

Annual Report 2001-2002

Report  junction.com



S&S POWER SWITCHGEAR LTD.



S&S POWER SWITCHGEAR LIMITED

Notice	1-4
Directors' Report	5-17
Auditors' Report	18-20
Balance Sheet	21
Profit and Loss Account	22
Schedules to Accounts	23-35
Balance Sheet Abstract	36
Cash Flow Statement	37
Statement Pursuant to	
Section 212 of the Companies Act, 1956	38

SUBSIDIARIES

RPIL Signalling Systems Limited	39-47
S&S Power Finvest Limited	48-56
Acrastyle Switchgear Limited	57-64
Acrastyle Limited	56-79

BOARD OF DIRECTORS

Mr. Ashish Jalan (Chairman)
Dr. P.P. Gupta
Mr. S.C. Bhatia (Nominee Director of ICICI)
Mr. S. Purkayastha (Managing Director)

AUDITORS

GSV ASSOCIATES
Chartered Accountants
Chennai

BANKERS

Indian Bank
Bank of Baroda
State Bank of Hyderabad
HDFC Bank Ltd.
Bank International Indonesia
Citi Bank
South Indian Bank Ltd.

Central Bank of India

SHARE TRANSFER AGENT

GNSA Investor Services P. Ltd.
18/1 (Old No. 17/1) Balaiah Avenue,
Mylapore, Chennai - 600 004.

REGISTERED OFFICE

111, (Old No. 168) Mount Poonamallee Road,
Porur, Chennai 600116

CHENNAI WORKS

111, (Old No. 168) Mount Poonamallee Road,
Porur, Chennai 600116

PONDICHERRY WORKS

Setharapet Village
Mylam Road, Pondicherry 605 111

S&S POWER SWITCHGEAR LIMITED
REGD.OFF: 111, MOUNT POONAMALLEE ROAD
PORUR, CHENNAI-600 116

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 25th Annual General Meeting of the Members of S&S Power Switchgear Limited will be held at Narada Gana Sabha, 254, T.T.K. Road, Chennai-600 018 on Monday, the 10th March, 2003 at 9.15 A.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited profits and loss account of the company for the period ended 30.06.2002, the balance sheet as at that date and the Directors' and Auditors reports thereon.
2. To appoint a Director in the place of Mr. Ashish Jalan, 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 Auditors of the Company retire and are eligible for re-appointment.

SPECIAL BUSINESS

4. Appointment of Director

To consider and if thought fit to pass the following resolutions, with or without modification, as an ordinary resolution:
RESOLVED THAT Mr. S. Purkayastha be and is hereby appointed Director of the Company.

5. Appointment of Managing Director:

To consider and if thought fit to pass the following resolutions, with or without modification, as a Ordinary resolution:
RESOLVED THAT, subject to the approval of the Central Government pursuant to Sections 268, 269 and 309 of the Companies Act, 1956, approval be and is hereby given to the appointment of Mr. S. Purkayastha, as the Managing Director of the Company, for a period of three years from 19.2.2002 to 18.2.2005 on the terms and conditions set out below for your approval and that the Board of Directors of the company be and is hereby authorised to alter and vary the terms and conditions of the said appointment without increasing the remuneration mentioned therein and in such manner as may be directed by the Central Government.

The terms of appointment of Mr.S.Purkayastha are as follows:

- | | |
|-----------------------|---|
| 1. Salary | Rs.43,700/- per month. |
| 2. Personal Allowance | Rs.20,700/- per month |
| 3. Perquisites | In addition to the above salary, perquisites are as follows : |
- i) Housing
Furnished / Unfurnished Residential Accommodation or House Rent Allowance of Rs.26,220 per month in lieu thereof.
 - ii) Medical Reimbursement
Actual expenses incurred by Mr.S.Purkayastha and his family not exceeding 8.33% of the annual salary.
 - iii) Leave Travel Concession
For Mr.S.Purkayastha and his family once in a year in accordance with the rules of the Company subject to a maximum of 8.33% of annual salary
For the purpose of (ii) and (iii) above, 'family' means the spouse and dependent children of Mr.S.Purkayastha.
 - iv) Group Personal Accident Insurance & Group Medical Insurance
Premium shall not exceed Rs.8000/- per annum
 - v) Company's contribution towards Provident Fund and Superannuation Fund
Contribution to Provident Fund and Superannuation Fund, as per rules of the Company, will not be include in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961

- vi) Encashment of leave not availed of
Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- vii) Gratuity
Gratuity as per rules of the company. This shall not be included in the computation of limits for perquisites aforesaid.
- viii) Provision of Car for use of Company's business and Telephone at residence will not be considered as perquisites
For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.
Mr S.Purkayastha will not be entitled to any sitting fee for attending meetings of the Board or of any Committee thereof.

Memorandum of Interest

Mr. S.Purkayastha is to be regarded as interested in his appointment.

No other Director is interested or concerned

6. 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 Return 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, 18/1 (Old No. 17/1), Balaiah Avenue, Mylapore, Chennai-600 004 instead of with M/s. GNSA Investor Services (P) Limited, 1/302, II Floor, 52nd Street, 7th Avenue, Ashok Nagar, Chennai-600 083.

Registered Office:

111, Mount Poonamallee Road
Porur, Chennai-600 116

By Order of the Board

FOR S&S POWER SWITCHGEAR LIMITED

S. PURKAYASTHA

MANAGING DIRECTOR

Date:12.2.2003

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, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 for the above mentioned items are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 7th of March 2003 to Monday, the 10th of March of 2003 (both days inclusive)
4. 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.
5. Members holding shares in physical form are requested to dematerialise 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 Investor Services (P) Limited 18/1 (Old No. 17/1), Balaiah Avenue, Mylapore, Chennai-600 004.
6. Members are requested to note that pursuant to Section 205A of the Companies Act, 1956, the unclaimed - final dividend for the year 1994-1995 has been transferred to Investor Education and Protection Fund established under sub-section (1) of Section 205 C of the Act.

ANNEXURE TO NOTICE

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES
ITEM NO. 2

Mr. Ashish Jalan, Director of the Company retires by rotation during this AGM and is eligible for re-appointment.

Mr. Ashish Jalan has to his credit over 12 years of Managerial and Administrative experience in the industry and exposure in International business.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.4 and 5

The Board of Directors has co-opted Mr. S. Purkayastha as an Additional Director of the Company on 19.2.2002 and he holds office as a Director up to the date of this Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member along with requisite deposit signifying his intention to propose Mr. S. Purkayastha as a Director.

Having graduated in Electrical Engineering from a premier institute in Calcutta, he obtained Diploma in Business Management from Bombay and later Diploma in Management of Change from the UK. In the professional career Mr. Purkayastha, after a short stint with Ministry of Industry as Assistant Director, joined BHEL where he worked for 17 years. He later became the Head of Switchgear Business of GEC Alstom and was designated as Director.

Mr.S.Purkayastha has been with your company for the past four years as the President of the Company. The company would be benefited by his rich experience in the field of switchgear. Considering his educational qualifications and experience and his willingness to assume higher responsibilities, the Board of Directors have appointed him as the Managing Director for a period of three years. w.e.f. 19.2.2002

The Company is in default in the repayment of its debts and debentures and interest payable thereon for a continuous period of thirty days in the preceding financial year. Consequent to the amendment in Schedule XIII to the Companies Act, 1956 the remuneration on the following terms to Mr. S.Purkayastha will be subject to the approval of Central Government.

1. Salary Rs.43,700/- per month.
2. Personal Allowance Rs.20,700/- per month
3. Perquisites In addition to the above salary, perquisites are as follows :
 - i) Housing
Furnished / Unfurnished Residential Accommodation or House Rent Allowance of Rs.26,220 per month in lieu thereof.
 - ii) Medical Reimbursement
Actual expenses incurred by Mr.S.Purkayastha and his family not exceeding 8.33% of the annual salary.
 - iii) Leave Travel Concession
For Mr.S.Purkayastha and his family once in a year in accordance with the rules of the Company subject to a maximum of 8.33% of annual salary
For the purpose of (ii) and (iii) above, 'family' means the spouse and dependent children of Mr.S.Purkayastha.
 - iv) Group Personal Accident Insurance & Group Medical Insurance
Premium shall not exceed Rs.8000/- per annum.
 - v) Company's contribution towards Provident Fund and Superannuation Fund
Contribution to Provident Fund and Superannuation Fund, as per rules of the Company, will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961
 - vi) Encashment of leave not availed of
Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
 - vii) Gratuity
Gratuity as per rules of the company. This shall not be included in the computation of limits for perquisites aforesaid.

viii) Provision of Car for use of Company's business and Telephone at residence will not be considered as perquisites

For the purposes of the foregoing, perquisites shall be valued as per Income Tax Rules, 1962. In the absence of any such rule, perquisites shall be evaluated at actual cost.

Mr S.Purkayastha will not be entitled to any sitting fee for attending meetings of the Board or of any Committee thereof.

The abstract of the terms between the Company and Mr.S.Purkayastha pursuant to Section 302 of the Companies Act has already been circulated.

The Board recommends the resolutions for your approval.

None of the Directors other than Mr S.Purkayastha is concerned or interested in the resolution.

ITEM NO: 6

By a Special Resolution passed by the members of the Company, at its Annual General Meeting held on 31st August, 2000, 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. GNSA Investor Services (P) Limited, 1/302, II Floor, 52nd Street, 7th Avenue, Ashok Nagar, Chennai-600 083.

GNSA Investor Services (P) Limited have shifted their office to 18/1 (Old No. 17/1), Balaiah Avenue, Mylapore, Chennai-600 004 where the aforesaid documents will be maintained. This requires approval of the shareholders.

Accordingly, a Special Resolution setout under Item No. 6 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.

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

Registered Office:
111, Mount Poonamallee Road
Porur, Chennai-600 116

By order of the Board

S. PURKAYASTHA
MANAGING DIRECTOR

Date: 12th February, 2003

Report  junction.com

DIRECTORS' REPORT

1. The Directors present the Twentyfifth Annual Report together with the audited accounts for the fifteen months period ended 30th June 2002.

2. FINANCIAL RESULTS

	Rs.in Million	
	2001-02 (15 months)	2000-01 (12 months)
Gross Profit (Loss)	(150.84)	(48.45)
Add : Depreciation	(19.48)	(16.26)
Interest	(198.97)	(133.60)
Less : Profit on discontinuance of business	Nil	(5.50)
Profit or Loss before extra ordinary items and tax	(369.28)	(203.81)
Add : Extra ordinary items	(24.60)	Nil
Less : Provision for Tax	Nil	Nil
Profit or Loss after Tax	(393.88)	(203.81)
Add : Balance in Profit or Loss account brought forward	(488.67)	(284.85)
Balance carried forward to Balance Sheet	(882.55)	(488.67)

3. Review of Operations and Outlook

During the financial year under review your Company faced difficult business conditions. Your company continued to suffer from shortage of working capital coupled with adverse market conditions and labour unrest. As a result, the performance of the company continued to be poor.

During the year under review, your Company achieved a turnover of Rs. 1901 lacs by focussing its attention in the select sectors of export market where monies were realised faster.

Your Company has been incurring huge losses right from the year 1999. Efforts such as reduction in salary, reorganisation of business and other measures did not produce the desired results. The much required banking facilities such as discounting of bills, bank guarantees, letters of credit, which are essential for the company's operations were hardly available. As a result, the operations of your company had to be curtailed and the Company was operating at a very low level which is far below the breakeven levels. There was gross under utilisation of manpower. The company's efforts to procure funds from other sources were unsuccessful.

Your company continues to enjoy patronage of select export markets and has been exporting goods to advanced countries through Acrastyle Ltd, UK, a subsidiary of your company. Thrust is continuously being given to product quality and performance and this has enabled your company to sustain in the markets of the developed countries. Your company has supplied substantial number of Disconnectors to the U.K. market where the orders are highly remunerative. Your company expects good volume of business in this sector.

Your company during the year under review continued to concentrate on Research and Development activities with a vision to the future. In line with its commitment to develop new products your company completed development of 12kV/33kV Single Pole RD Disconnector to Malaysian market. The product has been certified by CESI, Italy.

4. Sick Industrial Company

As you are aware, the net worth of the company became negative as at 31.3.2000 and your company made a reference to the Board for Industrial and Financial Reconstruction for formulating a scheme for rehabilitation. Though your company's reference has been taken on file as early as September 2000, there has not been much progress in this direction. However, your company has been closely following up the matter.

5. ISO 9001 Certification

Your company has undergone surveillance audits successfully by RWTUV for the year 2001-2002.

6. Subsidiaries:

The audited accounts of the subsidiary companies i.e S&S Power Finvest Ltd and RPIL Signalling Systems Limited are attached. In respect of S&S Power Corporation Sdn.Bhd, Malaysia particulars under the provisions of Sec.212 of the Companies Act 1956 has not been received and hence not attached. In respect of Acrastyle Limited and Acrastyle Switchgear Limited, U.K. the audited accounts as of 30th September 2001 are attached. Application is being made seeking exemption from the provisions of Section 212 of the Companies Act in respect of these subsidiaries.

Non compliance of Accounting Standard 21 and Segmental Reporting :

In view of specific requirement in Accounting Standard 21 on Consolidation of Financial Statements that not more than 6 months shall lapse between the reporting date of holding company and a subsidiary company the Financial Statement of Acrastyle Switchgear Limited and Acrastyle Limited, whose financial year ended on 30.9.2001 could not be consolidated with the financial statement of your Company, whose financial year ended on 30.6.2002 (consequent to extension of the financial year 2001-02 by three months.) Further, as the consolidation of Financial Statements of only the other two subsidiaries viz. S&S Power Finvest Limited and RPIL Signalling Systems Limited with the Financial Statement of your Company may lead to misleading results, it was thought prudent not to consolidate the Financial Statements of these two companies. The company deals with only one type of product namely, Switchgears. Hence, the Board is of the opinion that Segmental Reporting will not apply to your Company.

7. Fixed/Cumulative Deposits:

The deposits outstanding as on 30th June 2002 were Rs.1.54 million (including interest of Rs.0.56 million).

8. Auditors

M/s.N M Raiji & Company, Mumbai resigned as auditors of the company and M/s.G.S.V.Associates, Chartered Accountants, Chennai have been appointed to fill up the casual vacancy caused by the resignation of M/s.N M Raiji & Company. M/s.G.S.V.Associates, Chartered Accountants, Chennai, your company's auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

9. Corporate Governance:

A report on the compliance of Corporate Governance is annexed together with a certificate from the auditors of the Company on compliance.

10. Directors

Mr. K.Balarama Reddi and Mr.A.R.Santhanakrishnan resigned as directors from the Board of your company with effect from 30th October 2001 and 30th September 2002 respectively. The Board wish to place on record its appreciation for the services rendered by Mr. K.Balarama Reddi and Mr.A R Santhanakrishnan during their tenure of directorship of your company.

Mr.Ashish Jalan retires by rotation in terms of Article 118 of the Company's Articles of Association and is eligible for re-appointment.

Mr.Ashish Jalan resigned as Managing Director of the company with effect from 19th February 2002 and the Board records its appreciation for the services rendered by Mr.Ashish Jalan during his tenure of office as Managing Director of the Company.

Mr.S.Purkayastha was appointed as Additional Director on 19th February 2002. According to Section 260 of the Companies Act he holds office upto the date of the Annual General Meeting. The company under Section 257 of the Act has received a notice from a member proposing Mr.S.Purkayastha as Director.

Mr.S.Purkayastha joined as President of your company in 1998. On 19th February 2002 he was inducted as Managing Director of the company consequent to the resignation of Mr.Ashish Jalan. Mr.S.Purkayastha has been offered the same remuneration as he was drawing as President of the Company.

The company has made an application to the Department of Company Affairs seeking approval of the terms of employment as contained in the Notice pursuant to the Sec.302 of the Companies Act which has already been circulated to the Members.

11. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2A.A) the Directors state :

That the preparation of the financial statements applicable accounting standards have been followed and proper explanations have been given relating to material departures.

Accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss account for the financial year ended 30.6.2002.

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.

The financial statements have been prepared on a going concern basis.

12. Auditors' Report

With regard to para 2(a), 2(f)(i) 2(f) (iii) and Para 9 of the Auditors' Report, the note Nos.31, 19(a), 19(b) and 28 in Schedule 16 are self-explanatory. Interest on Inter Corporate Deposits has not been accrued during the year as a prudent measure. Consistent with past practice and as a prudent measure interest has not been accrued with respect to a part of the advance made to S&S Power Finvest Limited and on the outstanding amount with RPII. Signalling Systems Limited. With regard to 2(f) (ii) of the Auditors' Report, although the total value of assets with the company falls short of the balance secured loans, this is essentially on account of interest applied on these loans even subsequent to the company turning sick.

13. Particulars of Employees

No employee is in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956.

14. 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 the Board of Directors) rules 1988 is annexed.

15. Industrial Relations:

During the year, your company had experienced labour unrest at its Pondicherry Unit during May-June 2002. Negotiations were held with the Union and a long term settlement was reached covering the workmen at Pondicherry and the industrial relations are cordial.

At Porur, your company had to suspend its operations with effect from 22nd June 2002 due to acute shortage of working capital on the one hand and indiscipline on the part of workmen on the other. The suspension operation at Porur continues.

16. Acknowledgement

Directors wish to place on record their appreciation of the valuable support from the customers, employees, shareholders and others.

Report Junction.com

For and on behalf of the Board
For S&S POWER SWITCHGEAR LTD.

Place Chennai
Date 12th February 2003

ASHISH JALAN
CHAIRMAN

S. PURKAYASTHA
MANAGING DIRECTOR

ANNEXURE TO 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 2001-2002

- i. Usage of alternate street lights in the factory
- ii. Painting oven switched on only when minimum one shift oven load is accumulated.
- iii. Minimise the usage of 50hp compressor by using the 5hp (3 nos) standby compressors.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy. Proposal to :

- i. Further reduction of MID from 450KVA to 300KVA.
- ii. Single shift running of the factory
- iii. Boiler also run only when one shift load is accumulated.

S&S POWER

7

SWITCHGEAR LTD.