

Annual Report 1999-2000

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S&S

POWER

S&S POWER SWITCHGEAR LTD.



S&S POWER SWITCHGEAR LIMITED

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BOARD OF DIRECTORS

Mr. Sushil K. Jalan (Chairman)
Mr. K. Balarama Reddi
Dr. P.P. Gupta
Mr. Manoj K. Maheshwari
Mr. S. Rajgopal
Mr. S.C. Bhatia (Nominee Director of ICICI)
Mr. Ashish Jalan (Managing Director)

Mr. S. Purkayastha (President)

Mr. V.K. Ramanujam (Secretary)
M/s. N.M. Raiji & Co., Mumbai (Auditors)
Mr. T. Raghavan, Chennai (Solicitor)

BANKERS

Indian Bank
Bank of Baroda
State Bank of Hyderabad
HDFC Bank Ltd.
Bank Internasional Indonesia
Citi Bank
South Indian Bank Ltd.
Central Bank of India

SHARE TRANSFER AGENT

GNSA Investor Services P. Ltd.
1/302, II Floor, 52nd Street
7th Avenue, Ashok Nagar, Chennai 600 083

REGISTERED OFFICE

111, (Old No. 168) Mount Poonamallee Road
Porur, Chennai 600 116

CHENNAI WORKS

111, (Old No. 168) Mount Poonamallee Road
Porur, Chennai 600 116

PONDICHERRY WORKS

Setharapet Village
Mylam Road, Pondicherry 605 111

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twentythird Annual General Meeting of the Shareholders of S&S Power Switchgear Limited, Chennai, will be held on Thursday the 31st August, 2000 at 11.00 a.m. at Rani Seethai Hall, 603, Anna Salai, Chennai 600 006 to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' and Auditors' Reports and the Audited Profit and Loss Account for the financial year ended 31st March, 2000, and the Balance Sheet as at that date.
2. To appoint a Director in the place of Mr. S. Rajgopal, who retires by rotation in terms of Article 118 of the Company's Articles of Association, and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Mr. Sushil K. Jalan who retires by rotation in terms of Article 118 of the Company's Articles of Association, and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:-
 "RESOLVED that approval pursuant to Section 163 and such other applicable provisions, if any, of the Companies Act, 1956, be and is hereby accorded for maintenance of the Register of Members, Index of Members, Register of Debentures, Register of Debentureholders, Index of Debentureholders, copies of Annual Returns together with copies of Certificates and documents required to be annexed thereto and other documents at the Office of the Company's Share Transfer Agents, M/s. GNSA Investor Services (P) Limited (GNSA), 1/302, II Floor, 52nd Street, 7th Avenue, Ashok Nagar, Chennai 600 083 instead of with M/s. Computer Age Management Services Pvt. Limited, Chennai."
6. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution:-
 "RESOLVED that the Objects Clause of the Memorandum of Association of the Company, pursuant to the provisions of Section 17 of the Companies Act, 1956 be altered by inserting Clause III. (A) 11 after the existing Clause III (A) 10."
 "III(A) 11. To carry on the business of consulting, developing, processing, importing, exporting and otherwise dealing in computer software, engineering software, computer hardware, computer and communication system, networking, medical and other transcription."
7. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :-
 "RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered by inserting Article 44A after the existing Article 44 as under:-

44A - DEMATERIALISATION OF SECURITIES:

Definitions -

1. For the purpose of this Article:-
 "Beneficial Owner" means a person whose name is recorded as such with a Depository.
 "SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.
 "Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.
 "Depository" means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.
 "Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.
 "Debentureholder" means the duly registered holders from time to time of the debentures of the Company.

"Regulations" means the regulations made by SEBI.

"Security" means such security as may be specified by SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in this Article shall have the same meanings respectively assigned to them in the Depositories Act, 1996.

2. Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including share) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996.
3. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
4. All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections, 153, 153A, 153B, 187B, 187C, 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
5.
 - a. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
 - b. Save as otherwise provided in (a) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the security held by it.
 - c. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
6. Except as ordered by a Court of competent jurisdiction or as required by law the Company shall be entitled to treat the person whose name appears on the Register of Members as a holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future of partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
7. Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the Registered owner in respect of the said securities and shall also inform the Depository accordingly.
8. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities.
If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.
9. Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository.
10. The shares in the capital shall be numbered progressively according to their serial denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form.

11. The Company shall cause to be kept a Register and Index of Members and a Register and Index on Debentureholders in accordance with Section 151 and 152 of the Act respectively, and the Depositories Act, 1996 with details of shares and debentures held in material and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members and Register and Index of Debentureholders, as the case may be, for the purposes of the Act.
8. To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :-
- RESOLVED that contributions to the charitable funds amounting to Rs.1,05,246 paid during the year 1999-2000, be and is hereby approved, confirmed and ratified.

By order of the Board
For **S&S POWER SWITCHGEAR LIMITED**

Mumbai
12th July, 2000

V.K. RAMANUJAM
COMPANY SECRETARY

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead and such proxy need not be a member of the Company. The proxy forms should be deposited with the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 29th August, 2000 to Thursday the 31st August, 2000 (both days inclusive).
4. Members holding more than one Share Certificate in the same name under different folios are requested to apply for consolidation of such folios and send relevant Share Certificates to the Company. The Shareholders can send their request letter directly to the Company or to the Share Transfer Agent.
5. All unclaimed dividends upto 1994-95 (interim dividend) have been transferred to the General Revenue Account of the Central Government pursuant to Section 205A of the Companies Act, 1956. Members who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Chennai, after filing necessary forms.
Members, who have not encashed their dividend warrants for the years 1994-95 (final), 1995-96 (interim and final) and 1996-97 (interim) may claim the unclaimed dividend directly from the Company.
6. Members are requested to notify the change of address, if any, to the Company or to the Share Transfer Agent and to bring their copy of the Annual Report to the Meeting.

ANNEXURE TO THE NOTICE

The following Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, sets out all material facts relating to Item Nos. 5, 6, 7 and 8 mentioned in the accompanying Notice dated 12th July, 2000.

Item No. 5

By a Special Resolution passed by the members of the Company, at its Annual General Meeting held on 25th November, 1993, approval pursuant to Section 163(1) of the Companies Act, 1956 (the Act), was accorded to the Company, for keeping inter alia the Register and Index of Members, Register and Index of Debentureholders etc., at the Office of the Share Transfer Agents viz. M/s. Computer Age Management Services (P) Limited (Cams), Chennai.

Since Cams expressed their inability to continue to act as Share Transfer Agents, your Company has appointed GNSA Investor Services (P) Limited (GNSA), Chennai, as Share Transfer Agents in whose office the aforesaid documents will be maintained. This requires approval of the Shareholders.

Accordingly, the Special Resolution as set out under item No.5 of the Notice is submitted to the Meeting.

As required under the provisions of Section 163 of the Act, the Registrar of Companies, Tamil Nadu, has been given an advance copy of the proposed Special Resolution.

INTEREST OF DIRECTORS

None of the Directors is interested or concerned in the Resolution.

Item No.6

Your Company is contemplating entering into the field of Information Technology particularly Engineering Software which necessitates amendment to the Main Objects Clause of the Memorandum of Association of the Company. This requires approval of the Shareholders.

Accordingly, the Special Resolution as set out under item No.6 of the Notice is submitted to the Meeting.

INTEREST OF DIRECTORS

None of the Directors is interested or concerned in the Resolution.

Item No.7

With the enactment of the Depositories Act, 1996 and amendments to certain provisions of the Companies Act, 1956, a new Article is proposed to be introduced with a view to facilitating operation of the Depository System. In view of this, consequent changes are proposed to be incorporated in the Articles of Association of the Company by inserting new Article 44A so as to be in line with the amended provisions of the Companies Act, 1956, read with the provisions of the Depositories Act, 1996. The proposed alteration to the Articles of Association requires the approval of the members by a Special Resolution. An agreement would be entered into with Depositories at the appropriate time.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of the meeting and will also be available for inspection at the meeting.

Accordingly, the Special Resolution as set out under item No.7 of the Notice is submitted to the Meeting pursuant to Section 31 of the Companies Act, 1956.

INTEREST OF DIRECTORS

None of the Directors is interested or concerned in the Resolution.

Item No. 8

The Company during the year 1999-2000 has contributed an amount of Rs.1,05,246 to Kargil Relief Fund, Flag Day donation and other Charitable Funds.

In view of the losses incurred in the year 1997-99 and 1999-2000, these contributions have exceeded as prescribed under Section 293 (1)(e) of the Companies Act, 1956.

Approval of the Shareholders is sought for the contributions made by the Company in excess of the limits.

Accordingly, an Ordinary Resolution as set out under item No.8 of the Notice is submitted to the Meeting pursuant to Section 293(1)(e) of the Companies Act, 1956.

INTEREST OF DIRECTORS

None of the Directors is interested or concerned in the Resolution.

Registered office :
111 (Old No.168), Mount Poonamallee Road
Porur, Chennai 600 116.

12th July, 2000

By order of the Board
For S&S POWER SWITCHGEAR LIMITED

V.K. RAMANUJAM
COMPANY SECRETARY

DIRECTORS' REPORT

Your Directors present the Twenty-third Annual Report together with the Audited Accounts for the financial year ended 31st March, 2000.

FINANCIAL RESULTS

	Rs. in Million	
	1999-2000	1997-99 (18 months)
Gross Profit/(Loss)	(69.79)	(113.34)
Add : Depreciation	(32.01)	(76.00)
Interest	(152.37)	(222.35)
Less : Profit on discontinuance of Business	128.74	-
	(125.43)	(411.69)
Add/Less : Adjustments relating to previous year	-	(1.79)
Profit/(Loss) before Extraordinary Items and Tax	(125.43)	(413.48)
Add : Extraordinary items	(18.22)	(31.41)
Less : Provision for Tax	-	-
Profit/(Loss) after Tax	(143.65)	(444.89)
Add : Balance in Profit & Loss Account brought forward	(141.20)	12.31
Amount available for appropriation	(284.85)	(432.58)
APPROPRIATIONS		
Transfer (from) General Reserve	-	(291.38)
Balance carried forward in Profit & Loss Account	(284.85)	(141.20)
	(284.85)	(432.58)

OPERATIONS

The overall performance of your Company continued to be poor. Your Company had in its last Directors' Report spoken on the need for fundamental changes in the way the Company conducted its business. To a large degree, your Company accomplished most of these -

Mainly,

- Focus on core businesses - by divesting all non-core activities of the Company such as LT Switchgear and Windmills
- Repayment of Borrowings to reduce interest costs
- Reduction in fixed costs including manpower costs
- Improvement of systems, reporting and controls
- Improvement in quality
- Focussing on remunerative export markets

However, two factors worked to your Company's disadvantage :

- Delay in completion of sale of LT business by 4 months (January, 2000 instead of September, 1999)
- Appropriation of the proceeds of the above divestment without release of necessary and agreed Working Capital facilities and concessions by Banks leading to unutilized capacities.

Your Company remains committed in its thrust on continuous product development and improvement in quality. Directors are glad to inform that the Company has received its product certification and first few international orders through its UK subsidiary. These orders being from Europe, are probably the first for an Indian Electrical Company, and speak about your Company's capabilities. This augurs well for the future wherein dependence on State Electricity Boards (SEBs) will reduce substantially. The Industry continues to be very concerned about the financial health of these SEBs and the delay in the reform process.

Your Company's business is laid on sound fundamentals and with the increasing integration with the UK subsidiary, the business opportunities for your Company will increase tremendously. Your Company is in the process of preparing

a Scheme for restructuring the debt package, including interest reduction and induction of funds. This alongwith the Company's thrust for increasing exports, reducing the size of the balance sheet, cutting down expenses, will see your Company back into good health in near future.

REVALUATION OF LAND

The land of the Company was revalued during the year and a corresponding amount has been credited to the Revaluation Reserve.

SICK INDUSTRIAL COMPANY

As per the audited Balance Sheet for the year ended 31st March, 2000, the net worth of the Company is negative and the Company has become sick in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

The Board of Directors of your Company also formed the opinion that the Company has become a Sick Industrial Company and further decided to make a reference to the Board for Industrial and Financial Reconstruction, for formulating a Scheme for rehabilitation to be adopted with respect to your Company.

PRODUCT DEVELOPMENT ACTIVITIES

- **Development of 145kV Pantograph Disconnecter :**
This Pantograph Disconnecter at 145kV level was not available in our product portfolio and lot of market demand is seen for this particular product. The Company has developed this product successfully and already executed a large order.
- **Development of Compact Metal Clad Vacuum Switchgear in 12kV Class:**
This equipment designated as CHV-12 is a highly cost effective design of Vacuum Circuit Breaker in 12kV class, 13.1kA range and this has been developed and successfully tested at CPRI. For the first time in India such a compact equipment at this range has been made available.
- **Modification/improvements on existing HHV-12 design :**
Lot of customers has been asking for 75kV impulse level in 12kV switchgear with metallic shutters in place of epoxy shutters. The Company has successfully achieved this requirement of switchgear market.

ISO 9001 CERTIFICATION

Your Company has obtained ISO 9001 Certification from RWTUV and has also successfully undergone two surveillance audits on ISO 9001 by the said certifying authority.

SALE OF LOW TENSION BUSINESS

Your Company sold the LT business, consisting of Fuse business at Pondicherry and MCB business at Ambattur effective 1st September, 1999. The Fuse business has been sold to M/s. Cooper Bussmann Inc., and the MCB business has been sold to M/s. Schneider Electric India Limited.

Y2K COMPLIANCE

Your Company's software systems are functioning satisfactorily and the transition into year 2000 has been smooth.

SUBSIDIARIES

S&A Finance & Investments Pvt. Limited and Nucleus Finance & Investments Limited, ceased to be Board Controlled Subsidiaries of your Company with effect from 7th March, 2000 and 8th March, 2000 respectively.

The audited Accounts of the Subsidiary Companies are attached except S&S Power Corporation Sdn. Bhd., Malaysia. The Company has not received the particulars to be annexed under the provisions of Section 212 of the Companies Act, 1956 in respect of S&S Power Corporation Sdn. Bhd., Malaysia. Your Company is seeking exemption from the provisions of Section 212 of the Companies Act, 1956 in respect of this subsidiary.

FIXED/CUMULATIVE DEPOSITS

The deposits outstanding as on 31st March, 2000 were Rs.4.34 Million including unclaimed amounts of Rs.0.27 Million, and claimed but not paid amounts of Rs.2.71 Million.

DEPOSITORY SERVICES

The Securities and Exchange Board of India (SEBI) vide its Circular bearing SMDRP/Policy/CIR-23/2000 dated 29th May, 2000, decided that your Company's securities should be compulsorily in dematerialised form on or before 25th September, 2000. Hence your Company within the due period, will enter into an agreement with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for facilitating, holding and settlement of trades in the Electronic form. The Shareholders will be advised separately on this once the agreement is entered into with the said participants.

CORPORATE GOVERNANCE

The Stock Exchanges have introduced amendment to the Listing Agreement, incorporating mandatory and non-mandatory requirements to be complied with by Companies in respect of Corporate Governance.

As far as your Company is concerned, the requirement relating to Corporate Governance are to be complied with before 31st March, 2002. However, your Directors are taking efforts towards complying with such Corporate Governance requirement, contained vide Clause 45 of the Listing Agreement of Madras Stock Exchange Limited and Clause 49 of Listing Agreement of The Stock Exchange, Mumbai and National Stock Exchange much ahead of the stipulated time.

DIRECTORS

Mr.D.G. Rajan, Director and Mr.A.S. Kapre, Nominee Director of ICICI Limited, resigned as Directors from the Board of your Company, with effect from 6th March, 2000 and 12th July, 2000, respectively.

Your Directors place on record their deep sense of appreciation of the valuable services rendered by the aforesaid Directors during the tenure of their office.

ICICI Limited have appointed Mr.S.C. Bhatia as their Nominee Director in place of Mr.A.S. Kapre effective 12th July, 2000.

Mr.S.Rajgopal and Mr. Sushil K. Jalan retire by rotation in terms of Article 118 of the Company's Articles of Association and are eligible for re-appointment.

AUDITORS

Messrs N.M. Rajji & Co., Chartered Accountants, Mumbai, Company's Auditors, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS' REPORT

With regard to Para 2(e) (i), (ii), (iii) and (iv) of the Auditors' Report and Para 9 of Annexure to the Auditors' Report, the Note Nos. 28, 19, 18, 20 and 21 are self-explanatory.

PARTICULARS OF EMPLOYEES

The Statement of Particulars of Employees in terms of Section 217(2A) of the Companies Act, 1956, and the Rules framed thereunder is annexed.

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 Board of Directors) Rules, 1988, is annexed.

INDUSTRIAL RELATIONS

During the year, 53 workmen opted for the Voluntary Retirement Scheme, introduced by the Company during 1997-99. Industrial relations were cordial throughout the year.

ACKNOWLEDGEMENT

Directors wish to place on record their appreciation of the valuable support from the customers, employees, vendors, bankers and financial institutions, shareholders and deposit holders at a time of financial crunch.

On behalf of the Board

Mumbai
12th July, 2000

SUSHIL K. JALAN
CHAIRMAN