



## **S&S POWER SWITCHGEAR LIMITED**

### **OUR VISION**

“To Become Preferred Switchgear and P&C Solutions Company”

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## **Annual Report 2017-2018**

## YEAR 2017-18 AT A GLANCE



**Customer Care Day – PGCB**  
Held at Hotel Six Seasons, Dhaka, in  
Bangladesh during August 2017



**Training on High Voltage Disconnectors**  
Held at S&S Power Switchgear Equipment  
Limited, Pondicherry in December 2017



**MindCore Technology, Canada,**  
Visit to S&S Power



**Fuji Visit - Quality Assessment**



**PowerElec Ghana**  
Trade Exhibition held at Accra,  
Ghana in August 2017



**PRR for first Digital S/s in UK**



**MEE Exhibition, Dubai**



**BELFAST Exhibition, UK**

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## MESSAGE FROM CHAIRMAN

Dear Fellow Shareholders,

I am pleased to present the 40th Annual report of your company.

On the face of it, it has been a good year and our business has grown in terms of sales & profits both in India and in the UK.

The detail numbers of each businesses are in the ensuing pages.

When you analyse the consolidated numbers, you will see that in keeping with the new Indian Accounting Standards, we have not considered any revenue of SSPSE (as it was JV and not a subsidiary) and only considered 51% of profits. For the sake of clarity, if we take that into account the consolidated sales would have been Rs. 1,270 million as against last year's Rs. 1,217 million and the profits would have been Rs. 49 million against last year Rs. 2 million.

This year was challenging for us as we, along-with our customers, suppliers, & service providers, had to get used to the new GST rules & processes, aligned. We had to deal with our funds being stuck with the government particularly on GST refunds for exports. However, we believe that GST is a very good reform which will ultimately benefit the consumer, industry and the government.

We have adjusted to new revenue recognition norms, to a new audit regime and the impact of IND-AS on items like Estimated Credit Loss. I am proud to say today that our company is well aligned to the most rigorous accounting standards. As a company, we have in last few years been focusing on developing closer relationships with our key Contracting Companies & Quality OEMs, where our business is predictable & profitable and working capital manageable.

An important development this financial year has been the buying back of the shares of SSPSE from our erstwhile JV partners M/s Coelme SA. This will give us the flexibility to sell our products everywhere in the world. We have already started reaping the benefits of this by getting orders from Botswana and enquiries from many new territories.

As the company, we are also preparing for the future in terms of digital transformation and using IT as a business enabler. We are investing heavily on IT infrastructure, implementing SAP system and enhancing on social media presence.

Unfortunately, I must say that the first quarter of 2018-19 would be challenging, in as much as difficulties in getting customers on board to lift the equipment that they have ordered. This will impact our sales in the first quarter but we expect to make it up in the second quarter.

Acrastyle had a very good year last year, however it is facing challenges this year in getting orders from UK utilities who are undergoing a regulatory period review and therefore slowed down for order placements. To take care of these cycles with the DNO's, we are diversifying our customers base & developing new product & service offerings both for the UK & for exports. We had a big breakthrough in the UK in terms of implementing digital technology for substations with the 61850 protocol where we had been associated with leading companies & utilities. This we believe is a very great opportunity for us.

With all the changes that I have mentioned above, I must appreciate the effort that our teams in India & UK are making to face these new challenges, to first un-learn and then re-learn some of the best practices. We have been guided in this process by our Directors, who have given a lot of their time and wisdom to our company. We are thankful to our Auditors and ofcourse we are thankful to you, dear Shareholders, for your patience & support.

**Ashish Sushil Jalan**  
Chairman

## MESSAGE FROM MANAGING DIRECTOR INDIAN OPERATIONS

Greetings!!!

As we completed another exciting year of transformation in our company, we are pleased to share the story of this year.

In the year 2017-18, we have gone through major transformation at S&S Power in our product portfolio, technology, marketing strategies, and systems & processes. With respect to product portfolio, we have extended our range in Disconnecter product line and presently our offerings range from 12 kV – 550 kV, 400 A – 4000 A, STC up to 63 kA. We have also restructured our Sales & Marketing function by separating Proposal, Sales, & Contracts departments, by clustering markets into SAARC, ASEAN, Middle East & Africa, & Others and allocating Regional Sales Manager for each of these regions, we have brought our sales team close to customers and increased commercial intensity. Our strategy includes special focus on Bangladesh market and Vietnam market in view of our past performance.

By exiting the JV with Coelme in this year, S&S got wide access to global markets. This year saw S&S exploring newer markets by approaching customers in other regions. In this regard, S&S collaborated with a Canadian company for the development of Intelligent Drive Box and integrating it with our Disconnecters and identifying opportunities in ANSI market through Canadian Partner. In the Control & Relay panel business, we got a huge breakthrough by securing an order from the Gulf region. Restructuring of Value Chain and upgradation of talent built a more agile organization for current and future performance.

Year under review saw our revenue grow by about 10% over the previous year and we accomplished very healthy order in hand situation at the end of the year. Consolidated profit in the year under review was significantly increased over previous year.

Our Key Account Management for Africa Market has got stabilized and we are getting good traction in Africa. In the next year, S&S will be localizing front end sales by expanding the agent network in strategic regions such as Vietnam, Bangladesh, Myanmar, Middle East, Africa, and Sri Lanka.

Global Value Chain has opportunity to leverage the best of both the teams in India and UK and make a competitive offerings for Middle East, North Africa, Myanmar and Bangladesh. We are going to focus in the new year on this lever strongly.

Approval of new 145 KV Global Range of DS from ENA UK and extension of range to vertical break and 12 KV gives us opportunity to develop global market for distribution class disconnectors from 12 KV to 145 KV.

I congratulate the S&S Power Team for implementation of Integrated Management System compliant with ISO9001, ISO 14001 & OHSAS 18001, which was certified by TÜV.

Two other major initiatives launched in the year was SAP B1 for having transactional excellence and increasing capacity of execution and to align our execution with new Accounting Standards. Several programs and initiatives in the year have consumed resources in the year under review but have paved the way for significant progress in future. Bringing predictability in our business while the environment is volatile and uncertain is biggest challenge we are preparing to overcome.

**Ashok Kumar Vishwakarma**  
Managing Director - India

## MESSAGE FROM BUSINESS LEADER UK OPERATIONS

Domestic Market in UK for CRP was dull and demands were down leading to drop in Order Booking. Previous years order helped us in reaching close to the budgeted level of sale. However opening order for new year were lower and trends of order booking were discouraging.

Owing to this situation we set out a new strategy to develop international market and add products and sectors in UK. This led to creation of Business Development team to lower our base cost and process to execute the program.

Within the UK now we are focusing on OEM such as GE, Renewables and Microgrid areas. Developing expanded basket of complete distribution class disconnector and looking at markets in Middle East, North Africa, Myanmar and Bangladesh markets in particular.

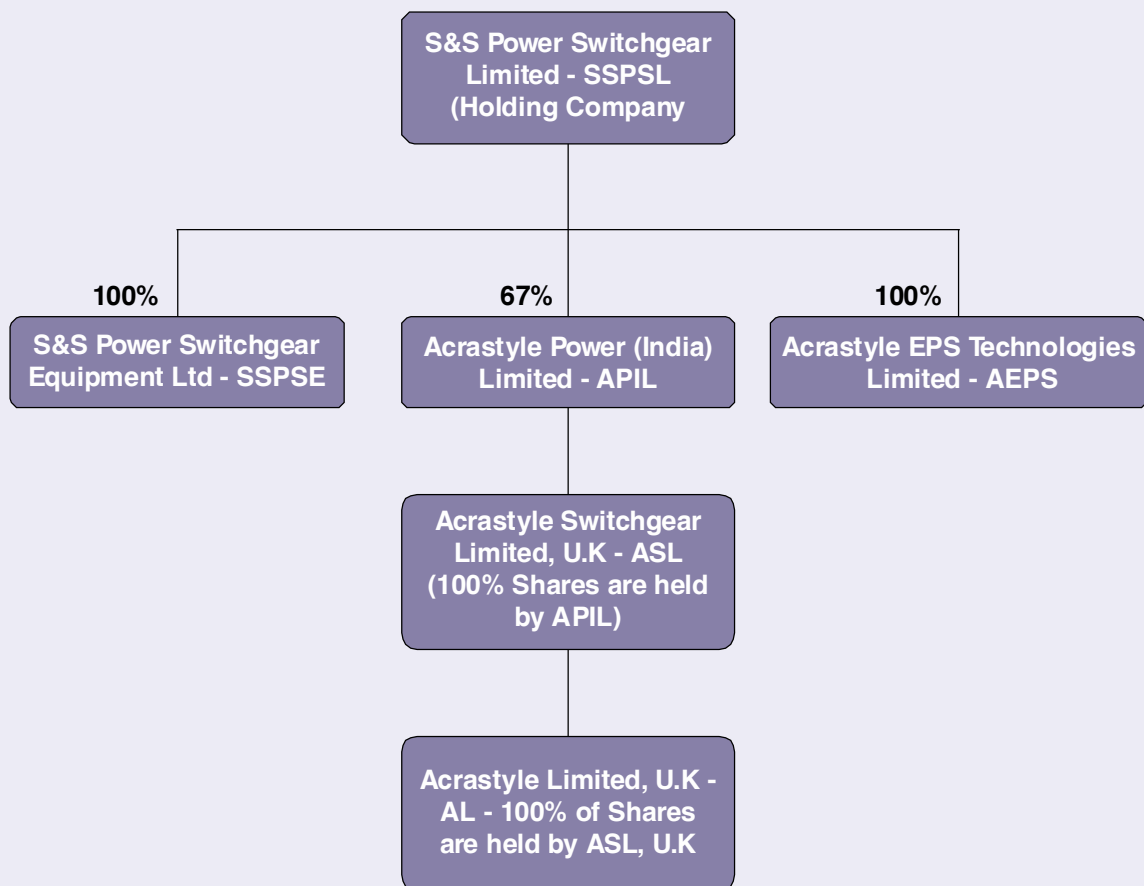
Creation of a Global Value Chain for Disconnectors and Control and Relay Panel using India and UK both facility gives us, new market access, expanded range of offerings and competitiveness.

We continue to be challenged by the pension deficit that we are faced with. The actuarial valuation shows a shift in reduction in our deficit in 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 are making all effort to make the organization lean to counter the pressure in reduction in volume in 2018-19.

**Peter John Woolrich**  
Managing Director - UK

## S&S POWER GROUPS AND ITS BUSINESS SEGMENT





## ANNUAL REVIEW

### STANDALONE HOLDING COMPANY (S&S PSL) PERFORMANCE – AN OVERVIEW

#### TURNOVER OF S&S PSL

FINANCIAL YEAR	TURNOVER (INR IN MILLIONS)
2013 - 14	0.06
2014 - 15	5.56
2015 - 16	16.68
2016 - 17	4.13
2017 - 18	7.04

FINANCIAL YEAR	PBDIT (INR IN MILLIONS)
2013 - 14	6.19
2014 - 15	8.39
2015 - 16	5.42
2016 - 17	(3.30)
2017 - 18	0.94

Significant resources of the holding company are applied for the management of subsidiary and joint venture companies.

The spares, service, and retrofit business development in Andhra, Telangana, and Kerala, where our Circuit Breaker installed base is high, led to some inroads in order acquisition.

A new project of providing retrofit solution to Madras Atomic Power Station (MAPS) HHV PRIME was launched.

## CONSOLIDATED RESULTS OF OPERATIONS – AN OVERVIEW

#### CONSOLIDATED TURNOVER

FINANCIAL YEAR	TURNOVER (INR IN MILLIONS)
2013 - 14	890.25
2014 - 15	897.93
2015 - 16	1142.76
2016 - 17	897.57
2017 - 18	1034.14

At the consolidated level, company grew sales by 10% over previous year mainly in Disconnecter business and UK operations. Exiting the JV from Coelme opened access to additional International markets. Both the sites in India got certified to IMS compliant to ISO 9001, ISO 14001, and OHSAS 18001. Individual business operations review is covered in sections below.

FINANCIAL YEAR	PBDIT (INR IN MILLIONS)
2013 - 14	32.32
2014 - 15	6.26
2015 - 16	73.93
2016 - 17	33.01
2017 - 18	80.14

UK business operations and Disconnecter business contributed growth in profit.



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

### TURNOVER OF S&S PSE

FINANCIAL YEAR	TURNOVER (INR IN MILLIONS)
2013 - 14	202.46
2014 - 15	190.50
2015 - 16	213.65
2016 - 17	313.38
2017 - 18	342.54

FINANCIAL YEAR	PBDIT (INR IN MILLIONS)
2013 - 14	10.23
2014 - 15	(1.80)
2015 - 16	9.80
2016 - 17	8.32
2017 - 18	35.03

While turnover has grown by only 10%, the profitability increased to 3 times due to value engineering in distribution class disconnectors, increased export, and better leverage of the base cost. Bangladesh market for distribution class disconnector was significant part of execution. We executed several projects in Africa for Malawi, Kenya, Senegal, and other utilities.

We are aggressively developing International sales footprint, channel partners, alliances, and our product portfolio to develop global disconnector business. Now, we offer products from 12 kV to 550 kV, 400 A – 4000 A, 25 kA – 63 kA. Company has been successful in securing a major order (75 MINR) for Botswana Power Corporation.

During the year 2017-18, SSPSL - parent company acquired 49% of shares of SSPSE from the JV Partner, Colme, Italy. SSPSE is now a 100% subsidiary of SSPSL.



## ACRASTYLE POWER INDIA LIMITED (APIL)

### TURNOVER OF APIL

FINANCIAL YEAR	TURNOVER (INR IN MILLIONS)
2013 - 14	78.32
2014 - 15	92.39
2015 - 16	148.03
2016 - 17	164.18
2017 - 18	175.52

FINANCIAL YEAR	PBDIT (INR IN MILLIONS)
2013 - 14	6.70
2014 - 15	8.98
2015 - 16	18.07
2016 - 17	3.03
2017 - 18	18.97

APIL business followed the growth of disconnector in its supply of Drive Box. Improved capacity utilization, better cost control, and stabilized business with GE prepared a solid foundation for future performance. The new GIS panel order from GE opened a new line of activity which will deliver growth in 2018-19. Qualification audits by Mitsubishi, Fuji, Toshiba were positive. We launched a new program to qualify wired control panel cabinet for customers in Middle East to grow non-framed business.

