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S&S POWER SWITCHGEAR LTD

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Annual Report 2010-2011

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BOARD OF DIRECTORS	Ashish Jalan (Chairman and Managing Director) Anupam Vaid Deepak Chowdhary
AUDITORS	GSV Associates Chartered Accountants Chennai
BANKERS	HSBC Limited, Chennai ICICI Bank Limited, Chennai Citibank N.A, Chennai State Bank of India, Puducherry
SHARE TRANSFER AGENT	GNSA Infotech Ltd., G R Mansion, No 11, Srinivasa Road Pondy Bazaar, T.Nagar, Chennai – 600 017
REGISTERED OFFICE	II Floor, No. 67, (Old No.19), Dr.Ranga Road, Mylapore, Chennai - 600 004

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of S&S Power Switchgear Limited will be held on Friday the 30th September 2011 at 2.30 p.m.at Narada Gana Sabha Trust, Sathguru Gnanananda Mini Hall, 314, T.T.K. Road, Chennai-600 018 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 31.03.2011 the Balance Sheet as at that date and the Directors' and Auditor's reports thereon.
2. To appoint a Director in the place of Mr. Anupam Vaid, 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, Chartered Accountants, the present Auditors of the Company, retire and are eligible for re-appointment.

On behalf of the Board of Directors

Ashish Jalan

Chairman & Managing Director

Date : 29th August 2011

Place : Chennai

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, SHOULD BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 28th September 2011 to Friday 30th September 2011 (both days are inclusive).
3. 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.
4. Members holding shares in physical form are requested to dematerialize 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 Limited, G R Mansion, No 11, Srinivasa Road, Pondy Bazaar, T Nagar, Chennai – 600 017.
5. Corporate members are requested to send a duly certified copy of the board resolution/power of attorney authorizing their representative to attend and vote at the annual general meeting.

ANNEXURE TO NOTICE

The information in respect of item no.2 in accordance with clause 49(iv) (g) of the listing agreement for Corporate Governance about directors seeking re-appointment in this annual general meeting are furnished hereunder

Particulars	Item No.2
Name of the Director	Mr. Anupam Vaid
Date of Birth	11.06.1963
Date of Appointment	22.05.2006
Qualification	Commerce graduate from Sydenham College of Commerce and Economics, Mumbai
Experience in specific functional areas	Mr Anupam Vaid has wide experience in marketing of Engineering products. He was actively involved in the execution of various projects for VSNL and MTNL.
List of other Companies in which Directorship held	Acrastyle Power (India) Limited
Chairman/ Member of the Committee of the Board of Director of the Company	1. Audit Committee-Chairman 2. Investors' Grievance Redressal Cum Share Transfer Committee – Chairman 3. Remuneration Committee - Chairman
Number of Shares held in the Company (both own or held by/for other persons on a beneficial basis) as on March 31, 2011	Nil

The Board recommends the resolution for your approval.

None of the Directors other than Mr. Anupam Vaid is concerned or interested in the resolution.

On behalf of the Board of Directors

Ashish Jalan

Chairman & Managing Director

Date : 29th August 2011

Place : Chennai

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REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

The Directors have pleasure in presenting herewith the Thirty Third Annual Report of your Company together with the audited accounts for the year ended 31st March, 2011.

Financial Results **(Rs. in Million)**

Particulars	2010-11 (12 mths)	2009-10 (12 mths)
Sales and other operational income	**20.10**	128.93
Other Income	**19.82**	18.00
Gross Profit / (Loss)	**10.42**	30.84
Add: Depreciation	**2.41**	2.95
Interest	**0.77**	5.44
Profit or Loss before extraordinary Items and tax.	**7.25**	22.45
Less: Extraordinary Items	**28.45**	47.76
Less: Provision for Tax	–	Nil
Profit or (Loss) after Tax	**(21.20)**	25.31
Add: Balance in Profit or Loss account brought forward	**(29.07)**	3.76
Balance carried forward to Balance Sheet	**(50.27)**	29.07

ABRIDGED FINANCIAL STATEMENT

As permitted by SEBI guidelines and Companies Act, 1956, we have included the abridged financial statements of the Company in this annual report. The detailed financial statements and audit reports of the Company and each of its subsidiaries are available for inspection at the registered office of the Company.

OVERVIEW, BUSINESS PROSPECTS AND OPERATIONS

The gross turnover for the year under review was Rs.39,921,940 as against Rs.146,931,685 last year. After absorbing depreciation of Rs.2,406,029, the profit before Tax is Rs.(21,202,084) as compared to Rs.(25,314,026) in the corresponding previous year.

Under the agreement with EPS (UK) Limited a specialist Switchgear Consultancy the Company has completed the design of the following products and the prototype development is in progress

1. 12 kV Indoor Circuit Breaker Truck incorporating maglatch mechanism with option for spring mechanism mounting suitable for various ratings
2. 12kV Outdoor Structure mounted VCB
3. 36kV Outdoor Structure mounted VCB

The Company has selected a place of manufacture for the above said products. On successful completion of the development and testing of the products the Company's revenues are expected to increase manifold as the avenues for the growth of the power sector are high in view of the continued shortage and infrastructure development plans.

The Company is also working on the design and development of the following products, in consultation with the EPS (UK) Limited.

1. 12kV Auto recloser with associated electronics
2. 12kV Ring main Unit
3. New development of technology on CTs
4. Railway Trackside Breakers

We expect to start the production of our circuit breaker range towards the end of this year.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has five subsidiaries namely;

1. Acrastyle EPS Technologies Limited, Chennai (AEPS)
2. Acrastyle Power (India) Limited, Chennai (APIL)
3. S&S Power Switchgear Equipment Limited, Chennai (S&SPSE)
4. Acrastyle Switchgear Limited, United Kingdom (ASL, Subsidiary of APIL)
5. Acrastyle Controls India Private Limited, Chennai (ACIL, Subsidiary of ASL and also APIL)

There has been no material change in the nature of the business of the subsidiaries. A statement containing brief financial details of the subsidiaries is included in the Consolidated Accounts. As required under the Listing Agreement with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached in the Consolidated Accounts. The Consolidated Financial Statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 ("Act"). These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associate companies.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company. A statement of the Company's interest in the subsidiaries and a summary of the financials of the subsidiaries are given along with the consolidated accounts.

S&S POWER SWITCHGEAR EQUIPMENT LIMITED (S&SPSE)

Your company during the last year has established a Joint Venture for manufacture of Disconnector products in the name and style of "S&S Power Switchgear Equipment Limited" (S&SPSE) As you all know that effective last year the disconnector business has been transferred to our subsidiary company S&S Power Switchgear Equipment limited, which is in Joint Venture with COELME Construzioni Elettromeccaniche SpA, Italy a member of Southern States Group of Companies since 1950 and a world leader with rich experience in the Electrical field manufacturing upto 1200kV. S&SPSE recorded a turnover of Rs.141.47

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millions for the year ended 31.3.2011. The first year of operation of the Joint Venture resulted in a loss of Rs.27.97 Million.

During the month of June, 2011 S&SPSE came out with a rights issue of 2,50,000 equity shares of a face value of Rs.10 per share at a premium of Rs.70 per share. Both the Company and COELME, JV partner subscribed and were allotted shares in the ratio of 51:49. The Company was allotted 1,27,500 equity shares.

The performance of the current year is satisfactory and the company expects to make a profit in this financial year. Also, the exports of very high quality products and components to COELME have commenced. We have also completed the design of our first joint product and are now embarking on the joint design of the 400kV disconnector range.

We expect that this joint venture will yield significant benefits to our company in the near future.

The Company is certified for ISO 9001-2008 Quality systems, by means of periodical internal audits and surveillance.

ACRASTYLE POWER (INDIA) LIMITED (APIL)

Acrastyle Power (India) Limited recorded a turnover of Rs. 12.70 Million for the year ended 31st March 2011. The Company has earned a profit of Rs.1.96 million as against loss of Rs.13.28 million in the previous year.

Your Company caters to the needs of various types of Engineering Services with respect to Control, Protection and other controls in power systems segment, both in India and Abroad.

The company has been very much involved in Global Engineering Services in that it is associated wtih customers in Dubai, Saudi, Qattar, Australia, Germany apart from Acrastyle, UK. The Company has also been extending its services to local customers like Areva, Suzlon, Siemens etc.

With the increase in the customer base of the Company & increasing acceptance of both the concept of outsourced engineering & the quality of services that the company provides, we expect the company to grow & prosper.

Your company is certified for ISO 9001-2008 Quality Systems by TUV-Novd and suceessfully gone through the Surveillance Audit.

ACRASTYLE SWTICHGEAR LIMITED (WOS) / ACRASTYLE LIMITED

The principal activity of Acrastyle Switchgear Limited during the period was that of an investment Company. Acrastyle Switchgear Limited is a holding Company for Acrastyle Limited (AL).

Acrastyle Limited is engaged in the designing and manufacturing of control and protection equipment for power generation, transmission and distribution systems.

During the period under review the turnover of AL has increased from 7,334,684 Pds to 8,334,415 Pds although the accounting period is 18 months compared to previous 12 months. The Operations of the Company resulted in a loss of 716,280 Pds.

This was a very difficult period for the UK economy & the company suffered as a result. We are happy to say that after the strict cost cutting measures implemented the company has turned around & is now making profits.

ACRASTYLE CONTROLS INDIA PRIVATE LIMITED (ACIL)

Acrastyle Controls India Private Limited recorded a turnover of Rs.74.37 million for the year ended 31st March 2011 and earned a profit of Rs.0.19 million as against loss of Rs.3.35 million in the previous year.

During the period under review, your company's operations for its control cubicles and control and relay panels to the existing customers, especially the OEM customers has been good.

Thrust is on to add, at least two more OEM customers and parallely explore new avenues for Control Relay Panel business and thus augment the revenues. This will also enable us to minimize dependence on existing customers.

The Company has moved into a larger premises in the current year & expects to do even better this year.

The company is Certified for ISO9001-2008 Quality systems, by means of periodical internal audits and surveillance.

ACRASTYLE EPS TECHNOLOGIES LIMITED (AEPS)

Acrastyle EPS Technologies Limited was floated as a Joint Venture Company for manufacture of Magnetic Actuators. The factory has been set up at Maraimalai Nagar. This Joint Venture Company has completed the prototype of the maglatch and established a supplier base. The production is expected to commence in the ensuing year.

RESEARCH & DEVELOPMENT

The Company is putting in place a R&D team to absorb the technology in its products to be developed with EPS (UK) Limited.

FINANCE

The working capital requirements were met from the internal resources.

DIRECTORS

Mr Anupam Vaid retires by rotation in terms of Article 118 of the Company's Articles of Association and he being eligible offers himself for re-appointment.

INTERNAL CONTROL & AUDIT SYSTEMS AND THEIR ADEQUACY

Your Company remains committed to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets.

The internal control mechanism comprises of a well defined organization structure, documented manuals and pre-determined authority levels. In order to ensure that adequate checks and balances are in

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place and the internal control systems are in order, periodical audits are conducted by independent agencies.

The Audit Committee of your Company, inter-alia, reviews Quarterly Financial Results, evaluates the effectiveness of Internal Control Systems, including significant changes in accounting policies and the recommendations of the internal audit agencies.

DISQUALIFICATION UNDER SECTION 274 (1) (g) OF THE COMPANIES ACT, 1956

None of the Directors attract disqualifications in terms of Section 274 (1) (g) of the Companies Act, 1956.

FIXED/CUMULATIVE DEPOSITS

The Company has not accepted any public deposits during the year.

DEPOSITORY SERVICES

As on 29th August 2011, 46,82,071 shares have been dematerialised and are being held in electronic form.

CORPORATE GOVERNANCE:

Our governance practices along with the Auditor's Certificate on its compliance are attached hereto as an Annexure to this report

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion & Analysis is covered under this Report itself, a separate note on the same is not being furnished.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the companies Act,1956, with respect to the Directors' Responsibility statement, it is hereby confirmed.

(i) in the preparation of the annual accounts, for year ended 31.03.2011 the applicable accounting standards have been followed and that there are no material departures from the same.

(ii) The Directors have selected such Accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2011, and of the loss of the company for the said period.

(iii) The Directors have taken 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; and

(iv) The Director have prepared the accounts for the year ended 31.03.2011 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
4 (i)	Non fulfillment of export obligation in respect of Advance licenses obtained for supply to Malaysia was due to default in payments for the past supplies which compelled us to stop further supplies. The Company has made an application for a merit based redemption before the appropriate forum.
4 (ii)	The auditors of Acrastyle Switchgear Limited, U.K. (ASL) have qualified on the carrying book value of investments and the adequacy of provisioning for the diminution in value of investments. The Board of ASL has considered a provision in its books, as its Board deemed appropriate. According Acrasyle Power India Limited, (APIL) the subsidiary of the Company, and the holding company of ASL have provided for their exposure in ASL. The Company on a conservative basis have also provided for its exposure in APIL for diminution in the value of its investments though the Board is of the view that the investment is long term in nature. However, on a conservative basis the Board has provided for its exposure in its subsidiary.
Para reference to Annexure to Auditors' Report	
ix (a) & (b)	The Company proposes to settle all pending undisputed statutory dues within the following year.

HUMAN RESOURCES & INTERNAL CONTROLS

During the period the Company maintained cordial relations with the employees of the Company.

In respect of the erstwhile workmen relating to Porur unit, settled under Section 12(3) of the Industrial *Disputes Act, 1947, a section of the workmen preferred* a writ petition challenging the settlement and the *same was dismissed. Against the dismissal a writ* appeal was filed by the workman, which was disposed *with a direction to the State Government of Tamil Nadu* to refer the dispute, in case an application was made by the dissenting workmen. The Government of Tamil Nadu, pursuant to an application by the said workmen issued a reference on 27.11.2007. The matter is pending before the Industrial Tribunal.

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In the meantime alleged representatives of the dissenting workmen preferred a suit claiming them to be the authorized representative of the union, which was dismissed and their claim to have locus standi as the representatives of the Union has been negated.

AUDITORS

M/s.GSV Associates, Chartered Accountants, Chennai, retire at the forthcoming Annual General Meeting and are eligible for reappointment. As required under Section 224 of the Companies Act, 1956, the company has obtained from them a confirmation to the effect that their re-appointment, if made, would be in conformity with the limits prescribed in the said section

PARTICULARS OF EMPLOYEES

None of the employees draw remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as prescribed 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 an Annexure to this report

ACKNOWLEDGEMENT

Your Directors thank the Company's employees, customers, vendors, bankers, shareholders, government departments and all others for their cooperation and support to the Company.

On behalf of the Board of Directors

Ashish Jalan

Chairman & Managing Director

Date : 29th August, 2011

Place: Chennai

ANNEXURE TO THE 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 2010-2011

The company is not a power intensive industry and hence the scope for conservation of energy is not much.

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

NIL

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

NIL

B. TECHNOLOGY ABSORPTION

a. Research & Development

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

a. Development of 12kV, 1250/2000 A, 25KA, Indoor, VCB Switchgear with Magnetic Actuator Mechanism

b. Development of 12kV & 36kV, 25KA, Outdoor, VCB with Magnetic Actuator Mechanism

c. 12kV / 36kV Outdoor Structure Mounted VCB

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

The company will be reentering into the Circuit Breaker segment with the State of Art Technology and thus enabling to exploit the huge market potential in the domestic and international market.

iii. Future plan of action

a. Development of 12kV Ring Main Unit

b. Development of 12kV Autoreclosure with magnetic actuator mechanism

c. Railway Trackside Breakers

d. New Development of technology on CTs

iv. Expenditure on R&D	**Rs. in Millions**
a. Capital	--
b. Recurring	--
c. Others	--
d. Total	--
e. Percentage of Turnover	--

b. Technology absorption, adaptation and innovation:

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

The Company developed the design for 12kV / 36kV indoor / outdoor switchgear incorporating Magnetic Actuator with technical assistance from a Design Consultant EPS UK.

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

The Company will be soon marketing the above said State of Art Technology products in both domestic and international markets.

iii. Imported technology during last 5 years.

Nil

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