



**S&S POWER SWITCHGEAR LIMITED**

Our Vision: "Preferred Switchgear and P&C Solutions Company"

**Annual Report 2016-2017**

## YEAR 2016-17 AT A GLANCE



India - U.K. - Synergy Meeting



Customer Inspection - L&T Malawi



Monthly Communication Meeting,  
Pondicherry Plant



Executive Management Committee  
Members - S&S, India



World Environment Day,  
Pondicherry Plant



Annual Staff Meet,  
S&S India



Channel Partner Meeting,  
S&S Group



Customer Inspection -  
Ceylon Electricity Board



Arogyam Health Camp



Expansion of 420kV DS Range



Customer Inspection -  
LSIS, South Korea



Ayudha Pooja Celebrations



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## MESSAGE FROM CHAIRMAN

Dear Fellow Shareholders,

I am pleased to present the 39th Annual report of your company. On the face of it, after the very good performance of the previous year the numbers look disappointing. However, these numbers have been impacted by a few serious macro-economic challenges such as Brexit which caused a slowdown in UK sales and adverse impact on the Pound exchange rate. We have also had to take a notional Rs 4.6 cr charge to our consolidated P/L account on account of increase in Pension deficit in our UK Company. As you may know, this is only an actuarial valuation and did not warrant any additional cash outflow. We have also increased the rigor by which we provide for impairments due to which there have been increased provisions for inventory and debtors. So, overall, I am pleased with our performance on account of increased activity, customers, products and processes. A more detailed account of the UK and Indian operation follows by the respective business leaders.

I think our business with a clear focus on engineered, high voltage equipment made for discerning customers is the right way to go. We have seen as to how it has a positive impact on margins, predictability and working capital. As a result of this we have been able to do our business within our own means and have not had to resort to bank finance for our business operations. We recognize that we are in a competitive market and the only way we can get ahead is by providing our customers with quality, ontime delivery and lower costs. We are constantly innovating and relooking at processes to achieve these ends. A big focus for us has been to move ahead in our quality management system from product to process to people. We hope to upgrade our QMS in Indian operations to ISO 9001-2015 Version and achieve ISO 14000 and OHSAS 18001 certification in this financial year which would be a big validation of this Integrated Management system implementation. We believe that with our product range, cost base and this certification in hand, it would give us access to greater markets and customers.

One of our other commitments is to be compliant to the laws and guidelines of the countries that we operate in, both in letter and spirit. In this process we have been guided by our Board of Directors and Auditors, both in the UK and India and we are grateful for their time and guidance. For your information, we do expect that our company will get re-listed on the Indian Stock exchanges sometime during the course of this financial year, providing some much-needed liquidity to our shareholders and a fair valuation of your company.

Some of the other developments which you would see this year is a simplification of our company structure and also some changes in our relationship with our joint venture partners which would allow us to access more of the world markets. As a company, we would also be transitioning to GST & IND-AS- the new accounting standard mandated by the Indian Govt. My gratitude to our mentor Mr Santhanakrishnan, all of our colleagues who have worked hard to put this company back on its feet after a long time, and to all of you dear shareholders for your patience and faith.

**Ashish Sushil Jalan**  
Chairman

## MESSAGE FROM MANAGING DIRECTOR INDIAN OPERATIONS

Greetings !

It has been our great pleasure to provide you with an insight into S&S Power's quest to continue to serve its stakeholder since 1975 and its resolve to remain a preferred Switchgear and P&C Solutions Company.

In last year, we have gone through major transformation at S&S Power in our product portfolio, technology, marketing strategies and manufacturing systems. This is an exciting time for all our employees and suppliers. The low-cost high-quality business model that we are evolving has huge potential to offer several advantages to our stakeholders. The year in review saw us expanding our markets to Africa, Afghanistan, Sri Lanka, Gulf, developed several solutions and extended the range of products.

Year under review saw our revenue grow by > 30% over previous year and we accomplished a very healthy order in hand situation at the end of the year. Longstanding labour settlement issues, provisions for inventory and bad debt and special investment in creating a new Multi Modal facility impacted the actual profitability whose benefits will be seen in the future years.

An installed base of more than 20,000 CB's and 31,150 disconnectors, > 20,000 Control Panels; more than 42 years of industrial experience, proven technologies and strong backbone of Application Engineering gave us excellent traction in developing our Service Business Portfolio.

With Make in India Initiatives, GST kicking in, we are optimistic of enhancing our growing presence in the power sector in India as the Government is expected to drive renewable energy, financial restructuring of DISCOMs through UDAY, 24X7 Power to all, reducing A T&C loss across the country, Optimizing 1 nation 1 grid. Several old outlived electrical infrastructures are under replacement, refurbishment and retrofit opportunities. We have strategically added Trading of Proximity Products, Field Services and Engineering Services in our offerings. SF6 RMU for medium voltage through partnerships with EATON shall support us in participating more aggressively in medium voltage distribution network. Improving Synergy between India and UK and developing our OEM business with GE, Toshiba, ABB helped us to generate more value by revenue growth and improved margin.

We had excellent growth in disconnector sales and doubled our order intake in the year with limited market region. With expansion of market we are likely to further increase our growth. There is a renewed focus on leveraging newer product market development in these segments and expand our geographies in emerging economies where electricity infrastructure is a great focus like Africa, Indonesia in addition to our traditional base in SAARC & Vietnam.

We lived our business philosophy based on delivering value to our stakeholders constantly inspires our people to innovate, excel and set new global bench marks. Our multi-cultural, multi-location and multi product organization gives us strength. Our strong belief in Quality and Innovation as No 1 priority continued to drive the mindset within the company. Our leadership team got expanded with hire of deep domain expertise and aspirational young talent to bring energy and speed in the company.

I congratulate the S&S Power Team in their quest of reviving S&S Power Switchgear Limited and their commitment to lead S&S Power Switchgear to regain its past glory and reach our vision of becoming, "Preferred Switchgear and P&C Solutions company" and drive excellence in T&D Solutions.

**Ashok Kumar Vishwakarma**  
Managing Director - India

## **MESSAGE FROM BUSINESS LEADER UK OPERATIONS**

Acrastyle continues to perform well even though this year was disappointing in terms of headline numbers of sales and profits being both below the previous years. This was due to a lull in order finalisation during Q2 of the financial year giving us a gap in executable orders in Q3. The Utilities started placing orders towards the end of the year enabling us to close the year with a record order book and opening orders for 2017-18.

With the profile of customers that we have developed and the terms that we are able to get, we are able to run the business with minimum capital employed. We have also restructured and optimised the supply chain and factory flow to enable a more efficient and cost effective production. With the result we have been able to reduce our workforce by more than 40% over three years.

The company has developed a plan to increase the resource on new business development by way of disconnectors, engineering services and other allied lines. All these are products and services that we have been associated with and we hope that with renewed thrust we can take these business lines to substantial levels.

We continue to be challenged by the pension deficit that we are faced with. The actuarial valuation shows a big deficit which has increased even more this year. Unfortunately even though the assets in the scheme have done well, with gilt yields being at all-time lows the discounted value of our future liability has increased. We do hope this situation reverses in the near future as it is putting an artificially high cost to both our profit and loss account and to our balance sheet.

We have recently moved towards much tighter integration of our business with those of our sister companies in India. I am sure this will result in more business opportunities by way of product range, costs and flexibility.

**Peter John Woolrich**  
Managing Director - UK

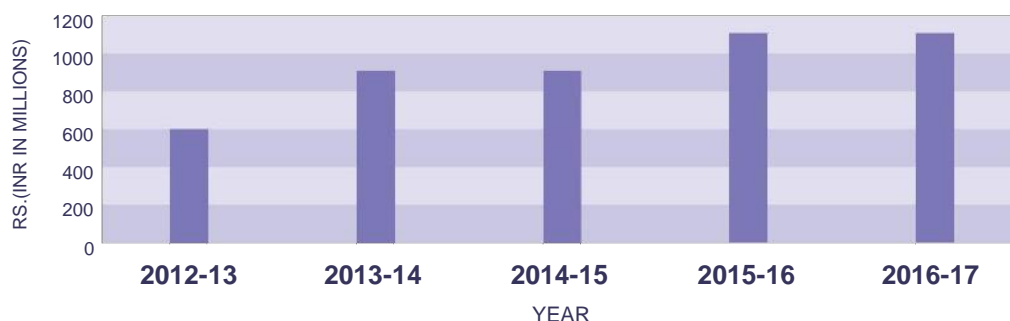
## ANNUAL REVIEW

### CONSOLIDATED RESULTS OF OPERATIONS – AN OVERVIEW

#### CONSOLIDATED REVENUE

FINANCIAL YEAR	REVENUE (INR IN MILLIONS)
2012 - 13	604.48
2013 - 14	890.25
2014 - 15	897.93
2015 - 16	1142.76
2016 - 17	1132.30

#### CONSOLIDATED REVENUE



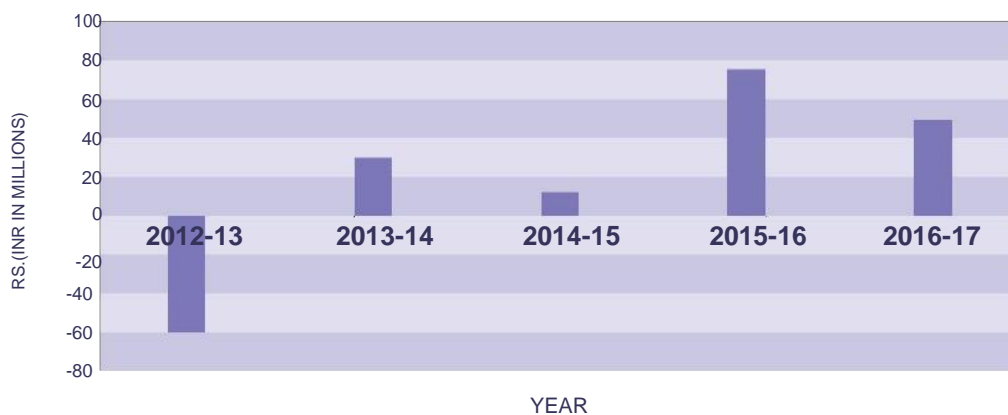
On account of Brexit we had lower sales in UK which was compounded by an unfavourable exchange rate this was offset by increase in India sales. This ensured that the turnover of the Group of the year 2016-17 is almost the same as the previous year.



### CONSOLIDATED PBIDT (Before Extraordinary Items)

FINANCIAL YEAR	PBIDT (INR IN MILLIONS)
2012 - 13	(59.81)
2013 - 14	32.32
2014 - 15	6.26
2015 - 16	73.93
2016 - 17	50.13

### CONSOLIDATED PROFIT



Extraordinary provision made in the UK operations for the pension deficit caused reduction in the Consolidated Profit of the Group. Investment made in a new Maraimalai Nagar factory for APIL business had challenges in attaining required volume in the first year. However, significant progress was made in the disconnector business.

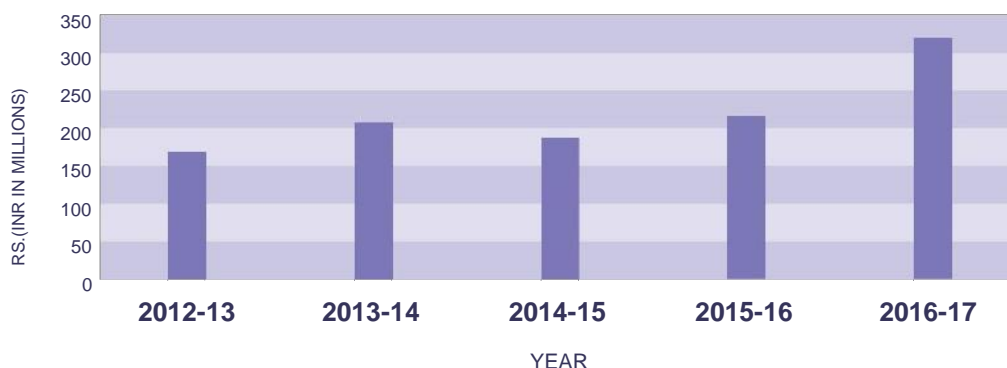


## S&S POWER SWITCHGEAR EQUIPMENT LIMITED (S&S PSE) (DISCONNECTOR BUSINESS)

### S&S PSE - REVENUE

FINANCIAL YEAR	REVENUE (INR IN MILLIONS)
2012 - 13	163.91
2013 - 14	202.46
2014 - 15	190.50
2015 - 16	213.65
2016 - 17	313.38

### S&S PSE - REVENUE



Substantial improvement in Order booking in domestic, Spares and Export Market specially in Bangladesh, Africa and Srilanka was the main driver for the performance. S&S PSE standalone has registered a 50% revenue growth. In spite of strict provisions, settlement of long pending labour dispute profit has improved from Rs 0.6 Million to Rs 6 Million in this financial year

We ended the year with very healthy Order backlog at Rs 160 Million compared to Rs 40 Million order backlog end of March 2016.

Restructuring value chain by outsourcing low value-added activities and leveraging synergy of APIL we doubled the capacity of Pondicherry Plant with reduced headcount and simplified process. Expanding the product range to 4000A, developing special designs for Pantograph 123 KV, special design for CEB, Silicone coated DS for heavy pollution area were key product improvements.

We have also considered impairment of Debtors and Inventory in this year. Long term wage settlement for SSPSE workers was completed in this financial year. Impact of the arrears of the Wage settlement have been considered in this year

S&S PSE will focus on the following in the ensuing financial year:

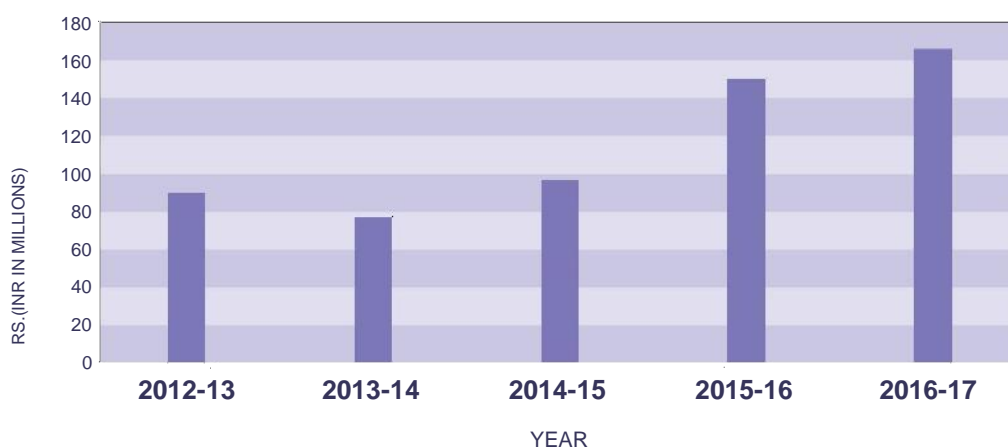
- IMS Certification
- Re-focus India & Grow Africa and Bangladesh
- Expanding range to 63KA
- Business Process Excellence
- Improving Service and Retrofit Business
- Leverage type tests performed in last year

## ACRASTYLE POWER INDIA LIMITED (APIL) (P&C SOLUTIONS BUSINESS)

### APIL - REVENUE

FINANCIAL YEAR	REVENUE (INR IN MILLIONS)
2012 - 13	87.48
2013 - 14	78.32
2014 - 15	98.92
2015 - 16	148.03
2016 - 17	164.18

### APIL - REVENUE



APIL standalone has registered a 15% growth in revenue and a drop in profitability by Rs 10 Million

The drop in profitability is mainly due to investment in a new facility at Maraimalai Nagar and also due to exchange loss on interest receivable. However, the benefits of shifting to new facility will accrue in the following years. Several customer approvals and new orders from Toshiba and Al Ahleia are the examples of improving credentials of APIL.

In the year 2016-17, focus was more on non-framed orders which the Company hope to capitalise in the ensuing year. This year also saw a substantial increase of Engineering Services outsourced by our Subsidiary from UK.

APIL will focus on the following in the ensuing financial year:

- Creating APIL as a separate SBU
- Improvement in Non-framed orders including export market.
- Expand Market Access and Offering by developing other electrical systems
- IMS certification
- Increase in Engineering Services