

S&S
S&S POWER SWITCHGEAR LTD



Annual Report 2007-2009

BOARD OF DIRECTORS

Ashish Jalan (Chairman and Managing
Director)

Anupam Vaid

Deepak Chowdhary

AUDITORS

GSV Associates

Chartered Accountants

Chennai

BANKERS

HSBC Limited, Chennai

ICICI Bank Limited, Chennai

Citibank N.A, Chennai

State Bank of India, Puducherry

SHARE TRANSFER AGENT

GNSA Infotech (P) Ltd.,

G R Mansion, No 11, Srinivasa Road

Pondy Bazaar, T.Nagar, Chennai – 600 017

REGISTERED OFFICE

II Floor, No. 19, (Old No.67),

Dr.Ranga Road, Mylapore,

Chennai - 600004

PUDUCHERRY WORKS

Setharapet Village

Mylam Road,

Puducherry – 605 111

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the 31st Annual General Meeting of the Members of S&S Power Switchgear Limited will be held at Narada Gana Sabha Trust, Sathguru Gnanananda Mini Hall, 314, T.T.K. Road, Chennai-600 018 on Wednesday the 30th September 2009 at 10.45 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss account of the company for the 18 months period ended 31.03.2009, the Balance Sheet as at that date and the Directors' and Auditors reports thereon.
2. To appoint a Director in the place of Mr. Anupam Vaid, 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 present Auditors of the Company, retire and are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution, with or without modification, as an ordinary resolution
RESOLVED THAT Mr. Deepak Chowdhary, Additional Director, in respect of whom a notice under Section 257 has been received, be and is hereby appointed as director, liable to retire by rotation.
5. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special resolution.
RESOLVED THAT, subject to the approval of the Central Government pursuant to Sections 268, 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII and all other applicable provisions, approval be and is hereby accorded to the appointment of Mr. Ashish Jalan as the Chairman and Managing Director of the Company who shall not be liable for retirement by rotation while continuing to hold the office of the Managing Director for a period of three years from 1.10.2008 to 30.09.2011 and for payment of remuneration and perquisites to Mr. Ashish Jalan for a period of three years with effect from the date of his appointment on 1st October 2008 on the terms and conditions contained in an agreement dated 12th November, 2008 entered into between the Company and Mr. Ashish Jalan which agreement is hereby specifically approved with liberty to the Board of Directors and/or Committee of Board of Directors of the Company to alter, vary, and modify the terms and conditions of the said appointment and/or remuneration in such manner as may be agreed to between the Board of Directors and Mr. Ashish Jalan, without increasing the remuneration mentioned therein

and in such manner as may be directed by the Central Government".

1. Salary - Rs.1,30,000/- per month.
2. Perquisites in addition to the above salary, perquisites are as follows :
 - i) Housing Furnished / Unfurnished Residential Accommodation or House Rent Allowance of Rs.65,000 per month in lieu thereof.
 - ii) Company's contribution towards Provident Fund Contribution to Provident 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
 - iii) Gratuity
Gratuity as per rules of the company. This shall not be included in the computation of limits for perquisites aforesaid.
(The total amount under 1 and 2(i), (ii) and (iii) works out to Rs.2,16,853/- per month)
 - iv) Earned/Privilege leave as per the Rules of the Company. Leave accumulated and not availed of during the tenure as whole time director will be allowed to be encashed at the time of his retirement as per rules of the Company.
 - v) Notice Period 3 months on either side
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. Ashish Jalan will not be entitled to any sitting fee for attending meetings of the Board or of any Committee thereof.

Memorandum of Interest

Mr. Ashish Jalan is to be regarded as interested in the above resolution. No other Director is interested in the resolution.

6. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special resolution.
RESOLVED THAT subject to the approval of the Shareholders pursuant to Section 372A, of the Companies Act 1956 and other applicable provisions, if any, of the Act thereof for the time being in force and as may be enacted from time to time and subject to such other approvals, permissions and sanction(s) from such authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company for making investments and/or additional/further investments, in one or more tranches, by way of subscription, purchase or otherwise in equity shares of the following Companies and or units in mutual fund schemes over and above the limits of the investment set out under the provisions of Section 372A of the Companies Act, 1956.

(Rs.in thousands)

S.No	Name of Company	Amount
1.	S&S Power Switchgear Equipment Limited	1,00,000
2.	In the shares of the Company to be incorporated under the name and style Acrastyle Switchgear Technologies Limited or with such other name as may be approved by the Registrar of Companies, Tamil Nadu, Chennai	50,000
3.	In any Mutual Fund Schemes or any other securities	50,000

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorized to negotiate and finalize the terms and conditions of the aforesaid investments, on behalf of the Company, as it may in its absolute discretion deem appropriate, to take all such actions and to settle all matters and questions arising out of or incidental thereto and to sign and execute all deeds, applications, documents and writings that may be required to be executed on behalf of the Company in connection with such investments and generally to do all such acts, deeds, and things as may be necessary, proper, expedient and incidental for the purpose of giving effect to the above Resolution.

By order of the Board
For S&S Power Switchgear Limited

Ashish Jalan
Chairman & Managing Director

Date: 1st September 2009
Registered Office:
II Floor, New No.19, (Old No.67)
Dr.Ranga Road, Mylapore
Chennai-600004

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 25th September 2009 to Wednesday 30th September 2009 (both days are inclusive).
4. As per the provisions of Listing Agreements entered with the Stock Exchanges, the Company has appointed M/s. GNSA Infotech (P) Limited as a Common Registrar and Share Transfer Agents for the shares of the Company held in both physical as well as electronic modes. All correspondence with regard to share transfers and matters related therewith may

directly be addressed to the Company's Registrar and Share Transfer Agents at the address given below:

M/s. GNSA Infotech (P) Ltd
G R Mansion, No 11, Srinivasa Road,
Pondy Bazaar,
T Nagar, Chennai – 600 017
Tel: 42962200/42962209
E-mail: sta@gnsaindia.com

5. 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.
6. Members holding shares in physical form are requested to dematerialize 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 Infotech (P) Limited, G R Mansion, No 11, Srinivasa Road, Pondy Bazaar, T Nagar, Chennai – 600 017.
7. Securities and Exchange Board of India (SEBI), vide Circular No.MRD/DoP/Cir-05/2009 dated May 20, 2009, has informed that in respect of Securities Market transactions and off-market/private transaction involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferees to furnish copy of PAN card to the Company/Registrars and Transfer Agents for registration of such transfer of shares.
In view of the above circular dated 20-05-2009, all requests for transfer of shares received after 20.05.2009 will be processed only if the requests are accompanied by a copy of the PAN card.
8. Corporate members are requested to send a duly certified copy of the board resolution/power of attorney authorizing their representative to attend and vote at the annual general meeting.

ANNEXURE TO NOTICE

Information pursuant to clause 49 of the Listing Agreement with Stock Exchanges

ITEM NO.2

Mr. Anupam Vaid Director of the Company retires by rotation during this Annual General Meeting and is eligible for re-appointment.

Mr. Anupam Vaid is a commerce graduate from Sydenham College of Commerce and Economics, Mumbai. Mr. Anupam Vaid has wide experience in marketing of engineering products. He was actively involved in the execution of various projects for VSNL and MTNL.

The Company would be benefited by his rich experience.



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

ITEM NO 4

The Board of Directors has co-opted Mr. Deepak Chowdhary as an Additional Director of the Company on 23rd January, 2009 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. Deepak Chowdhary as a Director.

Mr. Deepak Chowdhary is the promoter of MPM Private Limited, a foundry Consumables Company located in Nagpur, India. He holds a B.Com(Hons) Graduate from Sydenham College of Commerce and Economics, Mumbai. Mr. Deepak Chowdhary was also the Chairman of the Institute of Indian Foundry-men, Nagpur Chapter and Chief Spokesperson for the MIDC Industries Association an Apex body of Industrialists of the prestigious Hingna Industrial Estate at Nagpur for 2 successive terms. He has been on the Executive Management Committee for several years. Mr. Deepak Chowdhary is also a Guest Lecturer at Kavikulguru Institute of Technology and Science, Ramtek, on various topics such as Entrepreneurship Development, Business Etiquettes etc.

The Board recommends the resolutions for your approval.

None of the Directors other than Mr. Deepak Chowdhary is concerned or interested in the resolution.

ITEM NO 5

With the Government's emphasis on the Power Sector and the market throwing more opportunities the Company is now concentrating on the revival of business through revalidation of its products and introduction of new products. Your Company is also endeavouring to re-enter into the circuit breaker business and also looking for collaborations to widen the product range thereby enhancing the volumes of trade.

Considering Mr. Ashish Jalan's experience and efforts in settling substantial liabilities of the company and his willingness to take up the uphill task of reviving your Company your Board of Directors have appointed him as the Chairman and Managing Director of the

Company for a period of three years from 1.10.2008. Mr. Ashish Jalan is a commerce graduate. He is an industrialist having long and diverse experience. Mr. Ashish Jalan has been associated with the company for nearly two decades. Your Company would be benefited by his rich experience.

The remuneration payable to Mr. Ashish Jalan, as approved by the Remuneration Committee and the Board of Directors, is as follows:

1. Salary - Rs.1,30,000/- per month.
2. Perquisites in addition to the above salary, perquisites are as follows :
 - i) Housing Furnished / Unfurnished Residential Accommodation or House Rent Allowance of Rs.65,000 per month in lieu thereof.
 - ii) Company's contribution towards Provident Fund Contribution to Provident 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
 - iii) Gratuity
Gratuity as per rules of the company. This shall not be included in the computation of limits for perquisites aforesaid.
(The total amount under 1 and 2(i), (ii) and (iii) works out to Rs.2,16,853/- per month).
 - iv) Earned/Privilege leave as per the Rules of the Company. Leave accumulated and not availed of during the tenure as whole time director will be allowed to be encashed at the time of his retirement as per rules of the Company.
 - v) Notice Period 3 months on either side
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. Ashish Jalan 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. Ashish Jalan pursuant to Section 302 of the Companies Act have already been circulated.

Information required under Clause (iv) of proviso to paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956.

The information below is in relation to the proposal contained in item No.5 of the Notice relating to the appointment and payment of remuneration to Mr. Ashish Jalan as Chairman and Managing Director of the Company.

I GENERAL INFORMATION	
1. Nature of Industry	Manufacturer of Electrical Equipment
2. Date or expected date of commencement of commercial production	01-09-1975
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable since the Company is an existing Company

4. Financial performance based on given indicators (Rs. in thousands)			
	31.3.2009	30.9.2007	30.9.2006
Sales (Gross)	2,32,376	2,37,086	1,39,349
Profit before tax	3,044	90,888	(89,757)
Profit after tax	2,318	94,142	(90,089)
Shareholders' funds	2,93,812	2,93,812	246,000
Net Profit as computed under Sec 349 of the Companies Act, 1956	(32504)	(27,312)	(89,772)
5. Export performance and net foreign exchange collaborations	The FOB value of company's exports and income was Rs.1,01,555 thousands in 2007-09, Rs.43,333 thousands in 2006-07 and Rs. 25,269 thousands in 2005-06		
6. Foreign investments or collaborators, if any.	NIL		
II INFORMATION ABOUT THE APPOINTEE			
1. Background details	The appointee is a commerce graduate and an industrialist having long and diverse experience. He is associated with the Company for nearly two decades		
2. Past remuneration	NIL		
3. Recognition or awards /Job Profile and his suitability	The appointee as the chairman of the company took the lead in settling the secured and unsecured creditors of the company. Under his able guidance the operations at Puducherry unit could be sustained. The Company is in dialogue for technical and financial collaboration in the field of switchgears manufacturing in the electrical industry. His wide contacts with reputed companies in the switchgear field would also help the company achieve its objectives. Mr.Ashish Jalan's leading role in bringing about a turnaround to the operations by building relationships with overseas customers and collaborators and negotiations for joint ventures is expected to bring about higher product acceptability and thereby business volumes which is critical for the turnaround of the company. His enhanced role as Chairman and Managing Director will further benefit the Company.		
4. Remuneration proposed	The remuneration of Mr Ashish Jalan is set out above.		
5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration of Mr Ashish Jalan is not out of tune with the remuneration in similar sized industries in same segment of business.		
6. Pecuniary relationship directly or indirectly with the Company or relationship with managerial personnel, if any	Mr Ashish Jalan is a promoter director and holds 30,915 equity shares in the Company. None of the managerial personnel is related to Mr Ashish Jalan.		
III OTHER INFORMATION			
1. Reasons of loss or inadequate profits	General recession in the economy for capital goods and consequent slash in prices leading to slender margins besides reduction in export volumes.		
2. Steps taken or proposed to be taken for improvement	Enhancing the product range, introducing more modern, cost effective and maintenance free range of equipment, reduction in the input cost and revamping of the organization structure.		
3. Expected increase in productivity and profits in measurable terms	Expected joint ventures would enhance the acceptability of products thereby increasing the volumes resulting in profitability.		

The appointment of Mr Ashish Jalan as the Chairman and Managing director with effect from 1.10.2008 for a period of three years and the remuneration payable to him for the period of his appointment require the approval of members in general meeting besides approval from Central Government.

The Central Government has accorded its approval vide their letter No.A-52719911-CL.VII dated 31st July, 2009 for the appointment of Mr Ashish Jalan as Chairman and Managing Director of the Company with effect from 1.10.2008 till ensuing General meeting and for payment of remuneration of Rs.2,16,853/- per month. The said letter also states that the proposal for the appointment and for payment of remuneration for the remaining period would be considered on submission of the members' approval.

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

The Directors recommend the resolution for your approval. None of the Directors of the company except Mr Ashish Jalan is in any way interested in the above resolution.

A copy of the Agreement dated 12th November, 2008 entered into between the Company and Mr Ashish Jalan and letter dated 31st July, 2009 issued by Government of India, Ministry of Corporate Affairs, Shastri Bhavan, 5th Floor Dr Rajendra Prasad Road, New Delhi are available for inspection for the members of the company at the Registered Office of the Company on any working day during business hours up to the date of the ensuing Annual General Meeting.

ITEM 6

INVESTMENT IN S&S POWER SWITCHGEAR EQUIPMENT LIMITED/ ACRASYLE SWITCHGEAR TECHNOLOGIES LIMITED /MUTUAL FUNDS

India is currently experiencing phenomenal growth in the Power Sector Infrastructure development. With the Government's emphasis in the Power Sector the market for transmission and distribution is foreseen to increase.

With the favourable conditions the Company has now turned its attention to revive the business both in the disconnector and breaker business and the processes are well under way.

The Company is currently operating with a limited range of products against stiff competitions from world giants in the electrical industry. It is therefore prudent to associate partners for this business.

The Company is proposing to enter into a Joint Venture Agreement with an European Company for the purpose of establishing a Joint Venture Company (JVC) in India for manufacture of Disconnector products with state of art technology. The company would be required to subscribe to the equity shares in the JVC in terms of the joint venture agreement to be entered between the Company and the European Company.

The Company is also proposing to re-enter the medium voltage circuit breaker segment in which your Company was one of the leaders in technology and volumes for two decades.

The company is currently in the process of developing a range of circuit breaker products with state of art technology in collaboration with and through establishing a Joint venture Company (JVC) in India with a Design Consultant Company in the United Kingdom with a view to exploiting the huge

market potential both in India and outside India in the field of circuit breakers.

The Company will also be investing surpluses from time to time in mutual funds or such other securities as the Board in their discretion think most appropriate and beneficial to the Company.

Approval of the members by way of a Special Resolution is required for investment over and above the limits of the investment set out under the provisions of Section 372A of the Companies Act, 1956.

As the limits are likely to exceed by making investments as set out in the Resolutions, approval of the members is sought by way of Special Resolutions as set out at item No.6.

None of the Directors is in any way interested in the said Resolutions except Mr. Ashish Jalan who is also a director of S&S Power Switchgear Equipment Limited.

Your Directors recommend the Resolutions at Item No.6 of the Notice as Special Resolutions for your approval.

By order of the Board
For S&S Power Switchgear Limited

Ashish Jalan
Chairman & Managing Director

Date: 1st September 2009
Registered Office:
II Floor, New No.19, (Old No.67)
Dr.Ranga Road, Mylapore
Chennai-600004

REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

The Directors have pleasure in presenting herewith the Thirty First Annual Report of your Company together with the audited accounts for the 18 month period ended 31st March, 2009.

FINANCIAL RESULTS

Particulars	2007-2009 (18 months)	(Rs. in Million) 2006-2007 (12 Months)
Sales and other operational income	183.79	70.42
Other Income	48.59	166.67
Gross Profit / (Loss)	27.26	129.91
Add: Depreciation	12.11	7.28
Interest	3.62	1.89
Profit or Loss before extraordinary items and tax.	11.53	120.74
Less: Extraordinary items	8.49	29.85
Less: Provision for Tax	0.72	(3.25)
Profit or (Loss) after Tax	2.32	94.14
Add: Balance in Profit or Loss account brought forward	(6.08)	100.22
Balance carried forward to Balance Sheet	(3.76)	(6.08)

ACCOUNTING YEAR

With a view to having a Uniform Accounting Year both for the purpose of Income Tax Act and Companies Act, your Company extended the close of financial year by 6 months upto 31st March, 2009. The accounts have been prepared for a period of 18 months and necessary approvals from the Registrar of Companies both for extension of the financial year and for holding the Annual General Meeting on or before 30th September, 2009 have been obtained. The financial year will henceforth be 1st April to 31st March.

ABRIDGED FINANCIAL STATEMENT

As permitted by SEBI guidelines and Companies Act, 1956, we have included the abridged financial statements of S&S Power Switchgear Limited in this annual report. The detailed financial statements and audit reports of S&S Power Switchgear Limited and each of its subsidiaries are available for inspection at the Registered Office of the Company.

Overview, Business Prospects & Operations

The 18 month period ended March 31, 2009 has seen our revenues from operations rise from Rs 70.42 Millions to Rs 183.79 Millions. On an annualised basis also this shows a growth of above 50 %. Sectorally, the Vietnam Market actions towards penetration has been successful in our range of 123 kV & 245kV. Indications are that we should be having a share of nearly 70 % in the product range of 123kV. This was clearly the result of our development of a new product targeted at the Vietnam market. We expect the Vietnam market to show the upturn during the years to come. We would now be aiming to penetrate at the higher range of 245kV & 500kV next 24 months. We expect the product and Type tests to be completed by December 2009 and Sales should be in by April 2010 onwards.

UK Market has been affected by the slow down. This is expected to continue into 2010 calendar also. Marginal recovery is foreseen. We have had negligible business from this segment.

Indian Domestic market has not been our focus till date. However with the development of the new 420kV almost completed and expected by end of this calendar year, we expect the domestic market to contribute to about 50 % of our revenues 2009-10 onwards. Also our discussions with a leading European firm for focused partnership, if and when materialises, will also assist in the domestic penetration. With the Indian Government's Focus on infrastructure development, this should be a good market to enter. Our Company is also part of the team to assist PGCIL in developing 765kV Disconnectors for the Indian Grid.

Our Focus on being a High Quality, technology driven, Low cost, Large Volumes player is taking shape. We would continue to focus on the Key turnkey Contractors and through them service the market.

The Company would also re-enter the medium voltage circuit breaker segment where your Company was one of the leaders in technology and volumes for nearly two decades.

Your company continues to focus on inventory management and well documented and implemented systems and procedures.

Finance :

With the settlement of the secured creditors during the previous years the company has been able to forge new relationships with banks, though in a small but effective way. The company's efforts in obtaining post shipment credit have yielded results partially.

Sourcing of working capital remains a major constraint. Better credit facilities with vendors and near to nil defaults on recoveries from customers have helped your company in financing its increased operational outputs. Also the company profited with the favourable exchange rate for exports.

ISO 9001 CERTIFICATION

Your company has successfully undergone surveillance audits by RWTUV for the year 2009-2010.

REDEMPTION OF PREFERENCE SHARES ALLOTTED TO THE COMPANY AND SUBSCRIPTION TO EQUITY SHARES OF ACRATYLE POWER (INDIA) LIMITED (APIL)

During the period under review

- APIL redeemed the 14% 16,50,000 non cumulative redeemable preference shares of Rs.100 each allotted to the Company
- Also, your company subscribed and was allotted 33,00,000 equity shares of Rs.10 each on rights basis in the proportion of 5.26 equity shares for each share held at a premium of Rs.40/- per share in Acrastyle Power (India) Ltd.

SUBSIDIARIES:

The company has three subsidiaries namely;

- Acrastyle Power (India) Limited, Chennai
- S&S Power Switchgear Equipment Limited, Chennai

iii. Acrastyle Switchgear Limited, United Kingdom

The audited accounts of these subsidiary companies are attached.

ACRASTYLE POWER (INDIA) LIMITED

During the period under review the name of your subsidiary Company was changed from S&S Power Finvest Limited to Acrastyle Power (India) Limited (APIL) vide fresh Certificate of Incorporation consequent upon change of name dated 10th October, 2007 issued by the Registrar of Companies, Tamil Nadu, Chennai. Further APIL also amended its object clause enabling the Company to carry on the business of design and manufacture of circuit breakers, control and protection panels and solutions relays. APIL's authorized share capital was also restructured.

Pursuing with the amended objects APIL, through an order of the Hon'ble High Court of Madras, Chennai dated 30th March, 2009 completed a scheme of amalgamation with i-Power Engineering India (Private) Limited (i-Power), engaged in the business of design control and protection solution in the field of power generation, transmission and distribution. In consideration of the transfer and vesting of the Undertaking of i-Power in APIL each of the shareholders of i-Power were allotted 22 equity shares of Rs.10 each credited as fully paid up of APIL in respect of one equity share of Rs.10 each fully paid up held by them in i-Power on 28.08.2009. This would result in the change of status of APIL from a wholly owned subsidiary to that of a 67% owned subsidiary.

S&S POWER SWITCHGEAR EQUIPMENT LIMITED

A company by name S&S Power Switchgear Equipment Limited (S&SPSE) has been incorporated in which APIL has subscribed 50,000 equity shares of Rs.10 each. Consequently S&SPSE has become a subsidiary of APIL and also the Company. These shares have since been directly acquired by the Company and consequently have become a direct subsidiary of the Company. It is proposed that this Company will be rested with the Disconnector business in will junction as JVC with a leading European Company.

S&S POWER CORPORATION SDN BHD, MALAYSIA (SSPC)

SSPC a joint venture between Toprank Corporation Sdn Bhd Malaysia (TRC) and your Company through its subsidiary Acrastyle Power (India) Limited held 51% of the shareholding of SSPC.

One of the creditors of SSPC filed a winding up petition in the High Court of Shah Alam. The Company intervened in this Petition to oppose and stay the winding up proceedings. On 22.5.2008 the Judge of the High Court of Malaya at Shah Alam dismissed the Company's application for a stay of the winding up proceeding and further ordered SSPC to be wound up. Against the dismissal, an appeal was filed on behalf of the Company on 20.6.2008 and 15.07.2009 which were dismissed.

Consequently SSPC, the subsidiary has been wound up.

SHIFTING OF REGISTERED OFFICE

Your Company's Registered Office has been shifted from 16 TTK Road, 1st Cross Street, Alwarpet, Chennai 600 018 to II Floor, New No.19 (Old No.67), Dr.Ranga Road, Mylapore, Chennai 600 004 with effect from 1st September, 2009.

INTERNAL CONTROL & AUDIT SYSTEMS AND THEIR ADEQUACY

The Company remains committed to maintain high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets.

The internal control mechanism comprises of a well defined organization structure, documented manuals and pre-determined authority levels. In order to ensure that adequate checks and balances are in place and the internal control systems are in order, periodical audits are conducted by independent agencies.

The Audit Committee of your Company, inter-alia, reviews Quarterly Financial Results, evaluates the effectiveness of Internal Control Systems, including significant changes in accounting policies and the recommendations of the internal audit agencies.

SEGMENTAL REPORTING:

The company is engaged predominantly in manufacture of Disconnectors and there are no business segments within the meaning of Accounting Standard 17. Also since the company's sales are predominantly for export market there are no geographical segments.

DISQUALIFICATION UNDER SECTION 274 (1) (N) OF THE COMPANIES ACT, 1956:

None of the Directors attract disqualifications in terms of Section 274 (1) (g) of the Companies Act, 1956.

FIXED/CUMULATIVE DEPOSITS:

The Company has not accepted any fixed deposits during the year.

DEPOSITORY SERVICES

As on 31st August, 2009, 46,62,057 shares have been dematerialised and are being held in electronic form.

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed Management Discussion & Analysis is covered under this report itself, a separate note on the same is not being furnished.

DIRECTORS

Your Directors convey with deep sense of sorrow the sad demise of Dr P P Gupta a sitting Director of the Company. Dr Gupta during his tenure of office as Director of the Company took active part in the affairs of the Company and your Board records its appreciation of his services for the contribution made by Dr P P Gupta. Your Board along with the employees of the Company convey its heartfelt condolences to the members of the bereaved family.

The Board has decided not to fill-up the vacancy caused by the sad demise of Dr. P.P. Gupta at the Annual General Meeting.

Mr Anupam Vaid retires by rotation in terms of Article 118 of the Company's Articles of Association and he being eligible offers himself for re-appointment. Mr Anupam Vaid, is a commerce graduate with 20 years of experience in marketing of engineering products.

Mr Deepak Chowdhary was appointed as an Additional Director w.e.f. In accordance with Section 260 of the Companies Act, 1956, Mr Deepak Chowdhary will hold office till the date of the forthcoming Annual General Meeting. The Company has received notice from a member under section 257 of the Companies Act, 1956 signifying his intention to propose Mr Deepak Chowdhary for appointment as Director of the Company.

Auditors

M/s.GSV Associates, Chartered Accountants, Chennai, the company's auditors retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the companies Act, 1956, with respect to the Directors' Responsibility statement, it is hereby confirmed.

- (i) in the preparation of the annual accounts, for the 18 month period ended 31.03.09 the applicable accounting standards have been followed and that there are no material departures from the same.
- (ii) The Directors have selected such Accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2009, and of the profit of the company for the said period.
- (iii) The Directors have taken proper and sufficient care 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; and
- (iv) The Directors have prepared the accounts for the 18 month period ended 31.03.09 on a going concern basis.

Auditors' Report

With regard to points raised in the auditors' report the same are dealt with hereunder :

Para Reference: to Auditors' Report	Reply
4(i)	With the turnaround that is taking shape in the Company's prospects the Company expects to attract and retain a person of suitable skill sets shortly.
4(vi)	❖ Non fulfillment of export obligation in respect of Advance Licenses obtained for supply to Malaysia was due to the default in payments for the past supplies which compelled us to stop further supplies

	❖ The company has made an application for a merit based redemption before the appropriate forum
Para reference to Annexure to Auditors' Report	
ix (a)	The company proposes to settle all pending undisputed statutory dues within the following year.
ix (b)	These are contingent in nature and cases have been instituted at various forums disputing the claims.
Para reference to Auditors' Report on Consolidated Financial Statements	
5. (iv)	In this regard the board considers the diminution in the value to be a temporary decline and considering the long-term nature of the investment and the current performance of Acrastyle Limited, the board is of the opinion that provision on the investment in Acrastyle Limited would not be required.

Particulars of Employees

Information required under Section 217(2A) of the Companies Act, 1956 read with rules framed there under is furnished in the annexed Statement.

Disclosure with respect to Conservation of Energy, Technology absorption and foreign exchange earnings and outgo:

During the period under review efforts continued to conserve and avoid wastage in every possible way.

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.

RESEARCH & DEVELOPMENT

The Company lays emphasis on the R&D activities duly taking cognizance of the need for increasing the product spread. Efforts are maintained in developing niche products to meet the demand.

INDUSTRIAL RELATIONS:

Human Resources

Human resources were an area of concern till now. But with the turnaround that is taking shape, your company expects this to ease up. On the Workers front, at Puducherry Unit, negotiations are still on for wage revision. The matter has been referred to the Industrial Tribunal for adjudication.

In respect of the erstwhile workmen relating to Porur unit, settled under Section 12(3) of the Industrial Disputes Act, 1947, a section of the workmen preferred a writ petition challenging the settlement and the same was dismissed. Against the dismissal a writ appeal was filed by the workman,