



S&S POWER SWITCHGEAR LIMITED

OUR VISION

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

Annual Report 2020-2021

TABLE OF CONTENTS		
1	ANNUAL REVIEW	Page No.
	MESSAGE FROM CHAIRMAN	.....001
	MESSAGE FROM MANAGING DIRECTOR	.....002
	OVERVIEW - INDIA & UK	.....004
2	CORPORATE PROFILE	
	CORPORATE INFORMATION	.....005
	BOARD PROFILE	.....006
	EXECUTIVE LEADERSHIP TEAM	.....007
3	NOTICE TO MEMBERS	.....008
4	DIRECTOR'S REPORT	.....016
5	CORPORATE GOVERNANCE REPORT	
	CORPORATE GOVERNANCE REPORT	.....038
	COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE	.....048
	CERTIFICATE	.....049
	CEO / CFO CERTIFICATION	.....050
6	MANAGEMENT DISCUSSION ANALYSIS REPORT	.....054
7	INDEPENDENT AUDITOR'S REPORT – STANDALONE	.....057
8	FINANCIAL STATEMENTS STANDALONE	.....065
9	INDEPENDENT AUDITOR'S REPORT – CONSOLIDATED	.....099
10	FINANCIAL STATEMENTS CONSOLIDATED	.....106
11	FINANCIAL STATEMENTS SUBSIDIARIES	.....139
12	NOTES	.....149



MESSAGE FROM CHAIRMAN

Fellow shareholders,

Welcome to the S&S Annual General meeting...

Across the world, COVID-19 continues to disrupt supply chains and lives. Luckily, so far, we have been able to keep our team safe and our business fairly intact although at higher costs. At the end of August more than 95% of our colleagues had been vaccinated and those left out had a genuine medical reason for it. In fact, across India the vaccination program has gathered full steam and promises to give our country some protection from this deadly virus.

At our facilities we continued to keep strict safety measures in terms of masking, social distancing, and sanitizing. Wherever, there were people falling ill, we did active tracing and isolating. We actively discouraged travelling and interacting with outsiders. All this caused disruptions and costs, but we believed that the safety of our people was paramount. We truly believe that we are amongst the fortunate ones who were able to stay safe and feel really sorry for those who suffered in their health and wealth. In our small ways, we have tried to help them to the best of our ability, but nothing we can do to replace their pain. Our prayers go out to them and the many others who have been infected across India and the world.

Operationally, our businesses did much better than the previous year with consolidated income rising to ₹ 1,316 million from ₹ 917 million, a growth of 43% and the loss of ₹ 157 million reducing to a loss of ₹ 17 million. In India the business revenue went from ₹ 325 million in the previous year to ₹ 442 in the year 20-21 and the loss came down from ₹ 134 million to ₹ 23 million. In the UK our revenue went up from ₹ 592 million to ₹ 874 million and the loss of ₹ 24 million got converted to a small profit of ₹ 6 million. The loss is disappointing but in the circumstances, with losing about 2 months of productive work and facing disruptions and cost escalations in the price of commodities, we think it's a reasonable outcome.

We believe that business models in the world will continue to stay disrupted for some more time. We as a company have continued to focus on supplying high quality equipment at best costs to counterparties who we are comfortable with. Our focus on export markets have continued with our Indian business now actively exporting to 40 countries in the world. In the last year in spite of travel restrictions we have added a few international customers to our list. This process is slower but because of this we have survived whereas many of our mid-sized contemporaries in India and the UK have suffered and perished. We believe that our above-mentioned positioning will bear fruit and would have showed us better results by now had we not been affected by unprecedented disruptions like COVID, Brexit and the like.

We have used this time to strengthen our organizational capabilities by investing in people, improving our range of products and services and in our IT infrastructure. This, along with constant cost rationalization, better working capital & contract management and focus on customers will continue to be the core improvement areas for the years to come. Our shares are now being actively traded and we will hopefully complete the re-organization of our businesses to simplify the structure.

We have survived these most difficult of times, done our business honorably and will strongly believe in the future of our company. We are going through really challenging times and to keep our heads and hearts straight and motivated is critical. It is equally critical to communicate clearly and completely. Our values of Integrity, Humility and Passion will continue to be the way we run our lives, and our businesses and deal with society I thank you for your support and patience and am personally grateful to all our colleagues in India and England for their sincerity and to our directors for their guidance.

Thank you and God bless,
Ashish Sushil Jalan
Chairman

MESSAGE FROM MANAGING DIRECTOR

Greetings!

Year 2020-21 witnessed several headwinds- fall out of 1st wave of Covid-19, Covid-19 2nd Wave commencement, associated civil construction delays, project decision delays, commencement of commodity inflation, logistical cost increase, labor cost increases due to social distancing and associated new regulations. In spite of these headwinds business in India and UK both grew compared to previous year in terms of Sales by 43%. Labor strike for almost a week in Pondicherry, associated disturbances distracted our efforts in Pondicherry. Strict pay cut and cost control in India during this period has helped the business operations to stay afloat and not generate operational cash loss for the year.

India Operations – Salient Points

- We experienced significant growth in Order booking. This was driven by following initiatives;
 - Growing Toshiba Relationship-Higher Order Acquisition for growth of GIS- LCC Panel Activity
 - Continued focus on Vietnam Recovery- Re-approval by EVN SPC in Vietnam and higher order
 - Africa Market Expansion – KPTL Tunisia order – first ever in Northern Africa with STEG approval.
 - Extension to new Customers in India – Techno electric, Necon Power
 - Elephant Order for 50 KA Pantograph development- Kolaghat and Bakreshwar Orders of Replacement
- 57% Growth in Sales of Disconnecter Business and 28% Growth in Control Panel Business was strong recovery from a very poor sales execution in previous year.
- Overall Margin Drop for the year, especially in last quarter
 - Commodity inflation- steel, aluminium, copper, zinc and silver – all commodities are witnessing increase- Product Cost went up from 5% to 10% depending upon the MIX
 - Standard Low Voltage Products price increased (3 TO 5%)
 - GIS LCC Share increase in APIL brought lower margin mix
- Specific COVID Savings and Pay cut helped in reducing cost

Company continued to focus on deepening of process and systems improvement for growth. Four core Systems implemented by company- SAP, Project Management System (PMS), IMS and Zoho BEGIN CRM for a strong backbone for sustainable performance and enhanced controllership.

Covid related lockdowns and disruptions delayed execution of type testing program for HHV12 Prime, but we were able to complete technical development, secure extension for delivery and complete 50% of the type test- witnessed by NPCIL. This project is expected to complete in the year 2021-22. Development of two Indoor Switchboard Ratings as per latest standard HHV12 Standard for 25KA and HHV12 Prime for 40 KA and 40 KA Retrofit VCB development will help in re-developing our MV Switchgear Business in special market segments and R3 Service Opportunities.

In the direction of becoming a global player of disconnecter supplier from 12 KV to 145 KV, we have structured our products into Standard, Premium and Global Product Range. Three product gaps identified for global portfolio were progressed significantly. 1) Significant progress was made to develop offering with Polymeric insulators and initial orders executed. 2) Looking at the gap of Load Break Switch for 12/ 36 kV- significant development projects were started to fill the product gap. 3) Projects were also launched for railway trackside and OHE isolators for traction application for 25KV AC System.

R3 Service Business was varved out as a separate profit center. Closure of Hi-velam/ RPG DS manufacturing, disturbance in CGL DS manufacturing and Siemen's decision to backout from DS product-line had created opportunities to expand the R3 Service portfolio for non -S&S Make Disconnecter. These opportunities will help company to get order from domestic market.

In order to de-risk the business and reduce the supply chain cost a new Assembly Unit was set up in Maraimalai Nagar to support Disconnecter Assembly and Testing.

We made significant turnaround in Operational Performance at the Operating profit level from ₹ 3 Crs operating loss in the previous year to ₹ 2 Crs of Operating profit in 2021-22.



Commodity inflation has increased our cost by 10%, with several fixed price contracts in Hand and long-term rate agreement with GE for OEM business we are likely to see continued pressure on margin, therefore company is focusing on a nominal 10% growth in the next year but focus on better quality order and strong focus on cost management and financial rigor.

Company has launched a new initiative called S&S 4.0 to improve digitization, better risk management and preparing the company for next phase of growth in line with new VISION being carved out for the company.

UK Operations – Salient Points

As predicted, Acrastyle UK Revenue grew by 48% over previous year. A major spare Relay trading order from Scottish Power helped the additional top line growth.

NPG disconnecter order was executed and installed in NPG grid. We expect to have continued support of NPG in 2021-22 for frame contract extension. This helps the business unit in India and UK both. Opportunities to have strategic synergy between India and UK operations for back-end engineering services from India and Disconnector business continue to be a strong enabler for UK business operation.

Issues arisen by closure of the sole supplier of bare cubicles was resolved. For UK business model bare cubicle is one of the most important input. Alternate suppliers with backups and better execution tracking process have been developed in this period.

However, pressure on routine P&C Business, increase in manufacturing in supply chain cost owing to covid disturbances and Brexit and lower volume of engineering services brought the margin rate down in UK. Loose relay trading also brought overall margin mix down.

Better negotiation with trustees has given improved administration cost of pension deficit fund.

Bringing back a HR Specialist in the team has started to see improvement in the people management. Very successful management of COVID-19 related challenges in UK with minimum impact of COVID-19 was a great demonstration.

Long term profitable growth continues to be our focus. Diversification of market to de-risk single market dependence and addition of potential new activity to de-risk dependence on Panels, continue to be our focus area in UK alongside retaining current customers and expanding engineering services.

Best wishes,
Ashok Kumar Vishwakarma
Managing Director

ANNUAL REVIEW

STANDALONE HOLDING COMPANY S&S POWER SWITCHGEAR LIMITED (S&S PSL) PERFORMANCE – AN OVERVIEW

Financial Year	Turnover (₹ in Lakhs)	PBDIT (₹ in Lakhs)
2016-17	41.30	(33.00)
2017-18	70.40	9.40
2018-19	50.90	209.50
2019-20	85.62	46.46
2020-21	56.77	93.69

Significant resources of the holding company are applied for the management of Indian and UK subsidiaries. MAPS Project Development Work is completed. 75% Type Testing is also completed. This project will be executed in 2021-22.

CONSOLIDATED RESULTS OF OPERATIONS – AN OVERVIEW

Financial Year	Turnover (₹ in Lakhs)	PBDIT (₹ in Lakhs)
2016-17	8,939.70	330.10
2017-18	10,341.40	801.40
2018-19	10,344.60	(32.90)
2019-20	9,169.26	(437.58)
2020-21	13,156.64	482.40

Though Covid19 has disrupted our operations in India & UK, our Overall Sales Volume were up by 43% from FY 2019-20 to FY 2020-21. As a result, we have recorder profit before depreciation, interest & tax.

S&S POWER SWITCHGEAR EQUIPMENT LIMITED (S&S PSE) PERFORMANCE – AN OVERVIEW (Disconnecter Business)

Financial Year	Turnover (₹ in Lakhs)	PBDIT (₹ in Lakhs)
2016-17	3,133.80	83.20
2017-18	3,425.40	350.30
2018-19	3,746.20	172.10
2019-20	1,785.69	(244.46)
2020-21	2,803.55	222.99

Despite Covid 19 related slowdown and disruptions this unit has shown improvement in sales volume by 57%. Business was turned around by creating significant value through higher volumes, better cost control, in-spite of increase in commodity prices, Brexit and input cost increase due to inflation and Covid-19 disturbances.

ACRASTYLE POWER (INDIA) LIMITED (APIL) PERFORMANCE – AN OVERVIEW

Financial Year	Turnover (₹ in Lakhs)	PBDIT (₹ in Lakhs)
2016-17	1,641.80	30.30
2017-18	1,755.20	189.70
2018-19	1,997.00	78.20
2019-20	1,938.25	233.64
2020-21	2,472.43	260.33

Despite Covid 19 related slowdown and disruptions this unit has shown improvement in sales volume by 28%. Growth in Non-Frame business brought the Margin Mix down and input cost increases didn't help in increasing profitability, in-spite of increase in Sales.

ACRASTYLE LIMITED (AL), UK - PERFORMANCE – AN OVERVIEW (Core P&C Business)

Financial Year	Turnover (₹ in Lakhs)	PBDIT (₹ in Lakhs)
2016-17	7,087.50	459.90
2017-18	7,821.10	490.10
2018-19	5,378.20	(326.80)
2019-20	5,924.40	(209.60)
2020-21	8,739.17	206.84

The sales increase about 48% and as a result this unit has recorded profit before depreciation, interest & tax. Loose Relay Order gave additional sale, but margin rates were reduced. Re-negotiation of pension deficit administration cost helped in reducing cost.

CORPORATE INFORMATION

BOARD OF DIRECTOR'S & KEY MANAGERIAL PERSONNEL

Mr. ASHISH SUSHIL JALAN	NON-EXECUTIVE CHAIRMAN
Mr. AJAY KUMAR DHAGAT	INDEPENDENT DIRECTOR
Mr. DEEPAK JUGAL KISHORE CHOWDHARY	INDEPENDENT DIRECTOR
Mrs. GAYATHRI SUNDARAM	INDEPENDENT DIRECTOR
Mr. NANDAKUMAR SUNDARRAMAN	INDEPENDENT DIRECTOR
Mr. ARJUN SOOTA	NON-EXECUTIVE DIRECTOR (w.e.f. 14th September 2020)
Mr. ASHOK KUMAR VISHWAKARMA	MANAGING DIRECTOR
Mr. GOKULANANDA SAHU	COMPANY SECRETARY AND COMPLIANCE OFFICER (w.e.f. 29th October 2019) & CHIEF FINANCIAL OFFICER (w.e.f. 14th September 2020)
Mrs. SELVI NARASIMMAN	CHIEF FINANCIAL OFFICER (up to 12th September 2020)








REGISTERED OFFICE & WORKS Plot No 14, CMDA Industrial Area Part – II, Chithamanur Village, Maraimalai Nagar –603209. Kancheepuram District. Tamilnadu Tel: 044 – 4743 1625, 4743 1626 Website: www.sspower.com E-mail: investor@sspower.com CORPORATE IDENTITY NUMBER L31200TN1975PLC006966 BANKERS Kotak Mahindra Bank Ltd, Adyar, Chennai ICICI Bank Limited, Alwarpet, Chennai STATUTORY AUDITORS M/s C N K & Associates LLP, Chartered Accountants, Chennai	SECRETARIAL AUDITORS M/s BP & Associates, Company Secretaries, Chennai. INTERNAL AUDITORS M/s BH & Co, Chartered Accountants, Chennai REGISTRAR & SHARE TRANSFER AGENT M/s. GNSA INFOTECH LIMITED, STA Department, Nelson Chambers, 4th Floor, F-Block, No:115, Nelson Manickam Road, Aminjikarai, Chennai – 600029. Tamilnadu Tel: 044 – 4296 2025 | Email : sta@gnsaindia.com
--	--

ANNUAL GENERAL MEETING

Date	: 30 th September, 2021
DAY	: Thursday
TIME	: 11:00 AM
VENUE	: THROUGH VC/AC

BOARD PROFILE

S&S POWER SWITCHGEAR LIMITED - BOARD OF DIRECTORS

<p>1. Mr. ASHISH SUSHIL JALAN - CHAIRMAN Mr. Ashish Jalan is a Commerce Graduate. He has to his credit over 30 years of Managerial and Administrative experience in various Industries and exposure in International business.</p>	
<p>2. Mr. AJAY KUMAR DHAGAT - INDEPENDENT DIRECTOR Mr. Ajay Dhagat is an Electrical Engineer from University of Jabalpur, India. He has deep domain expertise in Transmission & Distribution Industry, General Management, Business Leadership and Market for over 40 years. He has held position like AREVA T&D India Country President and MD and IEEMA President. He also has an international experience of handling Asia Pacific regions of Alstom T&D and was located in France.</p>	
<p>3. Mr. DEEPAK JUGAL KISHORE CHOWDHARY - INDEPENDENT DIRECTOR Mr. Deepak Chowdhary is the Founder Owner of MPM Private Limited, Nagpur, India's pioneering manufacturer and Technical Application experts of Lustrous Carbon additives for use in Green sand molding. Mr. Chowdhary is a B.Com (Honors) graduate from Sydenham College of Commerce and Economics, Mumbai University. He has been an invitee on several Management Institutes and likes to interact with Students on Entrepreneurship.</p>	
<p>4. Mrs. GAYATHRI SUNDARAM - INDEPENDENT DIRECTOR Mrs. Gayathri is a Chartered Accountant and Cost Accountant. She combines a very bright academic record with best corporate exposure of over 20 years with specialization in Corporate Accounting, Risk Management & Treasury. Currently, a freelance Chartered Accountant, associated with M/s Profads Consulting, handling internal and management audits up to Audit Committee presentations, for a variety of Corporates Pan-India, including listed companies.</p>	
<p>5. Mr. NANDAKUMAR SUNDARRAMAN - INDEPENDENT DIRECTOR Mr. Nandakumar is a Company Secretary & practicing Chartered Accountant for over 40 years. He is also a DISA Certified & Insolvency Professional. He has a wide knowledge & expertise in Corporate Matters, Financial accounting, Taxation & Statutory Audit. He is the Chairman of Audit Committee & Board Sub- committees.</p>	
<p>6. Mr. ASHOK KUMAR VISHWAKARMA - MANAGING DIRECTOR Mr. Ashok Kumar Vishwakarma is an Engineering Graduate from NIT, Allahabad, India. He has been leading S&S Power Business from last 6 years. He has over 25 years of professional experience in Indian Switchgear Industry, in Sales & Marketing, Technical Development, Sourcing, Manufacturing Operations & PL Management. He was earlier employed with GE, Areva T&D, Alstom, GEC Alstom & GEC.</p>	
<p>7. Mr. ARJUN SOOTA - NON-EXECUTIVE DIRECTOR (w.e.f. 14th September 2020) Mr. Arjun Soota 53 years old is a Post-Graduate Diploma in Business Management from XLRI Jamshedpur and B.A. (Economics) degree from Mumbai University. He is a Mumbai-based independent consultant who works with Indian and international companies in an advisory capacity in areas such as business and financial strategy, corporate finance, treasury, and risk management. He has worked for over 20 years with top-tier international banks and multinational companies in various country, regional and global roles.</p>	

THE S&S MANAGEMENT TEAM

EXCELLENCE IN SWITCHING & PROTECTION ENGINEERING