGM on 23.04.2007
Ashish Jalan - Chairman	NED	Yes
Dr. P.P. Gupta	NED/ID	Yes
Anupam Vaid	NED/ID	No

NED - Non Executive Director; ID – Independent Director

No Director of the Company is a member in other Board Committee or Committee Chairmanship

AUDIT COMMITTEE

As per the requirement of Part II of Clause 49 of the Listing Agreement the Company has formed an Audit Committee. Dr. P.P. Gupta was appointed as Chairman of the Audit Committee during the year under review.

Brief description of terms of reference

The Committee reviews the quarterly, half-yearly and annual financial statements before they are submitted to the Board.

Overall assessment of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services.

Composition of committee:

Dr. P.P. Gupta – Chairman of the Committee
Mr. Ashish Jalan
Mr. Anupam Vaid

Meetings and attendance of members during the year

Director	Held	Attended
Dr. P.P. Gupta -Chairman	5	5
Mr. Ashish Jalan	5	5
Mr. Anupam Vaid	5	5