

**S&S POWER SWITCHGEAR LIMITED**  
 REGD.OFF: II FLOOR, NO.67, (OLD NO.19), DR. RANGA ROAD  
 MYLAPORE, CHENNAI - 600 004.

## NOTICE TO THE MEMBERS

NOTICE is hereby given that the 32<sup>nd</sup> 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 Thursday the 30<sup>th</sup> September 2010 at 3.05 p.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 year ended 31.03.2010, the Balance Sheet as at that date and the Directors' and Auditor's reports thereon.
2. To appoint a Director in the place of Mr. Deepak Chowdhary, 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.

On behalf of  
the Board of Directors

**Ashish Jalan**  
Chairman & Managing Director

Date: 25<sup>th</sup> August, 2010  
 Registered Office:  
 II Floor, New No.67, (Old No.19)  
 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 Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 28<sup>th</sup> September 2010 to Thursday 30<sup>th</sup> September 2010 (both days are inclusive).
3. 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

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 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.
6. 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.
7. 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. Deepak Chowdhary Director of the Company retires by rotation during this Annual General Meeting and is eligible for reappointment.

Mr. Deepak Chowdhary is the promoter of MPM Private Limited, a foundry Consumables Company located in Nagpur, India. He holds a B.Com (Hons) degree 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 resolution for your approval. None of the Directors other than Mr. Deepak Chowdhary is concerned or interested in the resolution.

On behalf of the Board of Directors

**Ashish Jalan**  
Chairman & Managing Director

Date: 25<sup>th</sup> August, 2010

Registered Office:

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

Dr. Ranga Road, Mylapore

Chennai - 600004

### REPORT OF DIRECTORS AND MANAGEMENT DISCUSSION & ANALYSIS

The Directors have pleasure in presenting herewith the Thirty Second Annual Report of your Company together with the audited accounts for the year ended 31<sup>st</sup> March, 2010.

#### Financial Results

(Rs. In Million)

Particulars	2009-10 (12 mths)	2007-09 (18 mths)
Sales and other operational income	128.93	183.79
Other Income	18.00	48.59
Gross Profit / (Loss)	30.84	27.26
Add: Depreciation	2.95	12.11
Interest	5.44	3.62
Profit or Loss before extraordinary items and tax.	22.45	11.53
Less: Extraordinary Items	47.76	8.49
Less: Provision for Tax	Nil	0.72
Profit or (Loss) after Tax	25.31	2.32
Add: Balance in Profit or Loss account brought forward	3.76	(6.08)
Balance carried forward to Balance Sheet	29.07	(3.76)

#### 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 AND OPERATIONS

For the financial year ended 31<sup>st</sup> March 2010, the revenues have been reduced from Rs.183.79 Million to Rs.128.93 Million as the Disconnector Business was with the company upto 31<sup>st</sup> October 2009.

India is currently experiencing phenomenal growth in the Power Sector Infrastructure development. With the

Government's emphasis on the Power Sector, the market for Transmission and Distribution is foreseen to increase.

Your Company was operating with a limited range of products against stiff competitions from world giants in the electrical industry. It was therefore thought prudent to associate partners for this business in order to attract specialized skills in the field of disconnectors.

COELME Costruzioni Elettromeccaniche SpA, Italy is a member of Southern States Group of Companies since 1950, a company now a world leader with rich experience in the Electrical field manufacturing upto 1200kV with specialist employees skilled to build high standard Disconnectors. Situated in Venice, COELME has also EGIC in France as part of its Group.

COELME evinced interest in a Joint Venture in India in the field of disconnectors with favourable conditions prevailing in the Power Sector.

Pursuant to the approval through postal ballot by members for transfer of the whole of the undertaking pertaining to the manufacture and sale of Company's disconnector business being carried on at Puducherry to its subsidiary S&S Power Switchgear Equipment Limited(S&SPSE), the Company through a Business Transfer Agreement dated 11<sup>th</sup> March, 2010 transferred the disconnector business to its subsidiary for a consideration of Rs.63.90 Million.

Simultaneously with the signing of the Business Transfer Agreement, your Company also entered into a Joint Venture Agreement with COELME Costruzioni Elettromeccaniche SpA, Italy and S&SPSE for the purpose of establishing a Joint Venture Company (JVC) in India for manufacture of Disconnector products with state of art technology. Pursuant to this, your company subscribed to 4,60,000 equity shares of Rs.10/- each at a premium of Rs.72.85 aggregating to Rs.38.11 Million in the JVC.

With decades of combined expertise in the field of Disconnectors across the Globe, the merging of the technical strengths & best practices with cost effective manufacturing base provides an unique opportunity for the both the partners.

#### CORPORATE SERVICES AND LEASE AGREEMENT

The Company entered into a Corporate Services Agreement with S&SPSE pursuant to which the Company will share with S&SPSE certain facilities and amenities administrative or otherwise belonging to the Company and also extend professional services in the field of Finance and Accounts, Personnel and Administration, Secretarial and Legal, Sales and Marketing on terms agreed upon in the Corporate Services Agreement.

Your Company also leased out its factory premises in Puducherry to S&SPSE for the purpose of running its factory on terms agreed upon in the Lease Agreement.

The Joint Venture Company has been established to capitalize the growing business opportunities in the Power Sector and your Company in turn would reap the benefit from the growing opportunities in the years to come.

#### RESTARTING OF CIRCUIT BREAKER BUSINESS

India is expected to see around 17,000 MW of new power generation capacity per year. This would mean a huge

demand for medium voltage switchgear products viz circuit breakers in the Transmission and Distribution sectors.

Your Company was pioneers in the field of medium voltage circuit breaker. Unfortunately due to the South East Asean Economic crisis domestic market slowed down from 1998 onwards and the Company had to shut down its breaker operations in 2002.

With most of the issues having been resolved, your company will be re-entering the circuit breaker segment with state of art technology with a view to exploiting the huge market potential both in India and outside India in the field of circuit breakers.

EPS (UK) LTD, a specialist Switchgear Design Consultancy and a manufacturer of the Worldwide patented *MagLatch* magnetic actuator mechanisms, based in, United Kingdom, has agreed to form a Joint Venture with us for exclusive manufacture and Sale of Magnetic Actuators.

The Company is also developing a range of products that will incorporate the *MagLatch* mechanism and expand the Company's existing product portfolio. For this, the Company has entered into a Technical Assistance and Product Development (PD&TA) Agreement with EPS. Under the agreement the Company is developing a range of modern products compliant to world standards some of which is detailed below for which EPS will provide the Design, Know-How and Technical Assistance.

1. 12kV Indoor Circuit Breaker Truck incorporating *maglatch* mechanism with option for spring mechanism mounting suitable for various ratings
2. 12kV Auto recloser with associated electronics
3. 12kV Ring main Unit
4. 12kV Outdoor Structure mounted VCB
5. 36kV Outdoor Structure mounted VCB
6. New development of technology on CTs
7. Railway Trackside Breakers

Your Company's revenues expects to increase manifold once the above said products are in the market particularly in the light of huge new power generation planned for each year. Your Company expects to be immensely benefited by this Joint Venture and PD&TA.

#### ISO 9001 CERTIFICATION

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

#### SUBSIDIARIES:

The company has three subsidiaries namely;

- i. Acrastyle Power (India) Limited, Chennai
- ii. Acrastyle Switchgear Limited, United Kingdom
- iii. S&S Power Switchgear Equipment Limited, Chennai

The audited accounts of these subsidiary companies are attached.

#### ACRASTYLE POWER (INDIA) LIMITED (APIL)

Acrastyle Power (India) Limited recorded a turnover of Rs.21.24 Million for the year ended 31<sup>st</sup> March 2010.

APIL focuses on providing Engineering services to the Control & Protection system segment. APIL has been involved in many of the engineering projects for Global MNCs.

APIL is in the process of foraying into the T&D Substation segment including Power Plants Engineering. The major players in the field look for specialized enterprises for the detailed engineering processes and APIL being in the field of engineering services and with competent and experienced engineers and state of art facilities in Chennai, would be exploiting the opportunities to its advantage. APIL is also looking at acquiring companies / merger which are in the related field to enhance the range and reach critical mass.

#### ACRASTYLE SWITCHGEAR LIMITED (WOS)/ACRASTYLE LIMITED

Acrastyle has always been known for its high quality standards and has very prestigious projects to its credit. Acrastyle has engineered and built the Control protection systems for the two Channel rail tunnels between England and France. It also has to its credit projects like Singapore TUAS Power station, China Light & Power Hongkong, Saudi Al Khudmi, etc. Acrastyle has been partners to AREVA, ABB, Mitsubishi, Siemens and other global giants in these ventures.

#### S&S POWER SWITCHGEAR EQUIPMENT LIMITED

**S&S Power Switchgear Equipment Limited recorded a turnover of Rs.51.91 Millions for the 5 month period ended 31.3.2010.**

**COELME – Costruzioni Elettromeccaniche SpA , Italy** and your Company have formed a Joint Venture Company **S&S POWER SWITCHGEAR EQUIPMENT LTD**, to manufacture Disconnectors in Puducherry.

With decades of combined expertise in the field of Disconnectors across the Globe, the merging of the technical strengths and best practices with cost effective manufacturing base in India provides an unique opportunity to capitalize the growing business opportunities in the Power Sector. The core objectives of the Joint Venture is

1. To share our respective strengths, expertise and technologies in choosing a common design and model for marketing both in the Territory and elsewhere.
2. To increase JVC's business volumes through COELME sourcing components from JVC.
3. To work together on establishing the most commercially viable way to exploit the 800kV and 1200kV market in India.
4. To develop Products with State of the Art Technology and encash the growing Power sector Market in India

COELME, Italy is a member of Southern States group of companies since 1950, a company now a world leader with rich experience in the Electrical field manufacturing upto 1200kV with specialists employees skilled to build high standard Disconnectors. Situated in Venice, COELME has also EGIC in France as part of its Group. COELME is approved by ENEL, one of the most demanding utilities in the world.

India has become the manufacturing hub for Disconnectors. This can be seen by the investments and

setting up of facilities by Areva, ABB and Siemens. As Disconnectors manufacturing is more skill driven than automated process, local production obviously brings out a cost effective product.

India is moving to high-voltage transmission lines (e.g. 765kV, 800kV HVDC, 1200kV, etc). and the JVC is actively participating with Power Grid Corporation in the 1200 kV Project. The 1200kV disconnector is already on the anvil and we have had several discussions with PGCIL in this aspect. S&S should be rolling out its first 1200kV shortly.

The Company expects huge benefits from this JV in the years to come.

**ACRASTYLE EPS TECHNOLOGIES LIMITED**

A JV Company Acrastyle EPS Technologies Limited has been incorporated for the manufacture in India of the EPS patented MagLatch Switchgear Mechanism. S&S and EPS will have 51% and 49% in the JV Company.

The JV Company has entered into a License Agreement with EPS (UK) Limited, U.K. whereby EPS will provide designs and drawings including knowhow and technology for manufacture of U.K. patented magnetic actuators.

**RESEARCH & DEVELOPMENT**

The Company has built a strong R&D team and also possess equipment and machineries for absorbing the new technology in its products to be developed in association with EPS (UK) Limited.

With the above strong position, your Company will ensure that customer expectations are met. The functional organization will focus on the technical knowhow including the technical processes, tools, training and skills for each specific technical function.

**FINANCE**

The working capital requirements were met from the internal resources and credit facilities from Bank through bills discounting scheme.

**INTERNAL CONTROL & AUDIT SYSTEMS AND THEIR ADQUACY**

Your 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.

**DISQUALIFICATION UNDER SECTION 274 (1) (g) 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 25<sup>th</sup> August, 2010, 46,75,207 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**

Mr Deepak Chowdhary retires by rotation in terms of Article 118 of the Company's Articles of Association and he being eligible offers himself for re-appointment.

**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 year ended 31.03.2010 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 31.03.2010, and of the loss of the company for the said period.
- (iii) The Directors had 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 Director have prepared the accounts for the year ended 31.03.2010 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)	The advance was made to Soumag Electronics Ltd., primarily on account of pre-deposit for an appeal pending before CESTAT, Chennai against duty demand made by the customs department. the Board is of opinion that the advance is recoverable and no provision is required.
4 (ii)	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.
4 (iii)	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, value of fixed assets and the current performance of Acrastyle Limited, the Board is of the opinion that the investment of Acrastyle Switchgear Ltd in Acrastyle Ltd and the investment of Acrastyle Power (India) Limited in Acrastyle Switchgear Ltd does not warrant any provision in the Company.
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.

### Particulars of Employees

Information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' report. However having regard to the provision of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Annual report is sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### 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.

### INDUSTRIAL RELATIONS:

Human Resources & Internal Controls

During the period the Company maintained cordial relations with the employees of the Company.

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, which was disposed with a direction to the State Government of Tamil Nadu to refer the dispute, in case an application was made by the dissenting workmen. The Government of Tamil Nadu, pursuant to an application by the said workmen issued a reference on 27.11.2007. The matter is pending before the Industrial Tribunal.

In the meantime alleged representatives of the dissenting workmen preferred a suit claiming them to be the authorized representative of the union, which was dismissed and their claim to have locus standi as the representatives of the Union has been negated.

### ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the valuable support from the customers, vendors, bankers, financial institutions, employees, shareholders government departments and all others.

On behalf of the Board of Directors

**Ashish Jalan**

Chairman & Managing Director

Place: Chennai

Date: 25<sup>th</sup> August, 2010

## ANNEXURE TO THE 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 2009-2010

The company is not a power intensive industry and hence the scope for conservation of energy is not much.



- b) **Additional Investments and proposals, if any, being implemented for reduction of consumption of energy.**

NIL

- c) **Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on the cost reduction of goods.**

NIL

**B. TECHNOLOGY ABSORPTION**

**a. Research & Development**

- i. **Specific area in which R&D is carried out by the company:**

- a. Development of 12kV, 1250/2000 A, 25 KA, Indoor, VCB Switchgear with Magnetic Actuator Mechanism
- b. Development of 12kV & 36kV, 25KA, Outdoor, VCB with Magnetic Actuator Mechanism

- ii. **Benefits derived as a result of the above R&D**

The company will be reentering into the Circuit Breaker segment with the State of Art Technology and thus enabling to exploit the huge market potential in the domestic and international market.

- iii. **Future plan of action**

- a. Development of 12kV Ring Main Unit
- b. Development of 12kV Autoreclosure with magnetic actuator mechanism
- c. Railway Trackside Breakers
- d. New Development of technology on CTs
- e. 12kV / 36kV Outdoor Structure Mounted VCB

- iv. Expenditure on R&D                      Rs. in Millions

a. Capital	—
b. Recurring	—
c. Others	.005
d. Total	.005
e. Percentage of Turnover	—

**b. Technology absorption, adaptation and innovation:**

1. Efforts in brief made to wards technology absorption, adaptation and Innovation:

The company developed the design for 12kV / 36kV indoor / outdoor switchgear incorporating Magnetic Actuator with technical assistance from a Design Consultant EPS (UK) and commercial production is in progress.

2. Benefits derived as a result of the above R&D :

The Company will be soon marketing the above said State of Art Technology products in both domestic and international markets.

3. Imported technology during last 5 years :  
Nil

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**i) Activities relating to Exports**

The Company will be re-entering into South East Asia and Asean Countries with the newly developed Vaccum Circuit Breakers with Magnetic Actuator Mechanism.

**ii) Foreign exchange earned                      (Rs. In Million)**

Deemed Exports	Nil
Physical Exports	93.43

**iii) Foreign Exchange outgo                      5.22**

On behalf of the Board of Directors

**Ashish Jalan**

Chairman & Managing Director

Place : Chennai  
Date : 25<sup>th</sup> August 2010

**REPORT ON CORPORATE GOVERNANCE**

**COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the Compliance Report on Corporate Governance, along with the Certificate of Statutory Auditors is given as under:

**OUR GOVERNANCE PHILOSOPHY**

S&S believes that the principles of fairness, transparency and accountability are the cornerstones for good governance. In addition to complying with the statutory requirements, effective systems and practices inter alia towards transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. The Company recognizes that good corporate governance is a continuing exercise and reiterates its commitment to pursue highest standards of corporate governance in the overall interest of its stakeholders, including shareholders, employees.

**BOARD OF DIRECTORS**

The Board, has currently three directors comprising of two independent directors and it meets the requirements of Clause 49 of the Listing Agreement. The details of Composition of the Board, the attendance at Board meetings during the financial year and at last Annual General Meeting, number of Directorships and Committee positions held during 2009-10 are furnished in the following table.

The Company's Board of Directors details as on 31<sup>st</sup> March 2010 is as follows :

Name of the Director	Category	No. of Board meetings attended	Attendance at Previous AGM held on 30.09.2009	No of Directorship in other public companies	No. of Board / Committee positions (as Members / Chairman) held in other public companies	
					Member	Chairman
Ashish Jalan	Chairman & Managing Director	6	Present	6	6	—
Anupam Vaid	Independent Director	6	Present	1	---	---
Deepak Chowdhary	Independent Director	6	Present	1	---	---

During the year ended 31.3.2010 Board Meetings were held on the following dates.

27.04.2009	29.07.2009	01.09.2009
31.10.2009	28.11.2009	29.01.2010

#### BOARD COMMITTEES

The Board has constituted following Committees as required under Corporate Governance

##### a. Audit Committee

Sl No	Name of the Member	Category	Meetings held	Meetings attended
1	Late Dr P P Gupta *	Chairman	5	1
2	Anupam Vaid	Chairman	5	5
3	Ashish Jalan	Member	5	5
4	Deepak Chowdhary*	Member	5	4

\* The Audit committee was reconstituted on 27.04.2009 wherein Dr P P Gupta resigned and Mr Deepak Chowdhary was inducted as member of Audit committee

##### b. Audit Committee Meetings held during the financial year 2009-2010

27.04.2009	29.07.2009	01.09.2009	31.10.2009	29.01.2010
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##### ❖ Brief description of terms of reference

The Auditors of the Company participate in the Audit Committee meetings as also the Senior General Manager (Corporate Affairs). The Company Secretary acts as the Secretary of the Audit Committee. The powers and role of the Audit Committee are as specified in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956. The Board's terms of reference of the committee include the following;

1. To review the quarterly and annual financial statements before they are submitted to the Board.
2. To review accounting policies, compliance to accounting standards, evaluation of estimates based on exercise of judgement and reviews internal auditing functions
3. To recommend the appointment of external auditor and fixation of audit fee
4. To review the Management Discussion and Analysis Report
5. To review the recommendations of internal auditors
6. To assess the financial reporting process and to make necessary financial disclosures and to ensure that the financial statement is correct, sufficient and credible.

### c. Remuneration Committee

The Committee consists of

Sl No	Name of the Member	Category
1	Mr Deepak Chowdhary	Chairman
2	Mr Anupam Vaid	Member
3	Late Dr P P Gupta *	Member

\* Dr P P Gupta expired on 05.07.2009

During the period under review the Remuneration Committee did not meet.

The directors are not paid any sitting fees for attending Board/Committee meetings.

### REMUNERATION OF DIRECTORS

During the period under review none of the directors except for Mr Ashish Jalan received remuneration. The details of the remuneration are as follows :

#### Ashish Jalan - Chairman and Managing Director

##### Fixed Component

Salary Rs.1,30,000.00 p.m

Perquisite\* Rs. 65,000.00 p.m

##### Variable Component NIL

\* Excludes contribution to Provident Fund @ 12%.

Mr. Ashish Jalan who is the Chairman and Managing Director of the Company is under contract of employment with the Company, stipulating 3 months' notice from either side. There is no severance fees payable to him. The Company does not have Employee Stock Option Scheme in force.

Except for Mr. Ashish Jalan, none of the directors hold any shares in the Company

### d. Investors' Grievance Redressal and Share Transfer Committee

#### Composition of Committee

The Committee was reconstituted on 27.04.2009 and comprises of Messers Anupam Vaid, Deepak Chowdhary and Ashish Jalan

The details of the Committee Meetings and attendance of members during the year under review is as follows:

Director	Category	Held	Attended
Mr Anupam Vaid	Chairman	12	12
Mr Deepak Chowdhary	Member	12	7
Mr. Ashish Jalan	Member	12	12

#### Name and designation of compliance officer

Mr. M Sridhar, Company Secretary (Resigned on 18.06.2010)

Mrs S. Shanmuga Priya, Company Secretary w.e.f. 9<sup>th</sup> August 2010

#### Number of shareholders complaints received, number of Complaints not solved to the satisfaction of the shareholder and number of pending transfers

The details are provided in the "shareholders information" section of this report.

#### Annual General Meetings

Location and time for the last three Annual General Meetings

Year	Date	Time	Venue
2007-2009	30.09.2009	10.45AM	Naradha Gana Sabha(Mini Hall)314, TTK Road, Chennai – 600 018
2006-2007	31.03.2008	10.00AM	Naradha Gana Sabha(Mini Hall)314, TTK Road, Chennai – 600 018
2005-2006	23.4.2007	10.00AM	Naradha Gana Sabha(Mini Hall)314, TTK Road, Chennai – 600 018



Whether special resolutions were passed in the previous three Annual General Meetings

Date of AGM	Whether Special resolution has been passed	Particulars
30.09.2009	Yes	1. Appointment of Mr Ashish Jalan as Chairman and Managing Director of the Company for a period of three years w.e.f. 1.10.2008 and for payment of remuneration
		2. Investments or additional investments in its subsidiaries S&S Power Switchgear Equipment Limited, Acrastyle EPS Technologies Limited and in any Mutual Fund Scheme
31.03.2008	No	Not Applicable
23.4.2007	No	Not Applicable

#### Postal Ballot

During the financial year 2009-2010, a special resolution as proposed in the postal ballot notice dated 01<sup>st</sup> September 2009 was passed on 15.10.2009 which related to granting loans and / or additional / further loans from time to time exceeding the limits set out under section 372A of the Companies Act, 1956 viz., 60% of the aggregate paid up capital and free reserves or 100% of free reserves whichever is higher. Mr N R Sridharan FCA, FCS, Partner, Sarathy & Balu Chartered Accountants was appointed as the scrutinizer for overseeing the Postal Ballot process. The above resolution has been passed with the requisite majority. 99.80% of votes were cast in favor of the resolution. The Company complied with the procedures for the postal ballot in terms of Companies (Passing of Resolution by Postal Ballot) Rules, 2001 and amendments thereto made from time to time

As on date, the company does not have proposal to pass special resolutions through Postal ballot in the ensuing year

#### Disclosures

Disclosures on materially significant Related Party Transactions i.e. transactions of the Company of material nature, with its founders, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

During the financial year 2009-2010, the Company has not entered into any transaction of material nature with the directors, their relatives or management which were in conflict with the interest of the Company.

Disclosure of related party transactions as per Accounting Standard 18 issued by the The Institute of Chartered Accountants of India is given in Item No 13 of Schedule 14 of the Notes forming part of Annual Accounts. All the transactions covered under related party transactions were fair, transparent and at arms length.

The company has laid down procedures to inform the members of the Board about the risk assessment and minimization procedures which is periodically reviewed by the Board.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – Refer Note 16 of schedule 14, Notes on Accounts.

#### Means of communication

- The un-audited Financial Results on quarterly basis subject to Limited Review by the Auditors of the Company are taken on record by the Board of Directors at its meeting within 45 days of the close of every quarter/half year respectively and the same are furnished to all Stock Exchanges where the Company's shares are listed.
- Quarterly results are published in "News Today", an English Daily and "Maalai Sudar", a vernacular daily.
- Corporate announcements and press releases are notified to the Stock Exchanges at which the company's shares are listed.
- Management's Discussion and Analysis forms part of this Annual Report, which is also being posted to all the shareholders of the Company.

#### Shareholder Information

A separate Section has been included in the Annual Report furnishing various details, viz., time and venue of Annual General Meeting, share price movements, financial calendar etc.

On behalf of the Board of Directors

Place: Chennai  
Date : 25<sup>th</sup> August, 2010

**Ashish Jalan**  
Chairman & Managing Director

## DECLARATION

As stipulated under the provisions of sub-clause 1(D) (ii) of Clause 49 of the Listing Agreement with the Stock Exchanges, all the Directors and the designated personnel in the Senior Management of the Company has affirmed compliance with the Code for the financial period ended 31<sup>st</sup> March, 2010.

On behalf of the Board of Directors  
**Ashish Jalan**  
Chairman & Managing Director

Place: Chennai  
Date : 25<sup>th</sup> August, 2010

## CERTIFICATE UNDER SUB CLAUSE V OF CLAUSE 49 OF THE LISTING AGREEMENT

We, Ashish Jalan, Chairman and Managing Director and Mr K Suryanarayana Rao, Chief Executive of the Company hereby confirm and certify that

- a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

- iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

**K Suryanarayana Rao**  
Chief Executive

**Ashish Jalan**  
Chairman & Managing Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

**The Members of S&S Power Switchgear Limited**

We have examined the compliance of conditions of Corporate Governance by S&S Power Switchgear Limited for the period ended 31.03.2010, as stipulated in clause 49 of the Listing Agreement executed by the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with guidance notes on certification of corporate governance (as stipulated in Clause 49 of the listing Agreement) issued by the chartered accountants of India. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is/are pending for a period exceeding one month against the company as per records maintained by the shareholders' Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

**M R Venkatesh**  
Partner  
M.No.201407

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

## SHAREHOLDERS' INFORMATION

### General Shareholder Information:

- |   |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | AGM: Date and venue                          | Thursday 30 <sup>th</sup> September, 2010<br>Naradha Gana Sabha,<br>Mini Hall, 314, T.T.K. Road,<br>Chennai-600 018                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2 | Date of Book Closure                         | 28 <sup>th</sup> September 2010 to 30 <sup>th</sup> September 2010<br>(both Days inclusive)                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 3 | Financial calendar                           | 1st April to 31st March                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|   | Financial Reporting for the<br>Quarter Ended | June 30, 2010, on or before Aug 15, 2010<br>Sep 30, 2010, on or before Nov 15, 2010<br>Dec 31, 2010, on or before Feb 15, 2010<br>Mar 31, 2010, on or before May 15, 2010                                                                                                                                                                                                                                                                                                                                                                                    |
|   | AGM for year ending                          | Mar 31, 2011, on or before September 30, 2011                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 4 | Registrar and Transfer Agents                | M/s GNSA Infotech (P) Limited<br>G R Mansion, No 11, Srinivasa Road<br>Pondy Bazaar, T Nagar, Chennai – 600 017<br>Tel No.044 42962200/42962209                                                                                                                                                                                                                                                                                                                                                                                                              |
| 5 | Share Capital Details                        | <p><b>Authorised share capital</b></p> <p>i. 10,00,00,000 consisting of 1,00,00,000 equity shares of Rs.10/ each; and</p> <p>ii. 10,00,00,000 consisting of 10,00,000 Redeemable Preference Shares of Rs.100/- each</p> <p><b>Paid –Up share capital</b></p> <p>Rs.6,20,00,000 consisting of 62,00,000 equity shares of Rs.10/- each</p>                                                                                                                                                                                                                     |
| 6 | Listing of Company's Shares                  | <p>Bombay Stock Exchange Limited<br/>Phiroze Jeejeebhoy Towers<br/>Dalal Street, Mumbai-400 001</p> <p>National Stock Exchange of India Limited<br/>Exchange Plaza, 5<sup>th</sup> Floor,<br/>Plot No.C/1, G Block, Bandra-Kurla Complex<br/>Bandra (E), Mumbai - 400 051</p> <p>The Madras Stock Exchange Limited<br/>P.B. No. 183, No. 11, Second Line Beach<br/>Chennai-600 001</p> <p>The Company has paid the Annual Listing Fees to<br/>National Stock Exchange of India Ltd,<br/>Bombay Stock Exchange Ltd and<br/>Madras Stock Exchange Limited.</p> |

7	Plant / works location	EVR Street, Setharapet Puducherry – 605 111 (part of the year upto 31.10.2009)
8	Address of Regd. Off	II Floor, No.67, (Old No.19), Dr.Ranga Road, Mylapore, Chennai - 600004
9	Compliance Officer	Mrs S. Shanmuga Priya Company Secretary S&S Power Switchgear Limited New No 67 (Old No 19), 11 Floor, Dr Ranga Road, Mylapore, Chennai-600 004

### Share Price Movements

*	National Stock Exchange of India Ltd	Trading has been suspended with effect from 27.06.2002
*	Bombay Stock Exchange Ltd	Trading has been suspended with effect from 17.02.2003
*	Madras Stock Exchange Ltd	No transaction has taken place

### Dematerialisation of equity shares

The Equity Shares of the Company have been admitted for dematerialization by these depositories with the International Securities Identification Number (ISIN)-INE 902B01017

As on 31<sup>st</sup> March, 2010 out of total 62,00,000 Equity Shares of the Company 46,72,009 Equity Shares representing 75.35% of total shares have been dematerialized.

### Communication

All share transfers should be forwarded to the Registrars & Share Transfer Agents of the Company. All communications should be forwarded to the Registered Office of the Company marked to the attention of the Company Secretary.

### DISTRIBUTION OF SHAREHOLDING (AS AT THE YEAR END)

No. of Equity Shares held	Year ended 31/03/2010(2009-2010)				Period ended 31/03/2009 (2007-2009)			
	No. of Share Holders	% of Share Holders	No. of Shares Held	% of Share Holding	No. of Share Holders	% of Share Holders	No. of Shares Held	% of Share-Holding
1 - 100	16842	79.13	937861	15.13	16856	79.15	939308	15.16
101 - 200	2079	9.77	351045	5.66	2078	9.75	351077	5.66
201 - 500	1577	7.41	555012	8.95	1578	7.43	555165	8.95
501 - 1000	477	2.24	373102	6.02	480	2.23	375385	6.05
1001 - 5000	264	1.24	536881	8.66	262	1.22	532966	8.60
5001 - 10000	25	0.12	172286	2.78	25	0.12	172286	2.78
10001 and above	20	0.09	3273813	52.80	21	0.09	3273813	52.80
<b>Total</b>	<b>21284</b>	<b>100.00</b>	<b>6200000</b>	<b>100.00</b>	<b>21300</b>	<b>100.00</b>	<b>6200000</b>	<b>100.00</b>

**CATEGORIES OF SHAREHOLDING**

No. of Equity Shares held	Year ended 31.03.2010 (2009-2010)				Period ended 31.03.2009 (2007-2009)			
	No. of Share Holders	% of Share Holders	No. of Shares Held	% of Share Holding	No. of Share Holders	% of Share Holders	No. of Shares Held	% of Share-Holding
Promoters	16	0.08	3041956	49.06	16	0.08	2820881	45.50
Mutual Funds	7	0.03	25980	0.42	7	0.03	25980	0.42
UTI	1	0.00	108	0.00	1	0.00	108	0.00
Banks	2	0.01	200	0.00	2	0.01	200	0.00
Financial Institutions	4	0.02	75726	1.22	4	0.02	75726	1.22
FIS	3	0.01	3900	0.06	3	0.01	3900	0.06
Corporate	173	0.81	111145	1.79	174	0.82	111601	1.80
Individuals	21057	98.93	2929536	47.25	21070	98.92	3149155	50.80
NRIs/OCBs	21	0.10	11449	0.18	23	0.11	12449	0.20
<b>Total</b>	<b>21284</b>	<b>100</b>	<b>6200000</b>	<b>100</b>	<b>21300</b>	<b>100.00</b>	<b>6200000</b>	<b>100.00</b>

**SHAREHOLDER SERVICES (AS AT THE YEAR END)**

NATURE OF COMPLAINTS	01.04.2009 TO 31.03.2010	
	NO OF LETTERS RECEIVED	NO OF LETTERS REPLIED
DEMAT CREDIT PENDING	-	-
DEMAT OF SHARES	2	2
NON RECEIPT OF SHARE CERTIFICATE AFTER TRANSFER	3	3
NON RECEIPT OF DIVIDEND WARRANT	1	1
CHANGE OF ADDRESS	69	69
LOSS OF SHARE CERTIFICATE(S)/STOP TRANSFER	18	18
MANDATE INSTRUCTIONS	1	1
NON RECEIPT OF ANNUAL REPORTS	5	5
TRANSMISSION OF SHARES	5	5
MARKET PRICE	4	4
MUTILATED SHARE CERTIFICATE(S)	-	-
VERIFICATION OF SIGNATURE	-	-

On behalf of the of the Board of Directors

**Ashish Jalan**  
Chairman & Managing Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

## AUDITOR'S REPORT ON FINANCIAL STATEMENTS

### To the Members of S&S Power Switchgear Limited, Chennai

1. We have audited the attached Balance sheet of S&S Power Switchgear Limited, as at 31st March 2010, the Profit and Loss Account and Cash Flow Statement for year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance that whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) Order, 2003, as amended by the companies (Auditor's Report)(Amendment)Order,2004, issued by the Central Government of India in terms of Section 227(4A) of The Companies Act, 1956 and on the basis of such checks as considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our Comments in the Annexure referred to in paragraph 3 above, we report that,
  - i. **We are unable to express any opinion on the recoverability of the advances made to a company aggregating to Rs.19.67 lakhs.**
  - ii. **The company has not fulfilled its export obligations as disclosed in para 15(i) of schedule 14 - Notes on accounts, in respect of two advance licenses availed in earlier years. Consequently, we are unable to express any opinion on the possible additional levy against the company.**
  - iii. **The auditors of a subsidiary, Acrastyle Power (India) Limited have expressed an adverse opinion in their audit report. Consequently, we are unable to express any opinion on:**
    - a. **Investment of Rs.1,721.54 lakhs in the subsidiary, Acrastyle Power (India) Limited**
    - b. **Loan and interest outstanding aggregating to Rs.557.83 lakhs from the subsidiary, Acrastyle Power (India) Limited**
  - iv. We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - v. In our opinion, the company has kept proper books of accounts as required by law so far, as it appears from our examination of those books.

- vi. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts.
- vii. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- viii. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the director of the company is disqualified as at 31<sup>st</sup> March 2010 from being appointed as director in terms of section 274 (1) (g) of the Act.
- ix. **Subject to our observation contained in para (i), (ii) and (iii) above**, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Balance Sheet, the State of Affairs of the Company as at 31<sup>st</sup> March 2010.
  - b) In the case of the Profit and Loss Account, the **LOSS** of the company for the year ended on that date.
  - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

**M R VENKATESH**  
PARTNER  
M No: 201407

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

## ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of the auditor's report of even date to the members of S&S Power switchgear Limited on the Financial Statements for the period ended 31<sup>st</sup> March 2010.

- i. (a) The Company has maintained proper records in soft – form to show full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the period and no material discrepancies between the book records and the physical inventory of fixed assets have been noticed.
- (c) During the period, a substantial part of fixed assets have been disposed off by the Company, however such disposal does not affect the going concern nature of the company.
- ii. (a) In our opinion based on the information available and explanation given to us by the management,



- physical verification of inventory has been conducted at reasonable interval by the management.
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and there was no material discrepancy noticed in physical verification.
- iii. The Company has not granted any loans either secured or unsecured to parties covered in the register maintained under section 301 of the Act.
- The company has taken loan from two companies covered in the register maintained under Section 301 of the Companies Act, 1956 aggregating to Rs.255 lakhs. The rate of interest and other terms and conditions underlying the loan are not prima facie prejudicial to the interests of the company and there are no overdue loans.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. During the period the Company has not accepted any deposits from public, hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any relevant provisions of the Act and the rules framed there under, are not applicable to this Company.
- vii. In our Opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
- viii. According to the information provided to us, the Central Government has not prescribed the maintenance of Cost records u/s 209(1) (d) of the Companies Act for the reporting period.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it, **subject to para 16 to Schedule 14** – Notes on accounts.
- (b) The Company has disputed the claim on account of certain statutory enactments at the various forums as set out in **para 12 to Schedule 14** – Notes on accounts.
- x. In our opinion, the accumulated losses of the company are not more than fifty per cent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit but no cash loss in the immediately preceding financial period.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debentures holders.
- xii. During the period, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. During the period under review, the company has not issued any fresh guarantee for loans taken by others from banks and financial Institutions.
- xvi. No fresh term loans have been obtained during the reporting period.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- xix. According to the information and explanations given to us during the period covered by our audit report, the company has not issued debentures.
- xx. The company has not raised any money by way of Public Issue during the period. Therefore, commenting on the end use of such funds does not arise.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR GSV ASSOCIATES**  
 CHARTERED ACCOUNTANTS  
 Firm No.006179S

**M R VENKATESH**  
 PARTNER  
 M No: 201407

Place : Chennai  
 Date : 25<sup>th</sup> August, 2010

## BALANCE SHEET AS AT MARCH 31, 2010

(Rupees in thousands)

Particulars	Schedule	As at March 31, 2010		As at March 31, 2009	
<b>SOURCES OF FUNDS</b>					
<b>A. Shareholders' Funds</b>					
Capital	1	62,000		62,000	
Reserves & Surplus	2	<u>231,812</u>	<b>293,812</b>	<u>231,812</u>	293,812
<b>B. Loan Funds</b>					
Unsecured Loans	3	<u>-</u>	-	18,916	18,916
			<b><u>293,812</u></b>		<b><u>312,728</u></b>
<b>APPLICATION OF FUNDS</b>					
<b>A. Fixed Assets</b>					
Gross Block	4	116,350		183,759	
Less: Depreciation		<u>74,276</u>		<u>119,515</u>	
Net Block			<b>42,074</b>		64,244
<b>B. Investments</b>					
	5		<b>210,265</b>		173,151
<b>C. Current Assets, Loans &amp; Advances</b>					
Inventories	6	5,479		23,428	
Sundry Debtors		5,796		21,153	
Cash and Bank Balances		6,355		2,405	
Loans and Advances		<u>77,914</u>		<u>122,488</u>	
		<b>95,544</b>		169,475	
Less: Current Liabilities & Provisions					
Current Liabilities	7	75,336		89,596	
Provisions		<u>7,808</u>		<u>8,303</u>	
		<b>83,144</b>		97,899	
Net Current Assets			<b>12,400</b>		71,575
<b>D. Balance in Profit &amp; Loss Account</b>					
			<b>29,073</b>		3,758
			<b><u>293,812</u></b>		<b><u>312,728</u></b>
<b>Notes forming part of the Accounts</b>	<b>14</b>				

As per our report attached

For **GSV ASSOCIATES**  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.N.201407

**S. Shanmuga Priya**  
Company Secretary

**Ashish Jalan**  
Chairman & Managing Director

**Anupam Vaid**  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2010**

(Rupees in thousands)

Particulars	01 <sup>st</sup> April 09 to 31 <sup>st</sup> March 10	01 <sup>st</sup> October 07 to 31 <sup>st</sup> March 09
<b>INCOME</b>		
Sales and Other Operational Income	8 <b>128,931</b>	183,791
Other Income	9 <b>18,000</b>	48,586
	<b>146,931</b>	232,377
<b>EXPENDITURE</b>		
Raw Materials & Components Consumed	<b>543,389</b>	135,259
Employee Expenses	10 <b>26,433</b>	38,872
Interest	11 <b>2,949</b>	3,623
(Profit)/Loss on Exchange fluctuation - Net	<b>2,052</b>	(2,735)
Other Operational Expenses	12 <b>30,988</b>	43,195
Depreciation	<b>5,442</b>	12,115
(Increase)/Decrease in Stocks	13 <b>2,230</b>	(9,484)
	<b>124,483</b>	220,845
<b>Profit Before Extraordinary Items &amp; Taxation</b>	<b>22,448</b>	11,532
<b>Extra ordinary items</b>		
Write off of Irrecoverable Advances	-	8,192
Settlement of Claims	<b>38,902</b>	-
Compensation to workers	<b>0</b>	296
Sales Tax	<b>8,861</b>	-
	<b>47,763</b>	8,488
<b>PROFIT BEFORE TAXATION</b>	<b>(25,315)</b>	3,044
- Provision for Taxation	-	-
- Fringe Benefit Tax	-	726
	<b>-</b>	726
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>(25,315)</b>	2,318
Unappropriated Profit / (Loss) from previous year	<b>(3,758)</b>	(6,076)
<b>Balance in Profit &amp; Loss Account carried to Balance Sheet</b>	<b>(29,073)</b>	(3,758)
<b>Earnings Per Share before Extra Ordinary Items (Rs.)</b>	14 (7) <b>3.62</b>	1.74
<b>Earnings Per Share after Extra Ordinary Items (Rs.)</b>	14 (7) <b>4.08</b>	0.37
<b>Notes forming part of the Accounts</b>	14	

As per our report attached

**For GSV ASSOCIATES**  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.N.201407

**S. Shanmuga Priya**  
Company Secretary

**Ashish Jalan**  
Chairman & Managing Director

**Anupam Vaid**  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

## SCHEDULES FORMING PART OF BALANCE SHEET

Particulars	(Rupees in thousands)	
	As at March 31, 2010	As at March 31, 2009
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 (1,00,00,000) Equity Shares of Rs.10/- each		100,000
10,00,000 (10,00,000) Redeemable Preference Shares of Rs.100/- each	<b>100,000</b>	100,000
	<b>200,000</b>	200,000
<b>Issued and Subscribed Capital</b>		
62,00,108 Equity Shares of Rs.10/- each	<b>62,001</b>	62,001
<b>Paid up Capital</b>		
62,00,000 Equity Shares of Rs.10/- each fully paid up [of the above 8,00,000 (8,00,000) Equity shares of Rs.10/- each were issued as fully paid up by way of Bonus Shares]	<b>62,000</b>	62,000
<b>2 RESERVES &amp; SURPLUS</b>		
<b>SECURITIES PREMIUM ACCOUNT</b>		
Balance brought forward	<b>184,000</b>	184,000
<b>GENERAL RESERVE</b>		
Balance brought forward	<b>47,812</b>	47,812
	<b>231,812</b>	231,812
<b>3 UNSECURED LOANS ( Refer Note No.2 of Schedule 14)</b>		
Short Term Loans from Bodies Corporate	-	18,500
Interest accrued and due thereon	-	416
	-	18,916
<b>5 INVESTMENTS (at cost)</b>		
<b>LONG TERM</b>		
<b>Non-Trade Quoted</b>		
(i) Unit Trust of India - UGS 5000 40 units of Rs.10 each (Market Value - Rs.Nil (400), 40 (40) units at Rs.10 each)	-	0
LIC MF - Savings Plus (Market Value - Rs.Nil (Rs.15,12,795), Nil (109056.997) units at Rs.Nil (Rs.13.8716) each)	-	1,500
	-	1,500
<b>Unquoted</b>		
i - Power Engineering Private Ltd. (10 equity share of Rs.10 each and 80 Bonus Shares of Rs.10 each) (Refer Note 4 of Schedule 14, Notes on Accounts)	-	0
	-	0



## SCHEDULES FORMING PART OF BALANCE SHEET

### Schedule 4 FIXED ASSETS

(Rs. in 000's)

Asset	Gross Block				Depreciation				Net Block	
	As on 01/10/2009	Additions during year	Deletions during year	As on 30/03/2010	As on 01/04/2009	Additions during year	Deletions during year	As on 31/03/2010	As on 01/04/2009	As on 31/03/2010
<b>Tangible Assets</b>										
Land	14,998	-	-	14,998	-	-	-	-	14,998	14,998
Building	38,101	-	-	38,101	14,635	1,272	-	15,907	23,466	22,194
Electrical Installations	10,903	348	7,915	3,335	7,443	332	4,778	2,997	3,460	338
Toolings & Fixtures	1,116	854	1,866	104	900	28	875	54	216	50
Furniture & Fittings	8,667	1,034	978	8,723	8,042	444	819	7,667	625	1,055
Equipment & Appliances	5,221	132	1,536	3,817	4,353	105	1,289	3,169	868	647
Vehicles	66	-	-	66	66	0	-	66	1	0
Plant & Machinery	102,722	1,808	57,323	47,207	83,684	2,901	42,169	44,416	19,039	2,792
<b>Intangible Assets</b>										
Product Validation Certification	1,965	1,082	3,047	0	392	358	751	0	1,572	
<b>Total</b>	<b>183,759</b>	<b>5,257</b>	<b>72,665</b>	<b>116,350</b>	<b>119,515</b>	<b>5,442</b>	<b>50,682</b>	<b>74,276</b>	<b>64,244</b>	<b>42,074</b>
<b>Previous Year</b>	<b>206,623</b>	<b>2,850</b>	<b>25,714</b>	<b>183,759</b>	<b>118,304</b>	<b>7,275</b>	<b>6,064</b>	<b>119,515</b>	<b>64,244</b>	

**In Subsidiary Companies :- Non Trade - Unquoted**

Acrastyle Power (India) Limited (Formerly S&S Power Finvest Ltd.) 39,74,950 (39,65,050) equity shares of Rs.10 each of which 33,00,000 equity shares were allotted on 28th September 2007	<b>172,154</b>	171,651
S&S Power Switchgear Equipment Limited 5,10,000 (50,000) Equity shares of face value Rs.10 each (Refer Note 4 of Schedule 14, Notes on Accounts)	<b>38,111</b> <b>210,265</b>	- <b>173,151</b>
Aggregate value of Quoted Investments	-	1,500
Aggregate value of Unquoted Investments	<b>210,265</b>	171,651

**6 CURRENT ASSETS, LOANS & ADVANCES**
**A. CURRENT ASSETS**
**Inventories**

Raw Materials & Components	<b>1,692</b>	9,798
Work in progress	<b>3,787</b>	13,630
Finished Goods	-	-
	<b>5,479</b>	23,428

**Sundry Debtors**

(Unsecured)

Debts outstanding for a period exceeding 6 months

Considered Good	<b>5</b>	2,543
Considered Doubtful	<b>85,924</b>	98,266
Other debts - Considered Good	<b>5,791</b>	18,610
	<b>91,719</b>	119,419
Less: Provision for Doubtful Debts	<b>85,924</b>	98,266
	<b>5,796</b>	21,153

**Cash and Bank Balances**

Cash on hand	<b>493</b>	1,097
Balance with Scheduled Banks		
- In Current Accounts	<b>4,302</b>	235
- In Fixed Deposits	<b>1,560</b>	1,074
	<b>6,355</b>	2,405

**B. LOANS & ADVANCES (Unsecured)**

(Refer note 6 of schedule 14, Notes on accounts)

 Advances recoverable in cash or in kind or  
for value to be received

Considered Good	<b>20,510</b>	38,320
Considered Doubtful	<b>26,642</b>	29,651
	<b>47,152</b>	67,971
Less: Provision for Doubtful Advances	<b>26,642</b>	29,651
	<b>20,510</b>	38,320

Loans and advances to subsidiaries

Considered good	<b>55,783</b>	72,054
Considered doubtful	-	-
	<b>55,783</b>	72,054
Less: Provision for doubtful loans and advances	-	-
	<b>55,783</b>	72,054

Advance Income tax	<b>1,621</b>	8,166
Deposits with Central Excise	-	3,948
	<b>77,914</b>	122,488



## 7 CURRENT LIABILITIES & PROVISIONS

### A. CURRENT LIABILITIES

Sundry Creditors	15,688	25,650
Advance from Customers	4,416	787
Other Liabilities	55,232	63,159
	<b>75,336</b>	<b>89,596</b>

### B. PROVISIONS

Provision for Taxation	1,314	1,314
Others	6,494	6,989
	<b>7,808</b>	<b>8,303</b>
	<b>83,144</b>	<b>97,899</b>

## 8 GROSS SALES AND OTHER OPERATIONAL INCOME

<b>Sales</b>	<b>114,415</b>	<b>187,706</b>
<b>Less: Excise Duty</b>	<b>1,485</b>	<b>8,301</b>
	<b>112,930</b>	<b>179,405</b>

### Other Operational Income

Rendering of Services	8,250	-
Lease Rental Income	5,250	13,500

Sale of Scrap	86	1,890
Less: Excise duty	17	233
	<b>69</b>	<b>1,656</b>

Export Incentives	2,432	2,729
	<b>2,501</b>	<b>4,385</b>

	<b>128,931</b>	<b>183,790</b>
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## 9 OTHER INCOME - Refer Note 8

Interest on loans to subsidiaries	4,887	8,933
Interest on Bank Deposits (Rs.6147 TDS) (Previous Year Rs.85,342)	99	660
Interest - Others	-	167
Dividends Other than from subsidiaries	132	179
Provision No Longer required / Reversal of liabilities	3,302	3,071
Profit/(Loss) on Sale of Fixed Assets	-	34,860
Profit/(Loss) on Sale of Investments	-	500
Interest on Refund of Taxes	6,868	-
Miscellaneous Income	2,712	216
	<b>18,000</b>	<b>48,586</b>

## 10 Personnel Costs

Salaries, Wages & allowances	21,056	32,839
Managing Director Salary	2,340	1,170
Contribution to PF, Gratuity and Other Funds	1,859	2,975
Contribution to PF, Gratuity and Other Funds for Managing Director	262	131
Welfare Expenses	916	1,757
	<b>26,433</b>	<b>38,872</b>

## 11 Finance Charges

Interest on Inter Corporate Loans	2,869	2,747
Interest on Bill Discounting	80	809
Interest - Others	-	67
	<b>2,949</b>	<b>3,623</b>

**12 Other Operational Expenses**

Spares & Consumable Costs	<b>1,234</b>		2,520
Power and Fuel	<b>540</b>		1,597
Repairs & Maintenance	<b>655</b>		1,514
Insurance	<b>172</b>		305
Postage, Telegram & Telephone	<b>628</b>		1,198
Travelling & Conveyance	<b>3,960</b>		6,363
Rent	<b>1,872</b>		1,951
Rates & Taxes	<b>115</b>		309
Printing & Stationery	<b>328</b>		544
Bank Charges	<b>195</b>		553
Internal Audit Fees & Expenses	<b>447</b>		225
Packing Expenses	<b>2,413</b>		3,434
Contract Expenses	<b>1,269</b>		13
Advertisement & Sales Promotion Expenses	<b>765</b>		1,473
Sales Tax Payments	<b>461</b>		1,841
Commission to Product Promoters	<b>2,895</b>		4,494
Remuneration To Auditors			
- Statutory Audit Fees	<b>129</b>		164
- Tax Audit Fees	<b>43</b>		135
- Limited Review and Other Services	<b>44</b>	<b>216</b>	109
Advances written off		-	
Bad Debts written off	<b>51</b>		494
Prior Period Expenses		-	7
Freight & Forwarding Charges	<b>4,237</b>		6,127
Research & Development Expenses	<b>5</b>		58
Consultancy Charges	<b>3,636</b>		3,185
Legal Expenses	<b>2,660</b>		995
Security Expenses	<b>217</b>		572
Stamp Fees	<b>15</b>		8
Miscellaneous Expenses	<b>2,002</b>		3,006
		<b>30,988</b>	<b>43,195</b>

**13 (INCREASE)/DECREASE IN STOCK**

Opening Stock of Work in Progress	<b>13,630</b>		3,981
Opening Stock of Finished Goods	-		165
		<b>13,630</b>	4,146
Closing Stock of Work in Progress	<b>14,249</b>		-
Closing Stock of Finished Goods (As on 31.10.2009)	-		-
		<b>14,249</b>	-
Opening Stock of Work in Progress	<b>6,636</b>		-
Opening Stock of Finished Goods (As on 01.11.2009)	-		-
		<b>6,636</b>	-
Closing Stock of Work in Progress	<b>3,788</b>		13,630
Closing Stock of Finished Goods	-		-
		<b>3,788</b>	13,630
	<b>2,230</b>		(9,484)

## SCHEDULE 14

### NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

The Profit and Loss Account and Balance Sheet are prepared under the historical cost convention and on accrual basis of accounting:

The significant accounting policies followed by the company are:

##### a. Sales and services

Sales (including Exports) are recognised when products are dispatched, and are recorded at invoice value inclusive of Sales Tax, but exclusive of Excise Duty.

Revenue, in respect of services is accounted for on the basis of services rendered and billed to clients as per the terms of the specific contract with clients.

##### b. Fixed Assets

The Fixed Assets have been stated at their Acquisition cost, which comprises of freight, installation cost, duties, taxes and other directly attributable cost of bringing the assets to its working condition for the intended use. Depreciation in respect of buildings, machinery (other than those given on lease) tooling and fixtures and electrical installations is provided for on straight line method and on other assets on written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. For the assets acquired during the period, depreciation has been charged on a pro-rata basis. Individual assets costing Rs.5 thousands or less are depreciated in full in the year of acquisition.

The assets as at the Balance Sheet date are assessed to ascertain if there be any impairment to the fixed assets and the Profit & Loss Account is debited / credited for any impairment / excess provision for impairment created.

##### c. Investments

Investments are bifurcated into Long Term and Short Term Investments and Long Term Investments are valued at cost and restated only when there is a permanent diminution in the value of investments. Decline in value other than permanent in nature are not recognized. Short Term Investments are stated at cost or market value, whichever is less.

##### d. Inventories

Inventory is valued at lower of cost or estimated net realizable value. Cost is determined on monthly Weighted Average basis and includes an appropriate portion of related overheads as per Accounting Standard 2 issued by the Institute of Chartered Accountants of India.

##### e. Foreign Currency Translations

Income and Expenditure items involving foreign exchange are recorded at exchange rate prevailing on the date of transactions.

All monetary items denominated in foreign currency are restated at the rates prevailing on the Balance sheet date. Exchange differences if any arising out of settlement / restatement of foreign currency balances, are duly reflected in the Profit and Loss Account in the period in which they arise.

This is in accordance with AS 11 – Accounting for the effect of changes in Foreign exchange Rate issued by the ICAI.

##### f. Retirement Benefits and change in Accounting Estimates:

The company has classified various Employee benefits as 'Defined Contribution Schemes' and 'Defined Benefit Schemes'. Defined Contribution Scheme is the contribution to the Provident Fund and the company provided for Gratuity & Earned Leave Encashment under the Defined Benefit Scheme.

The Provident Fund and the State Defined Contribution Plan are operated by the regional provident fund commissioner. Under the scheme, the company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme. The company charges the contribution payable to the profit and loss account for the period to which the financial statement relates to.

For Defined Benefit Scheme of gratuity the retirement benefit is funded through a scheme administered by LIC of India, the insurer. The contribution payable to the fund is charged to the profit and loss account. Also, the company charges any shortfall between the liabilities as computed by an actuarial valuer as at the balance sheet date and fund available with the insurer as on the Balance Sheet date. The excess contributions, if any is treated as pre paid.

For leave encashment, as a defined benefit scheme, the company charges to profit and loss account liability as computed under the actuarial valuation. The liability is restated as on the Balance sheet date as per the actuarial valuation.

**g. Duty paid Imports**

Where duty paid imports are used for manufacture of Export / Deemed Export goods, pending receipt of duty free imports to which the Company is entitled to, the element of duty paid is carried forward as an advance in the balance Sheet, to be charged to expenditure when the duty free imports are actually utilized.

**h. R&D and Deferred Revenue Expenditure**

Subsequent to the introduction of AS 26 on intangible Assets, the company does not defer expenses incurred on creating intangible assets such expenditures beyond the year in which they are incurred, except those relating to testing charges paid to testing laboratories which are amortised over a period of five years.

2. During the year, the company had transferred the business of manufacture of disconnectors through a Business Transfer Agreement to its subsidiary w.e.f 01.11.2009. Consequently, all the assets and liabilities including the moveable assets pertaining to the disconnector undertaking were transferred to S&S Power Switchgear Equipment Limited, the subsidiary, for consideration.

Subsequent to the transfer the company along with its subsidiary company entered into a joint venture agreement with a leading international manufacturer of disconnectors, who have also invested in the subsidiary through equity subscription. Consequent to the equity participation by the said international manufacturer, the equity holding of the company in the subsidiary stands at 51%.

**3. Unsecured Loans**

The company had taken unsecured inter-corporate loans from bodies corporate to meet the temporary shortfalls in working capital requirements. The company has repaid all these unsecured loans along with interest thereon as on the Balance Sheet date.

**4. Investments**

Pursuant to an amalgamation of i-Power Engineering Private Limited with Acrastyle Power (India) Limited (APIL), the company holding 450 equity shares in i-Power, was allotted 9900 equity shares in APIL at face value. Consequent to this the company holds 39,74,950 equity shares in APIL and the extent of holding is 67%.

The company has been allotted 4,60,000 equity shares in S&S Power Switchgear Equipment Limited (S&S PSE) at a premium, towards discharge of part consideration for the transfer of the Disconnector business undertaking through a Business Transfer Agreement with S&S PSE (Also, refer note 2). The company already held 50,000 equity shares in S&S PSE prior to the transfer of the business undertaking, taking the total investment in S&S PSE to 5,10,000 equity shares at a cost of Rs.38,611 thousands and extent of holding being 51%.

**5. Fixed Assets**

The company has during the year capitalized Rs.1,081 thousands as Intangible Assets, being the charges paid to various certifying institutions for validation of its products. All such assets acquired over the year are amortised over a period of five years. The internally generated costs of such assets have been debited to the Profit & Loss Account.

The fixed assets including the plant and machinery of the 'Disconnector Business Undertaking' has been transferred to S&S PSE, the company's subsidiary (Refer Note 2), consequent to which the transferred fixed assets with written down value of Rs.21,984 thousands have been shown as a deletion from the fixed assets.

No impairment loss has been considered for the residual assets of the erstwhile Porur Breaker Unit as the Net Selling Value is assessed to be more than the carrying amount in such assets.

**6. Current Assets, Loans & Advances**

**A. Current Assets**

Sundry debtors include the following:

- i. Consequent to a out of court settlement with a customer in Malaysia, a sum of Rs.247 thousands has been recovered out of a total outstanding of Rs.30,938 thousands which had been fully provided for in the previous years, and the balance outstanding is Rs.30,691 thousands as on the Balance Sheet date. To the extent of the amount recovered under the settlement the provision held on such debt has been reversed. The amount foregone under the settlement would be written off upon receipt of the final installment as stipulated in the settlement and also obtaining prior approval of the Reserve Bank of India. The company is in the process of making an application for approval for write off to RBI.
- ii. An amount of Rs.55,062 thousands which had been fully provided for during the prior years, receivable from S&S Power Corporation, Malaysia for supplies effected in the past. S&S Power Corporation, Malaysia had been wound up and as a consequence the debt is irrecoverable. The company is in the process of making an application for approval for write off to RBI.
- iii. A sum of Rs.5,791 thousands as lease rental receivable from S&S Power Switchgear Equipment Limited, a subsidiary, for the leased factory premises at Puducherry.

## B. Loans & Advances:

Advances recoverable in cash or in kind or for value to be received include:

- i. A sum of Rs.25,743 thousands (29,985 thousands) from RPIL Signalling Systems Limited, an erstwhile subsidiary company. Net recovery of Rs.4,298 thousands (Rs.Nil) has been made during the year. The provision held in excess of the outstanding of Rs.3,008 thousands has been reversed and credited to the Profit & Loss Account under Other Income. The entire outstanding of Rs.25,743 thousands had been provided in the earlier years.
- ii. A sum of Rs.5,000 thousands has been paid against the demand made by the Income Tax department in connection with the assessment of a previous year. An appeal preferred against the demand had been partly allowed by the appellate authority. Pending revision in assessment order, giving effect to the appellate order, the sum has been classified as advance.

Loans and advances to subsidiaries is to Acrastyle Power (India) Limited and as at Balance Sheet date Rs.40,974 thousands is outstanding as principal amount and Rs.14,809 thousands is on account of interest receivable. A sum of Rs.4,887 thousands has been recognised as interest on such loans for the year.

An amount of Rs.542 thousands being the salary paid to the erstwhile Managing Director of the company during the previous years over and above the limits prescribed under Schedule XIII of The Companies Act, 1956 and not approved by the Central Government has been grouped under Loans & Advances in the Balance Sheet. Representation with the Department of Company Affairs has been made for the APPROVAL, for which is expected for the balance amount, as No Objections Certificate as stipulated by the DCA is no longer applicable, the company having settled all the secured creditors.

The Company has sent letters seeking confirmation of balances to Debtors, Creditors and loans and advances.

## 7. Current Liabilities & Provisions

- i. Sundry creditors include Rs.10,216 thousands amount payable to a creditor in Malaysia. There has been an out of court settlement and Rs.194 thousands has been paid. The amount foregone under the settlement by the creditor would be written back after the final installment is paid.

### Other Liabilities:

- ii. The company, following the principle of prudence, holds Rs.17,247 thousands (Rs.17,247 thousands) as provision for liability towards non-redemption of advance license, pursuant to orders from the JDGFT. The company has challenged the said orders by way of writ petition in the Madras High Court.

## 8. Earnings per Share

(In '000's.)

	2009-2010	2007-2009
62,00,000 Equity Shares of Rs.10 each	62,000	62,000
Net Profit for the period before considering Extraordinary items	22,849	10,806
Net Profit for the period after considering extraordinary items	(2,53,14)	2,318
EPS ( Rs. ) before considering extraordinary items	3.62	1.74
EPS ( Rs. ) after considering extraordinary items	(4.08)	0.37

## 9. Managing Director's Remuneration

(In '000's.)

	2009-2010 (12 months)	2007-09 (18 months)
Basic Salary	1,560	780
HRA	780	390
Contribution to Provident Fund	187	94
Gratuity	75	38
<b>Total</b>	<b>2,602</b>	<b>1,302</b>

The appointment of the Managing Director was for a period of 3 years commencing 01.10.2008. The application for the approval of the appointment was made with the Ministry of Corporate Affairs, which had approved remuneration w.e.f 01.10.2008 till the subsequent General meeting of the company. The remuneration for the remaining period was to be considered for approval by DCA after submission of the member's resolution approving the appointment. The company after obtaining the approval of the members had submitted the member's resolution for approval of remuneration for the remaining period. Pending approval from the DCA, the payment of remuneration has been charged to Profit & Loss Account.

**10. Disclosure under Accounting Standard 15 (Revised 2005) 'Employee Benefits'**

The company has recognized as expenses for retirement benefits as follows for the year ended 31<sup>st</sup> March 2010:

**Defined Contribution Scheme: (In '000's.)**

Sl.No	Name of Contribution scheme	2009-10 (12 Months)	2007-09 (18 Months)
1	Provident Fund	486	1,618

**Defined Benefit Scheme: (In '000's.)**

Sl.No	Name of the Benefit Scheme	2009-10 (12 Months)	2007-09 (18 Months)
1	Gratuity	193	934
2	Leave Encashment	49	152

**11. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.**

**i. Particulars in respect of goods manufactured (In '000's.)**

Sl. No	Description	Licensed capacity* (Poles)	Installed capacity** (Poles)	Actual production for the year ended 31 <sup>st</sup> March '10
1	Pantograph type and Switching Isolators for EHV System (66kV to 400 kV)	5,500 (5,500)	5,500 (5,500)	1,431 (2,464)

\* The Licensed Capacity refers to licenses/acknowledgments of Capacities given by the Government of India.

\*\* As certified by the Management

**ii. Particulars in respect of Sales & Stock**

Sl. No.	Description	Opening Stock		Sales		Closing stock	
		Qty in Nos.	Value in Rs.	Qty in Nos.	Value in Rs.*	Qty in Nos.	Value in Rs.
1.	Switching Isolators for EHV System including Pantograph Type	- (-)	- (-)	1,431 (2,464)	1,12,930 (1,79,405)	- (-)	- (-)

\* Sales value includes sale of spares. The quantitative details of such sales have not been furnished since these items are heterogeneous in nature.

**iii. Break up of material & components consumed (In '000's.)**

Sl. No.	Description	Unit	2009-2010		2007-2009	
			Qty in Nos.	Value in Rs.	Qty in Nos.	Value in Rs.
1.	Interruptors	Nos.	-	-	-	-
2.	Insulators	Nos.	2393	13,552	3,286	19,335
3.	Others*	Nos.		43,066		1,06,440
	<b>Total</b>			<b>56,618</b>		<b>1,25,775</b>

\* In view of the type and nature of the items consumed, it is not practicable to furnish item-wise break-up.

**iv. Expenses in the aggregate include: (In 000's.)**

Particulars	2009-2010	2007-2009
Testing, R&D & Marketing Expenditure (Net)	5	58
Amortisation of Product Validation Expenses	358	393

The expenses on R&D and amortization relate to a period up to the transfer of the Disconnecter undertaking. Also, refer note 2 and Note 5.



**v. Value of Raw materials and components consumed** (In 000's.)

Description	2009-2010		2007-2009	
	Value in Rs.	%	Value in Rs.	%
Imported	-	-	-	-
Indigenous	56,618	100%	1,25,775	100%
<b>Total</b>	<b>56,618</b>	<b>100%</b>	<b>1,25,775</b>	<b>100%</b>

**vi. Spares & Consumables consumed for Rs.1,234 thousands (Rs.2,520) is 100% indigenous.**
**vii. Value of Imports on CIF basis** (In 000's.)

Particulars	2009-2010	2007-2009
Bought Out Components	-	-
Total	-	-

**viii. Expenditure/Payments in foreign exchange (cash basis)** (In 000's)

Particulars	2009-2010	2007-2009
Foreign travel	1,273	2,038
Export Commission	2,094	1,675
Others	1,857	1,237

**ix. Earnings/receipts in foreign exchange** (In 000's.)

Particulars	2009-2010	2007-2009
FOB Value of Exports	93,433	1,01,555

Includes Rs.2,122 thousands (Rs.5,018 thousands) to Bangladesh in Indian Rupees.

**12. Contingent Liabilities Not Provided for:**

- a) The company is contingently liable for Guarantees furnished to the Company's Bankers for Rs.607 thousands (Rs.607 thousands)
- b) Statutory Claims against Company not acknowledged as debts towards Excise duty liability of Rs.64,260 thousands disputed and appeal lying with the Commissioner, Appeals and CESTAT.
- c) The company had during prior years entered into a settlement with the workmen under the provisions of Section 12(3) of the Industrial Disputes Act, 1947. Liability during the previous years had been provided to the extent of the obligation under the settlement.

However, a section of the workmen have challenged the said settlement through a writ petition in the High Court of judicature, Madras, which was dismissed. Against the said dismissal of the writ petition, these workmen had preferred a writ appeal, which had also been disposed with a direction to the State Government to refer the dispute to Industrial Tribunal. Pursuant to an application made by a section of the workers the State Government has referred the dispute for adjudication. The liability, if any that may arise out of the adjudication is not provided and is not quantifiable.

Further, a writ petition was made by the company to the Honourable High Court of Madras for the removal of the balance unutilized plant & machinery at the Porur works. An order for an ad-hoc deposit of Rs. 20,000 thousands over and above the settlement amount worked out in accordance with Section 12(3) of Industrial Disputes Act, 1947 and not taken by a section of the workmen, and proceeds out of the sale of unutilized plant & machinery, as a precondition for removal has been received.

Against the said order the company has preferred a special leave petition in the Honourable Supreme Court.

- d) For the non-redemption of the advance licences as referred to in Note 7 (ii), the consequent interest and penalty in the event of the appeals of the company by way of writ petitions being decided against the company or the application made with the Grievance Redressal Committee being turned down, is indeterminate.
- e) The company is contingently liable for Rs.2,292 thousands against ex-parte orders passed by the adjudicating authority of the Department of Trade & Taxes, New Delhi. The company has preferred an appeal against the said ex-parte orders.

- f) The company had received a notice during the previous period from the 'Office of the Custodian' Banking Division (Dept. of Economic Affairs), Ministry of Finance directing to pay the outstanding dues of Rs.134 thousands pertaining to Fairgrowth Financial Services Limited along with interest. The company while disputing the amount payable has offered Rs.90 thousands as full and final settlement, which is under the claimant's consideration.

### 13. Related Party Transactions

a.

(Rs. in 000'S)

PARTICULARS	BOMBAY GAS COMPANY LTD	HAMILTON & COMPANY LTD.	RPIL SIGNALING SYSTEMS LTD	ACRASTYLE POWER (INDIA) LIMITED	ACRASTYLE LTD.,	S&S POWER SWITCHGEAR EQUIPMENT LIMITED	HAMILTON RESEARCH & TECHNOLOGY	ACRASTYLE CONTROL INDIA PVT. LTD.
<b>A. LOAN TAKEN</b>								
Balance as on 01.04.2009 (Cr.Balance)	3,052	-					15,864	
Taken During the Year	15,500	10,000					-	
Interest / Amount Paid / Adjustments	336	137					1,957	
Repaid	18,889	10,137					17,822	
Balance as on 31.03.2010	-	-					-	
<b>B. TRADING</b>								
Balance as on 01.04.2009 (Dr.Balance)					1,158			
Sales (adjd.agt.exch.fluctuation)					1,716			
Receipts					2,873			
Payments / Adjustments								
Purchases								
Balance as on 31.03.2010					-			
<b>C. LOANS GIVEN</b>								
Balance as on 01.04.2009		-	29,985	72,054				251
Given during the Year			14,056	10,534		86,318		1,898
Repaid during the Year			18,298	26,806		79,875		1,288
Adjustments								
Written off								
Balance as on 31.03.2010	-	-	25,743	55,782		6,444		861

**Note:** Out of Rs. 10534 thousands under Acrastyle Power (India) Ltd. Rs.4887 thousands represents further Loans and balance represents interest applied.

b. Names of related parties and description of relationship:

Sl.No.	Nature of Relationship	Entities
1.	Subsidiary	1. Acrastyle Power (India) Ltd. 2. S&S Power Switchgear Equipment Ltd.
2.	Subsidiaries of the Subsidiary	1. Acrastyle Switchgear Ltd. U.K.
3.	Key Management Personnel	1. Ashish Jalan 2. Anupam Vaid 3. Deepak Choudhary
4.	Enterprise subject to influence	1. Bombay Gas Co. Ltd. 2. Hamilton & Co. Ltd. 3. Saurabh Industries Ltd. 4. Morvi Industries Ltd. 5. Hamilton Research and Technology Pvt. Ltd. 6. RPIL Signalling Systems Ltd.
5.	Associated Enterprise	1. Acrastyle Ltd., U.K 2. Acrastyle Controls India Private Limited

#### 14. Deferred Taxation

The deferred tax asset arising out of the accumulated income tax losses and timing differences has not been recognised considering the prolonged uncertainty in the company earning taxable income in the foreseeable future. This is in line with the policy of prudence recommended in the appropriate accounting standard issued by the ICAI.

#### 15. Contravention of Law:

- i. The company has not fulfilled its export obligation in respect of two Advance Licenses availed in earlier years.

#### 16. Undisputed liabilities of the company:

The company has provided for the following statutory liabilities, which it has not disputed on the date of the balance sheet and which remain outstanding for over a period of 6 months

(Rs. in thousands)

Nature of statutory dues	Amount outstanding for more than 6 months from the due date
Society Dues	11,89
Sales Tax	25,75
Leave Encashment Payable	2,69
Leave Travel Assistance	3,27
Bonus	4,73
Gratuity	7,29
Industrial Fee	53

17. The Company had during the period sent letters to its vendors for identifying Micro, Small & Medium enterprises and based on the representations received back from the vendors has completed the identification of Micro, Small & Medium Enterprises.

Based on such identification there are no overdue payments and there is no interest payable as per the Micro, Small and Medium Enterprises Development Act, 2006.

18. Company being engaged in manufacture of Disconnectors and in view of the Board there are no business segments within the meaning of Accounting Standard 17 issued by the Institute of Chartered Accountants of India.
19. Figures for the previous year are for 18 months and also include the related costs of the disconnector undertaking for the period and are hence not comparable. Also the figures for the previous year have been regrouped / reclassified wherever necessary.

**For GSV ASSOCIATES**  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.N.201407

**S. Shanmuga Priya**  
Company Secretary

**Ashish Jalan**  
Chairman & Managing Director

**Anupam Vaid**  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

**CASH FLOW STATEMENT FOR THE YEAR 1ST APRIL 2009 TO 31ST MARCH 2010**

	2009-10	2007-09	in 000's
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit / (Loss) before taxation and Extraordinary items:	<u>22,449</u>	<u>11,531</u>	
<b>Adjustments for:</b>			
Depreciation	5,442	12,115	
Foreign exchange (Profit) / Loss	2,052	(2,735)	
(Profit) / Loss on sale of Fixed Assets	-	(34,860)	
(Profit) / Loss on sale of Investments	-	(500)	
Interest received	(4,986)	(9,760)	
Dividend Income	(132)	(179)	
Interest Paid	<u>2,949</u>	<u>3,623</u>	
Operating Profit before working capital changes	<u>27,774</u>	<u>(20,765)</u>	
<b>Adjustments for:</b>			
(Increase) / Decrease in Trade and Other Recievables	57,879	(20,635)	
(Increase) / Decrease in Inventories	17,949	(11,731)	
Increase / (Decrease) in Liabilities	<u>(14,755)</u>	<u>(24,106)</u>	
Cash generated from operations before			
Extraordinary Items	<u>88,847</u>	<u>(77,238)</u>	
Extraordinary Items	<u>(47,763)</u>	<u>(8,488)</u>	
Net Cash used in Operating Activities	<u>41,084</u>	<u>(85,726)</u>	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase of Fixed Assets	(5,257)	(2,850)	
Sale of Fixed Assets	21,984	49,670	
Purchase of Investments	<u>(38,615)</u>	<u>(1,500)</u>	
Sale of Investments	1,501	8,063	
Interest Received	4,986	9,760	
Dividend Received	<u>132</u>	<u>179</u>	
Net Cash Flow from Investing Activities	<u>(15,270)</u>	<u>63,323</u>	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Increase in Reserve	-	-	
Repayment of Long Term Borrowings	-	-	
Repayment of Short Term Borrowings	<u>(44,416)</u>	<u>-</u>	
Procurement of Short Term Borrowings	25,500	18,916	
Interest Paid	<u>(2,949)</u>	<u>(3,623)</u>	
Net Cash Flow from Financing Activities	<u>(21,865)</u>	<u>15,294</u>	
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,950</b>	<b>(7,109)</b>	
Cash and Cash equivalents as at 01.4.2009(Op. Bal)	<u>2,405</u>	<u>9,514</u>	
Cash and Cash equivalents as at 31.03.2010(Cl. Bal)	<u><u>6,355</u></u>	<u><u>2,405</u></u>	

**For GSV ASSOCIATES**  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.N.201407

**S. Shanmuga Priya**  
Company Secretary

**Ashish Jalan**  
Chairman & Managing Director

**Anupam Vaid**  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

**AUDITORS'S CERTIFICATE**

We have examined the cash flow statement of S&S Power Switchgear Limited for the period ended 31st March 2010. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock exchanges

Place : Chennai  
Date : 25th August, 2010

**For GSV Associates**  
Chartered Accountants  
Firm No. 006179S

**M.R.Venkatesh**  
Partner  
M.N.201407

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956

#### 1. REGISTRATION DETAILS

Registration No.	6966	State Code	18
Balance Sheet Date	31.03.2010		

#### 2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public issue	Nil	Bonus issue	Nil
Rights issue	Nil	Private Placement	Nil

#### 3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities	293,812	Total Assets	293,812
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##### SOURCES OF FUNDS

Paid up Capital	62,000	Reserves and Surplus	231,812
Secured Loans	-	Unsecured Loans	-

##### APPLICATION OF FUNDS

Net Fixed Assets	42,074		
Net Current Assets	12,400	Investments	210,265
Accumulated Losses	29,073	Misc. Expenditure	0

#### 4. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	146,932		
Profit/(Loss) before Tax	(25,314)		
Total Expenditure	124,483		
Profit/(Loss) after Tax	(25,314)		
Earnings per share in Rs.	3.62		
Dividend Rate	Nil		

#### 5. GENERIC NAMES OF THE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item code No. ( ITC Code )	85.35		
Products / service Description		Disconnectors	

For **GSV ASSOCIATES**  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.N.201407

**S. Shanmuga Priya**  
Company Secretary

**Ashish Jalan**  
Chairman & Managing Director

**Anupam Vaid**  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

 Statement of Holding Company's interest in Subsidiary Companies  
**As at 31st March 2010 the Company has three subsidiaries**

1 Name of the Subsidiary	Acrastyle Power (India) Limited	S&S Power Switchgear Equipment Limited	Acrastyle Switchgear Limited
2 Number of Equity Shares held Number of Preference Shares	3,974,950 67%	510,000 51%	1,375,000 67%
3 Financial year / period of the subsidiary ended on	31.03.2010	31.03.2010	30.09.2009
4 The net aggregate amount of Profit / (Losses) of the Subsidiaries as for as it concerns the Holding Company	Amount in Rs. 000's	Amount in Rs. 000's	Amount in Rs. 000's
1. Dealt with in the accounts of S&S Power Switchgear Limited by way of dividend on the shares held in the subsidiaries			
(a) for the subsidiary's current financial year.	-	-	-
(b) for the previous financial years of the subsidiary since it become the subsidiary of S&S Power Switchgear Limited.	-	-	3
2. Not dealt with in the accounts of S&S Power Switchgear Limited			
(a) for the subsidiary's current financial year	(8,941)	(8,523)	698
(b) for the previous financial years of the subsidiary since it become the subsidiary of S&S Power Finvest Limited	(652)	(28)	125,612
5 (a) Change in the Holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the Holding Company's financial year.	-	-	-
(b) Material changes which have occurred between the end of the financial year of the subsidiary and the end of the Holding Company's financial year in respect			
(i) the subsidiary's fixed assets	-	-	-
(ii) the investments ( Net decrease due to sale)	-	-	-
(iii) the moneys lent by it - Additional loan given to subsidiary	-	-	-
(iv) the moneys lent by it for any purpose other than of meeting current liabilities	-	-	-

The Company holds 67% shares in Acrastyle Power (India) Limited  
 The Company holds 51% shares in S&S Power Switchgear Equipment Limited  
 Acrastyle Power (India) Limited holds 100% shares in Acrastyle Switchgear Limited.

**For GSV ASSOCIATES**  
 Chartered Accountants  
 Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
 Partner  
 M.N.201407

**S. Shanmuga Priya**  
 Company Secretary

**Ashish Jalan**  
 Chairman & Managing Director

**Anupam Vaid**  
 Director

Place : Chennai  
 Date : 25<sup>th</sup> August, 2010

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2010

To the Members of S&S Power Switchgear Limited,

1. We have audited the attached Consolidated Balance sheet of S&S Power Switchgear Limited and subsidiaries as at 31st March 2010, the Consolidated Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the Management on the basis of separate financial statements and other financial information pertaining to the subsidiaries. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance that whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
  - a) The financial statements of two subsidiaries along with a subsidiary of one subsidiary have been audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts included in the Consolidated Financial Statements.
  - b) The financial statements of one associate company are required to be considered for the purpose of consolidation. The financial statements of the associate company have been audited by other auditors, whose reports have been furnished to us. We have relied upon these reports for the purpose of the amounts considered in respect of the associate company in the Consolidated Financial Statements.
4. We report that the consolidated financial statements have been prepared in accordance with the requirement of Accounting Standard – 21, Consolidated Financial Statements and Accounting Standard – 23, Accounting for investment in Associated Enterprises issued by the Institute of Chartered Accountants of India.
5. ***The auditor of a subsidiary, Acrastyle Switchgear Limited, have expressed a qualified opinion on the true and fair view of the financial statements on account of the failure of that company to provide for the diminution in the value of the investment in an associated enterprise, Acrastyle Limited, UK, aggregating to Rs .3,806.45 Lakhs***
6. ***In view of the qualification expressed in Para 5 above, the auditors of the Holding Company of Acrastyle Switchgear Limited Viz., Acrastyle Power (India) Limited being one of the subsidiaries of***
  - a. ***Diminution in value of its investments of Rs. 806.92 lakhs in its subsidiary, Acrastyle Switchgear Limited, UK based on the qualified opinion of the auditors of Acrastyle Switchgear Limited's on its investment in Acrastyle Limited, U.K, an associated enterprise, considering the erosion of net worth in Acrastyle Limited, U.K.***
  - b. ***Inability to express an opinion on recoverability of loan and interest receivable amounting to Rs.1,440.98 lakhs from its subsidiary.***
7. ***Further to our Comments above, we report that,***
  - i. ***We are unable to express any opinion on the recoverability of the advances made to a company by the Holding Company aggregating to 19.67 lakhs.***
  - ii. ***The Holding company has not fulfilled its export obligations as disclosed in para 14(j) of schedule 14 - Notes on accounts, in respect of two advance licenses availed in earlier years. Consequently, we are unable to express any opinion on the possible additional levy against the company.***
  - iii. ***Based on the qualified opinion of the auditor of the subsidiary company, Acrastyle Power (India) Limited,(refer Para 6 above) we are unable to express any opinion on:***
    - a. ***Investment aggregating to Rs. 1,721.54 lakhs in the subsidiary, Acrastyle Power (India) Limited by S&S Power Switchgear Limited, and***
    - b. ***Loan and interest outstanding aggregating to Rs. 557.83 lakhs from the subsidiary, Acrastyle Power (India) Limited***
8. Subject to our comments in Para 5, 6 and 7 above, and based on our audit as aforesaid, and on consideration of reports of auditors on the separate financial statements of the subsidiaries and associate companies and that on consolidation the investment and loan to subsidiaries are eliminated upon consolidation, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) In the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at 31<sup>st</sup> March 2010.
  - b) In the case of the Consolidated Profit and Loss Account, of the **LOSS** of the group for the period ended on that date; and
  - c) In the case of Consolidated Cash Flow Statement, of the cash flows of the group for the period ended as on that date.

FOR GSV ASSOCIATES  
Chartered accountants  
Firm No.006179S

M R VENKATESH  
PARTNER  
M No: 201407

Place: Chennai  
Date: 25<sup>th</sup> August, 2010

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010**

(in Rupees)

Particulars		As at March 31, 2010	As at March 30, 2009
<b>A. Shareholders' Funds</b>			
Capital	1	62,075,426	62,000,060
Reserves & Surplus	2	<u>368,920,882</u>	<u>440,834,821</u>
		<b>430,996,308</b>	502,834,881
<b>B. Minority Interest</b>		<b>60,392,800</b>	-
<b>C. Loan Funds</b>			
Unsecured Loans	3	<b>15,000,000</b>	18,916,360
Deferred Tax Liability		<b>3,959,661</b>	3,875,478
		<u><b>510,348,769</b></u>	<u>525,626,719</u>
<b>APPLICATION OF FUNDS</b>			
<b>A. Fixed Assets</b>	4		
Gross Block		<b>159,439,664</b>	202,928,159
Less: Depreciation		<u><b>83,967,214</b></u>	<u>123,929,066</u>
Net Block		<u><b>75,472,450</b></u>	<u>78,999,093</u>
Add: Capital Work-in-progress		-	78,999,093
		<b>75,472,450</b>	78,999,093
<b>B. Investments</b>	5	<b>396,966,727</b>	421,704,292
<b>C. Current Assets, Loans &amp; Advances</b>	6		
Inventories		<b>31,556,061</b>	23,428,463
Sundry Debtors		<b>40,457,517</b>	30,043,625
Cash and Bank Balances		<b>12,970,105</b>	2,777,393
Loans and Advances		<u><b>74,324,406</b></u>	<u>72,372,924</u>
		<u><b>159,308,089</b></u>	<u>128,622,405</u>
Less: Current Liabilities & Provisions	7		
Current Liabilities		<b>110,403,349</b>	92,243,553
Provisions		<u><b>11,102,367</b></u>	<u>11,562,737</u>
		<u><b>121,505,716</b></u>	<u>103,806,290</u>
Net Current Assets		<b>37,802,373</b>	24,816,115
<b>D. Miscellaneous Expenditure (to the extent not written off)</b>		<b>107,219</b>	107,219
		<u><b>510,348,769</b></u>	<u>525,626,719</u>
<b>Notes forming part of the Accounts</b>	14		

For **GSV ASSOCIATES**  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.N.201407

**S. Shanmuga Priya**  
Company Secretary

**Ashish Jalan**  
Chairman & Managing Director

**Anupam Vaid**  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010



**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

(in Rupees)

Particulars	Schedule	April 2009 to March 2010	October 2007 March 2009
<b>INCOME</b>			
Sales and Other Operational Income	8	168,512,555	191,947,342
Other Income	9	26,735,658	41,446,435
		<b>195,248,213</b>	<b>233,393,777</b>
<b>EXPENDITURE</b>			
Raw Materials & Components Consumed		95,369,751	135,258,941
Employee Expenses	10	40,783,129	43,198,490
Interest	11	2,978,854	3,625,757
Other Expenses	12	44,577,448	67,928,419
Depreciation		10,719,665	15,795,775
(Increase)/Decrease in Stocks	13	(2,525,865)	(9,484,302)
		<b>191,902,982</b>	<b>256,323,079</b>
<b>PROFIT BEFORE EXTRA ORDINARY ITEMS &amp; TAXATION</b>		<b>3,345,231</b>	<b>(22,929,303)</b>
<b>Extra ordinary items</b>			
Profit/Loss of Exchange Fluctuation -Net		11,801,976	14,458,352
Sales tax		8,860,997	-
Settlement of Claims		38,901,534	
Advances Written Off Recovered			8,191,822
Compensation under Industrial Disputes Act,1947			296,050
		<b>59,564,507</b>	<b>22,946,225</b>
		<b>(56,219,276)</b>	<b>(45,875,527)</b>
<b>PROFIT BEFORE TAXATION</b>			
Provision for Taxation - Indian			
Provision for Taxation - (U.K)		84,188	
Deferred Tax - Indian Liability			(471,371)
Deferred Tax Liability on the Interest Accrued			93,840
Deferred Tax - U.K. Liability			
Fringe Benefit Tax		14,830	745,637
		<b>99,018</b>	<b>368,106</b>
<b>PROFIT / (LOSS) AFTER TAXATION</b>			
Unappropriated Profit / (Loss) from Previous Year		<b>(56,318,294)</b>	<b>(46,243,633)</b>
		<b>179,070,907</b>	<b>245,944,812</b>
<b>APPROPRIATIONS</b>			
<b>Balance in Profit &amp; Loss Account carried to Balance Sheet</b>		<b>122,752,614</b>	<b>199,701,179</b>
<b>Earnings Per Share before Extra Ordinary Items</b>		<b>0.52</b>	<b>(3.64)</b>
<b>Earnings Per Share after Extra Ordinary Items</b>		<b>(9.05)</b>	<b>(7.34)</b>

**Notes forming part of the Accounts**

For GSV ASSOCIATES  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

M.R.Venkatesh  
Partner  
M.N.201407

S. Shanmuga Priya  
Company Secretary

Ashish Jalan  
Chairman & Managing Director

Anupam Vaid  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

**S&S POWER SWITCHGEAR LIMITED**  
 REGD.OFF: NO II Floor, No.67 (Old NO.19), Dr. Ranga Road, Chennai - 600 004.  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

(in Rupees)

	31st March 2010	31st March 2009
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
1,00,00,000 (1,00,00,000) Equity Shares of Rs.10/- each	100,000,000	100,000,000
10,00,000 (10,00,000) Redeemable Preference Shares of Rs.100/- each	100,000,000	100,000,000
	<b>200,000,000</b>	<b>200,000,000</b>
<b>Issued and Subscribed Capital</b>		
62,00,108 Equity Shares of Rs.10/- each	62,001,080	62,001,080
<b>Paid up Capital</b>		
62,00,000 Equity Shares of Rs.10/- each fully paid up [of the above 8,00,000 Equity shares of Rs.10/- each were issued as fully paid up by way of Bonus Shares]	<b>62,000,000</b>	<b>62,000,000</b>
Share application pending allotment	75,426	-
	<b>62,075,426</b>	<b>62,000,000</b>
<b>2 RESERVES &amp; SURPLUS</b>		
<b>SECURITIES PREMIUM ACCOUNT</b>		
As per Last Balance Sheet	184,000,000	203,800,000
<b>GENERAL RESERVE</b>		
Balance Brought forward	47,811,693	49,911,693
Add: Transfer from other Reserves	-	(2,100,000)
Balance in General Reserve	47,811,693	47,811,693
<b>Surplus in Profit &amp; Loss Account</b>		
Foreign Currency Transaction Reserve	14,356,575	2,304,700
Profit and Loss Account	122,752,614	189,223,128
	<b>368,920,882</b>	<b>440,834,821</b>
<b>3 UNSECURED LOANS</b>		
Short Term Loans from others	15,000,000	18,500,000
Interest accrued and due	-	416,360
	<b>15,000,000</b>	<b>18,916,360</b>

**SCHEDULES FORMING PART OF BALANCE SHEET**
**Schedule 4**
**FIXED ASSETS**
**(in Rupees)**

Asset	Gross Block				Depreciation				Net Block	
	As on 01/04/2009	Additions during year	Deletions during year	As on 31/03/2010	As on 01/04/2009	Additions during year	Deletions during year	As on 31/03/2010	As on 31/03/2009	As on 31/03/2010
<b>Tangible Assets</b>										
Land	14,997,650	-		14,997,650	-	-	-	-	14,997,650	<b>14,997,650</b>
Building	38,101,076	-		38,101,076	14,634,808	1,272,320	15,907,128	15,907,128	23,466,268	<b>22,193,948</b>
Electrical Installations	10,902,812	3,484,711	7,915,245	6,472,278	7,443,136	518,913	4,778,233	3,183,816	3,459,676	<b>3,288,462</b>
Toolings & Fixtures	1,116,244	1,898,356	1,866,449	1,148,151	900,221	88,563	874,837	113,947	216,024	<b>1,034,205</b>
Furniture & Fittings	8,852,024	1,349,020	978,323	9,222,721	8,073,880	492,703	818,920	7,747,662	778,144	<b>1,475,059</b>
Equipment & Appliances	5,220,640	398,765	1,535,790	4,083,615	4,353,119	139,662	1,288,807	3,203,974	867,521	<b>879,641</b>
Vehicles	66,193			66,193	65,628	220	-	65,848	565	<b>345</b>
Plant & Machinery	103,112,831	15,961,328	56,122,622	62,951,537	83,754,851	3,817,518	42,169,448	45,402,921	19,357,980	<b>17,548,616</b>
Computer	1,793,507	24,492		1,817,999	950,382	294,045		1,244,427	843,125	<b>573,572</b>
<b>Intangible Assets</b>										
Product Validation Certification	1,965,176	4,860,041	3,046,773	3,778,444	393,035	358,245	751,280	-	1,572,141	<b>3,778,444</b>
GoodWill	16,800,000			16,800,000	3,360,000	3,737,477	7,097,477		13,440,000	<b>9,702,523</b>
<b>Total</b>	<b>202,928,153</b>	<b>27,976,713</b>	<b>71,465,202</b>	<b>159,439,664</b>	<b>123,929,060</b>	<b>10,719,665</b>	<b>50,681,525</b>	<b>83,967,200</b>	<b>78,999,093</b>	<b>75,472,450</b>
<b>Previous Year Total</b>	<b>208,992,487</b>	<b>19,649,620</b>	<b>25,713,954</b>	<b>202,928,153</b>	<b>119,037,159</b>	<b>10,956,162</b>	<b>6,064,261</b>	<b>123,929,060</b>	<b>165,770,173</b>	

**5 INVESTMENTS (at cost)**
**LONG TERM**
**Non-Trade**
**Quoted**

(i) Unit Trust of India - UGS 5000 40 units of Rs.10 each	-	400
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Deutsche Floating Rate Fund (DFRF) - Short term fund - Growth (NAV as on 31.03.09,10,319.638 units at Rs.13.1375)	113,692	113,692
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DWS Floating Rate Fund Regular Plan - Weekly Dividend (NAV as on 31.03.09,1752.211 units at Rs.10.4216 per unit)	20,336	18,125
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LIC MF - Savings Plus	-	1,500,000
Tata DWS Fund	-	-

	<b>134,028</b>	1,632,217
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**Unquoted**

(i) i - Power Engineering Private Ltd. (10 equity share of Rs.10 each)	-	100
---------------------------------------------------------------------------	---	-----

	-	100
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**In Companies :- Non Trade - Unquoted**

Acrastyle Limited (Including Rs.41,63,23,192 (Rs.40,20,30,125) goodwill on the Investment	396,832,699	420,071,975
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	<b>396,966,727</b>	421,704,292
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**6 CURRENT ASSETS, LOANS & ADVANCES**
**A CURRENT ASSETS**
**Inventories**

Raw Materials & Components	15,055,389	9,798,410
Work in progress	16,500,672	13,630,053
Finished Goods	-	-

	<b>31,556,061</b>	23,428,463
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**Sundry Debtors**

(Unsecured) Considered good		
Debts outstanding for a period exceeding 6 months - Considered Good	26,120,728	11,433,747
Considered Doubtful	85,923,663	98,265,718
Other debts - Considered Good	14,336,789	18,609,878
	<b>126,381,180</b>	128,309,343
Less: Provision for Doubtful Debts	85,923,663	98,265,718

	<b>40,457,517</b>	30,043,625
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**Cash and Bank Balances**

Cash on hand	588,369	1,184,571
Balance with Scheduled Banks		
In Current Accounts	10,544,424	492,841
In Fixed Deposits	1,837,312	1,099,981

	<b>12,970,105</b>	2,777,393
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**B. LOANS & ADVANCES (Unsecured)**

Advances recoverable in cash or in kind  
or for value to be received

Considered Good

Considered Doubtful

**64,582,086** 58,801,538

**26,642,368** 29,650,772

**91,224,454** 88,452,310

Less: Provision for Doubtful Advances

**26,642,368** 29,650,772

**64,582,086** 58,801,538

Advance Income tax

**1,621,541** 9,623,789

Deposits with Central Excise

**8,120,779** 3,947,597

**74,324,406** **72,372,924**

**7 CURRENT LIABILITIES & PROVISIONS****A CURRENT LIABILITIES**

Sundry Creditors

**33,056,759** 17,623,201

Advance from Customers

**4,592,257** 786,544

Other Liabilities

**72,754,333** 73,735,277

Accruals & deferred Income

- 98,532

**110,403,349** **92,243,553**

**B PROVISIONS**

Provision for Taxation

**4,061,492** 4,026,717

Provision for Foreign Taxation

**546,875** 546,875

Others

**6,494,000** 6,989,145

**11,102,367** **11,562,737**

**121,505,716** **103,806,290**

**8 GROSS SALES AND OTHER OPERATIONAL INCOME****Sales**

**168,200,179** 195,863,178

Less: Excise Duty

**3,362,298** 8,300,717

**164,837,881** **187,562,461**

**Other Operational Income**

Sale of Scrap

**325,986** 1,889,504

Less: Excise duty on scrap

**38,319** 233,233

**287,667** 1,656,271

Export Incentives

**3,387,007** 2,728,610

**3,674,674** **4,384,881**

**168,512,555** **191,947,342**

**9 OTHER INCOME**

Profit/(Loss) on Sale of investments

- 765,847

Profit / (Loss) on sale of Fixed Assets

- 34,859,814

Interest on Bank Deposits

**99,064** 659,822

Interest Others

**1,141,591** 167,431

Income from Engineering Services

**10,785,423** -

Provision No Longer required - other liabilities

**3,301,930** 3,071,097

Miscellaneous Income

**2,926,340** 271,650

Dividend Income

**132,966** 347,038

Interest on Refund of Advance Taxes

**6,872,162** -

Interest -Inter Corporate Loans

**1,476,182** 1,303,736

**26,735,658** **41,446,435**

**10 EMPLOYEE EXPENSES**

Salaries, Wages & allowances	<b>35,318,166</b>	37,298,940
Contribution to PF, Gratuity and Other Funds	<b>3,850,805</b>	3,723,987
Welfare Expenses	<b>1,614,158</b>	2,175,563
	<b>40,783,129</b>	43,198,490

**11 INTEREST**

On Debentures		
On Fixed Loans	<b>2,869,704</b>	2,746,642
On Others	<b>109,150</b>	879,115
	<b>2,978,854</b>	3,625,757

**12 OTHER EXPENSES**

Consumption of Stores, Tools & spares	<b>2,135,383</b>	2,519,856
Power and Fuel	<b>923,407</b>	1,596,548
Repairs & Maintenance	<b>1,546,199</b>	1,600,801
Insurance	<b>208,460</b>	305,007
Postage, Telegram & Telephone	<b>752,999</b>	1,197,790
Travelling & Conveyance	<b>6,484,118</b>	8,103,522
Rent & Electricity	<b>1,871,873</b>	1,951,026
Rates & Taxes	<b>505,813</b>	485,940
Printing & Stationery	<b>500,780</b>	664,545
Bank Charges	<b>381,777</b>	560,761
Internal Audit Fees	<b>656,933</b>	224,720
Packing Expenses	<b>3,982,173</b>	3,434,000
Contract Expenses	<b>1,269,215</b>	13,275
Advertisement & Sales Promotion Expenses	<b>1,557,001</b>	1,646,792
Sales Tax Payments	<b>1,350,217</b>	1,841,310
Commission to Product Promoters	<b>3,977,481</b>	4,493,735
Audit Fees	<b>534,659</b>	670,798
Legal Expenses	<b>2,659,990</b>	994,585
Bad Debts written off	<b>50,618</b>	493,807
Prior Period Expenses	-	7,305
Freight & Forwarding Charges	<b>5,254,149</b>	6,127,398
Research & Development Expenses	<b>33,992</b>	58,156
Security Expenses	<b>376,166</b>	572,094
Consultancy Charges	<b>5,175,276</b>	4,824,276
Stamp Fees	<b>44,312</b>	8,322
Preliminary Expenses Written off	<b>35,739</b>	35,739
Filing Charges	<b>10,188</b>	1,470
Other Expenses	<b>2,298,530</b>	23,494,898
	<b>44,577,448</b>	67,928,477

**13 (INCREASE)/DECREASE IN STOCK**

Opening Stock of Work in Progress	<b>21,587,979</b>	3,980,742
Opening Stock of Finished Goods	-	165,009
	<b>21,587,979</b>	4,145,751
Closing Stock of Work in Progress	<b>24,113,844</b>	13,630,053
Closing Stock of Finished Goods	-	-
	<b>24,113,844</b>	13,630,053
	<b>(2,525,865)</b>	(9,484,302)

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 1<sup>ST</sup> APRIL 2009 TO 31<sup>ST</sup> MARCH 2010** (in Rupees)

<b>A.CASH FLOW FROM OPERATING ACTIVITIES:</b>	<b>2009-10</b>	<b>2007-2009</b>
Net Profit / (Loss) before taxation and Extraordinary items:	<b>(6,466,158)</b>	590,028
Adjustments for:		
Depreciation	<b>10,719,665</b>	15,795,775
Foreign Exchange	<b>12,181,796</b>	676,952
(Profit) / Loss on sale of Fixed Assets	-	(34,859,814)
(Profit) / Loss on sale of Investments	<b>6,488,075</b>	(765,847)
Interest Received	<b>(4,986,072)</b>	(14,489,393)
Dividend Income	<b>(132,966)</b>	(347,038)
Interest Paid	<b>7,865,862</b>	12,115,052
Provision for Taxation	<b>(99,018)</b>	
Misc. Expenditure written off	<b>(6,452,336)</b>	35,739
Operating Profit before working capital changes	<b>19,118,848</b>	(21,248,546)
Adjustments for		
(Increase) / Decrease in Trade and Other Receivables	<b>(31,976,407)</b>	(37,170,785)
(Increase) / Decrease in Inventories	<b>17,949,493</b>	(11,730,604)
Increase / (Decrease) in Liabilities	<b>118,792,486</b>	(20,904,467)
Cash generated from operations before Extraordinary Items	<b>123,884,421</b>	(91,054,402)
Extraordinary Items	<b>(47,762,531)</b>	(8,487,872)
Net Cash Flow from Operating Activities	<b>76,121,890</b>	(99,542,274)
<b>B.CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (Including Capital WIP)	<b>(29,176,713)</b>	(2,849,620)
Sale of Fixed Assets	<b>21,983,685</b>	49,669,893
Investments (Net of Purchases)	<b>(38,615,704)</b>	(2,131,757)
Sale of Investments	<b>2,000,440</b>	8,063,400
Interest Received	<b>4,986,072</b>	14,489,393
Dividend Received	<b>132,966</b>	347,038
Net Cash used in Investing Activities	<b>(38,689,254)</b>	67,588,347
<b>C.CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Reserve	<b>(85,914,919)</b>	32,281,047
Proceeds from Long Term Borrowings	-	(19,830,388)
Share Capital	<b>78,782,926</b>	20,300,000
Procurement of Short term Borrowings	<b>(3,004,825)</b>	4,135,110
Foreign Exchange Fluctuation on Loan	<b>(9,321,517)</b>	
Provision for Taxation	<b>84,273</b>	
Interest Paid	<b>(7,865,862)</b>	(12,115,052)
Net Cash used in Financing Activities	<b>(27,239,924)</b>	24,770,717
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and Cash equivalents as at 01.04.2009 (Op. Bal.)	<b>10,192,712</b>	(7,183,210)
Cash and Cash equivalents as at 31.03.2010 (Cl. Bal.)	<b>2,777,393</b>	9,960,604
	<b>12,970,105</b>	2,777,393

**For GSV ASSOCIATES**

 Chartered Accountants  
 Firm No. 006179S

**M.R.Venkatesh**  
 Partner  
 M.N.201407

**S. Shanmuga Priya**  
 Company Secretary

**Ashish Jalan**  
 Chairman & Managing Director

**Anupam Vaid**  
 Director

 Place : Chennai  
 Date : 25<sup>th</sup> August, 2010

For and on behalf of the Board

**AUDITORS' CERTIFICATE**

We have examined the Consolidated cash flow statement of S&S Power Switchgear Limited and its subsidiaries for the year ended 31st March, 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement.

 Place : Chennai  
 Date : 25th August 2010

**For GSV Associates**  
 Chartered Accountants  
 Firm No.006179S  
**M.R.Venkatesh**  
 Partner  
 M.N.201407

**SCHEDULE 14**
**NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS OF S&S POWER SWITCHGEAR LIMITED GROUP FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2010.**
**1. Companies included in Consolidation :**

The consolidated financial Statements represent consolidated financial results of the following companies:

Sl. No.	Name of the Company	Place of Incorporation	Holding/ Subsidiary	% of Holding	Year/Period ended
1.	S&S Power Switchgear Ltd,	Chennai, India	Holding Company	NA	31 <sup>st</sup> March 2010
2.	Acrastyle Power (India) Ltd.	Chennai, India	Subsidiary Company	67%	31 <sup>st</sup> March 2010
3.	S&S Power Switchgear Equipment Limited	Chennai, India	Subsidiary Company	51%	31 <sup>st</sup> March 2010 (18 months)
4.	Acrastyle Switchgear Limited, United Kingdom	London, UK	Subsidiary of (2) above	67%	30 <sup>th</sup> Sep. 2009

**2. Principles and procedures of Consolidation:**

- In preparing consolidated financial statements, the financial statements of the holding and its subsidiaries have been combined on a line-by-line basis, by adding together like items of assets, liabilities, income and expenses.
- Cost to the Holding Company of its investments in each subsidiary and the Holding Company's portion of equity of each subsidiary, at the date of investment in each subsidiary has been eliminated.
- Excess of cost to the Holding Company over and above the portion of the equity in each subsidiary on the date of investment in the subsidiary is considered as Goodwill while excess of equity over and above the cost is considered as Capital Reserve.
- The financial statement of one subsidiary was drawn up on a date different from the date on which the financial statements of the Holding Company were drawn up. For the purpose of consolidation, significant changes which have taken place during the period intervening the aforesaid dates, have been given effect to in the books of the subsidiary as per the requirement of Accounting Standard 21 issued by the ICAI.
- Investments made by Acrastyle Switchgear Ltd in an Associated foreign company Acrastyle Limited in which it holds 48.73% stake has been valued as per AS 23 using the Equity Method. Accordingly, valuation of investments in the associate company has given rise to Goodwill amounting to Rs.41,63,23,192 (Rs.40,20,30,125.)
- Intra company balances and intra group transaction have been eliminated in full.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Profit and Loss Account and Balance Sheet are prepared under the historical cost convention and on accrual basis of accounting:

The significant accounting policies followed by the company are:

**a. Sales and services**

Sales (including Exports) are recognised when products are dispatched, and are recorded at invoice value inclusive of Sales Tax, but exclusive of Excise Duty.

Revenue, in respect of services is accounted for on the basis of services rendered and billed to clients as per the terms of the specific contract with clients.

**b. Fixed Assets**

The Fixed Assets have been stated at their Acquisition cost, which comprises of freight, installation cost, duties, taxes and other directly attributable cost of bringing the assets to its working condition for the intended use. Depreciation in respect of buildings, machinery (other than those given on lease) tooling and fixtures and electrical installations is provided for on straight line method and on other assets on written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. For the assets acquired during the period, depreciation has been charged on a pro-rata basis. Individual assets costing Rs.5000 or less are depreciated in full in the year of acquisition.

The assets as at the Balance Sheet date are assessed to ascertain if there be any impairment to the fixed assets and the Profit & Loss Account is debited / credited for any impairment / excess provision for impairment created. This is line with AS 28 - Impairment of Assets.



The Holding company capitalizes all costs paid to external agencies for validating / certifying its products. The intangible asset thus created are amortized over a period of five years. This is line with AS 26 Accounting for Intangible Assets.

**c. Investments**

Investments are bifurcated into Long Term and Short Term Investments and Long Term Investments are valued at cost and restated only when there is a permanent diminution in the value of investments. Decline in value other than permanent in nature are not recognized. Short Term Investments are stated at cost or market value, whichever is less.

**d. Inventories**

Inventory is valued at lower of cost or estimated net realizable value. Cost is determined on monthly Weighted Average basis and includes an appropriate portion of related overheads as per Accounting Standard 2 issued by the Institute of Chartered Accountants of India.

**e. Foreign Currency Translations**

Income and Expenditure items involving foreign exchange are recorded at exchange rate prevailing on the date of transactions.

All monetary items denominated in foreign currency are restated at the rates prevailing on the Balance sheet date. Exchange differences if any arising out of settlement / restatement of foreign currency balances, are duly reflected in the Profit and Loss Account in the period in which they arise.

This is in accordance with AS 11 – Accounting for the effect of changes in Foreign exchange Rate issued by the ICAI.

**f. Retirement Benefits and change in Accounting Estimates:**

The company has classified various Employee benefits as 'Defined Contribution Schemes' and 'Defined Benefit Schemes'. Defined Contribution Scheme is the contribution to the Provident Fund and the company provided for Gratuity & Earned Leave Encashment under the Defined Benefit Scheme.

The Provident Fund and the State Defined Contribution Plan are operated by the regional provident fund commissioner. Under the scheme, the company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme. The company charges the contribution payable to the profit and loss account for the period to which the financial statement relates to.

For Defined Benefit Scheme of gratuity the retirement benefit is funded through a scheme administered by LIC of India, the insurer. The contribution payable to the fund is charged to the profit and loss account. Also, the company charges any shortfall between the liabilities as computed by an actuarial valuer as at the balance sheet date and fund available with the insurer as on the Balance Sheet date. The excess contributions, if any is treated as pre paid.

For leave encashment, as a defined benefit scheme, the company charges to profit and loss account liability as computed under the actuarial valuation. The liability is restated as on the Balance sheet date as per the actuarial valuation.

**g. Duty paid Imports.**

Where duty paid imports are used for manufacture of Export / Deemed Export goods, pending receipt of duty free imports to which the Company is entitled to, the element of duty paid is carried forward as an advance in the balance Sheet, to be charged to expenditure when the duty free imports are actually utilized.

**h. R&D and Deferred Revenue Expenditure**

Subsequent to the introduction of AS 26 on intangible Assets, the company does not defer expenses incurred on creating intangible assets such expenditures beyond the year in which they are incurred, except those relating to testing charges paid to testing laboratories which are amortised over a period of five years.

**4. Unsecured Loans**

The holding company had taken unsecured inter-corporate loans from bodies corporate to meet the temporary shortfalls in working capital requirements. The company has repaid all these unsecured loans along with interest thereon as on the Balance Sheet date.

**5. Fixed Assets**

The holding company has during the year capitalized Rs.10,81,598 as Intangible Assets, being the charges paid to various certifying institutions for validation of its products. All such assets acquired over the year are amortised over a period of five years. The internally generated costs of such assets have been debited to the Profit & Loss Account.

No impairment loss has been considered for the residual assets of the erstwhile Porur Breaker Unit as the Net Selling Value is assessed to be more than the carrying amount in such assets.

## 6. Current Assets, Loans & Advances

### A. Current Assets

Sundry debtors of holding company include the following:

- i. Consequent to an out of court settlement with a customer in Malaysia, a sum of Rs.2,47,408 has been recovered out of a total outstanding of Rs.3,09,37,978, which had been fully provided for in the previous years, and the balance outstanding is Rs.3,06,90,570 as on the Balance Sheet date. To the extent of the amount recovered under the settlement the provision held on such debt has been reversed. The amount foregone under the settlement would be written off upon receipt of the final installment as stipulated in the settlement and also obtaining prior approval of the Reserve Bank of India. The company is in the process of making an application for approval for write off to RBI.

### B. Loans & Advances:

Advances recoverable in cash or in kind or for value to be received include:

- i. A sum of Rs.2,57,43,217 (2,99,85,282) due in the holding company from RPIL Signalling Systems Limited, an erstwhile subsidiary company. Net recovery of Rs.42,98,000 (Rs.Nil) has been made during the year. The provision held in excess of the outstanding of Rs.30,08,404 has been reversed and credited to the Profit & Loss Account under Other Income. The entire outstanding of Rs.2,57,43,217 had been provided in the earlier years.
- ii. A sum of Rs.50,00,000 has been paid by the holding company against the demand made by the Income Tax department in connection with the assessment of a previous year. An appeal preferred against the demand had been partly allowed by the appellate authority. Pending revision in assessment order, giving effect to the appellate order, the sum has been classified as advance.

An amount of Rs.5,41,665 being the salary paid to the erstwhile Managing Director of the holding company during the previous years over and above the limits prescribed under Schedule XIII of The Companies Act, 1956 and not approved by the central government has been grouped under Loans & Advances in the Balance Sheet. Representation with the Department of Company Affairs has been made for the approval, approval for which is expected for the balance amount, as No Objections Certificate as stipulated by the DCA is no longer applicable, the company having settled all the secured creditors.

## 7. Current Liabilities & Provisions

- i. Sundry creditors of the holding company include Rs.1,02,15,862 amount payable to a creditor in Malaysia. There has been an out of court settlement and Rs.1,94,259 has been paid. The amount foregone under the settlement by the creditor would be written back after the final installment is paid.

### Other Liabilities :

- ii. The holding company, following the principle of prudence, holds Rs.1,72,47,439 (Rs.1,72,47,439) as provision for liability towards non-redemption of advance license, pursuant to orders from the JDGFT. The company has challenged the said orders by way of writ petition in the Madras High Court.

## 8. Earnings per Share

(In Rs.)

	2009-2010	2007-2009
62,00,000 Equity Shares of Rs.10 each	6,20,00,000	6,20,00,000
Net Profit for the period before considering Extraordinary items	32,46,213	(3,77,55,760)
Net Profit for the period after considering extraordinary items	(5,63,18,294)	(4,62,43,633)
EPS ( Rs. ) before considering extraordinary items	0.52	(5.97)
EPS ( Rs. ) after considering extraordinary items	(9.05)	(7.34)

## 9. Managing Director's Remuneration in holding company

(In Rs.)

	2009-2010	2007-09
	(12 months)	(18 months)
Basic Salary	15,60,000	7,80,000
HRA	7,80,000	3,90,000
Contribution to Provident Fund	1,87,200	93,600
Gratuity	75,036	37,518
<b>Total</b>	<b>26,02,236</b>	<b>13,01,118</b>

The appointment of the Managing Director in the holding company was for a period of 3 years commencing 01.10.2008. The application for the approval of the appointment was made with the Ministry of Corporate Affairs, which had approved remuneration w.e.f 01.10.2008 till the subsequent General meeting of the company. The remuneration for the remaining period was to be considered for approval by DCA after submission of the members resolution approving the appointment. The company after obtaining the approval of the members had submitted the members resolution for approval of remuneration for the remaining period. Pending approval from the DCA, the payment of remuneration has been charged to Profit & Loss Account.

#### 10. Disclosure under Accounting Standard 15 (Revised 2005) 'Employee Benefits'

The company as a group has recognized as expenses for retirement benefits as follows for the year ended 31<sup>st</sup> March 2010:

Defined Contribution Scheme:		(In Rs.)	
Sl.No.	Name of Contribution scheme	2009-10 (12 Months)	2007-09 (18 Months)
1	Provident Fund	10,30,737	18,10,169

Defined Benefit Scheme:		(In Rs.)	
Sl.No.	Name of the Benefit Scheme	2009-10 (12 Months)	2007-09 (18 Months)
1	Gratuity	12,89,098	9,67,422
2	Leave Encashment	2,39,006	1,52,025

#### 11. Contingent Liabilities Not Provided for:

- The holding company is contingently liable for Guarantees furnished to the Company's Bankers for Rs.6,06,577 (Rs.6,06,577)
- Statutory Claims against the holding Company not acknowledged as debts towards Excise duty liability of Rs.6,42,59,735 disputed and appeal lying with the Commissioner, Appeals and CESTAT.
- The holding company had during prior years entered into a settlement with the workmen under the provisions of Section 12(3) of the Industrial Disputes Act, 1947. Liability during the previous years had been provided to the extent of the obligation under the settlement.

However, a section of the workmen have challenged the said settlement through a writ petition in the High Court of judicature, Madras, which was dismissed. Against the said dismissal of the writ petition, these workmen had preferred a writ appeal, which had also been disposed with a direction to the State Government to refer the dispute to Industrial Tribunal. Pursuant to an application made by a section of the workers the State Government has referred the dispute for adjudication. The liability, if any that may arise out of the adjudication is not provided and is not quantifiable.

Further, a writ petition was made by the holding company to the Honourable High Court of Madras for the removal of the balance unutilized plant & machinery at the Porur works. An order for an ad-hoc deposit of Rs. 2,00,00,000 over and above the settlement amount worked out in accordance with Section 12(3) of Industrial Disputes Act, 1947 and not taken by a section of the workmen, and proceeds out of the sale of unutilized plant & machinery, as a precondition for removal has been received.

Against the said order the holding company has preferred a special leave petition in the Honourable Supreme Court.

- For the non-redemption of the advance licences as referred to in Note 7 (ii), the consequent interest and penalty in the event of the appeals of the holding company by way of writ petitions being decided against the company or the application made with the Grievance Redressal Committee being turned down, is indeterminate.
- The holding company is contingently liable for Rs.22,91,918 against ex-parte orders passed by the adjudicating authority of the Department of Trade & Taxes, New Delhi. The company has preferred an appeal against the said ex-parte orders.
- The holding company had received a notice during the previous period from the 'Office of the Custodian' Banking Division (Dept. of Economic Affairs), Ministry of Finance directing to pay the outstanding dues of Rs.1,34,086 pertaining to Fairgrowth Financial Services Limited along with interest. The holding company while disputing the amount payable has offered Rs.90,000 as full and final settlement, which is under the claimant's consideration.
- The Holding company is contingently liable for claims that may arise on warranties/ performance guarantees provided for the equipments supplied to its customers on and from the effective date i.e 1<sup>st</sup> November 2009. As a matter of prudence a provision of Rs.5,10,229 for such liabilities has been estimated and provision made. Also the holding company has provided an indemnity for any claims that may arise out of the supplies made before the effective date.

## 12. Related Party Transactions

a.

(in Rs.)

PARTICULARS	BOMBAY GAS COMPANY LTD	HAMILTON & COMPANY LTD.	RPIL SIGNALING SYSTEMS LTD	ACRASTYLE POWER (INDIA) LIMITED	ACRASTYLE LTD.,	S&S POWER SWITCHGEAR EQUIPMENT LIMITED	HAMILTON RESEARCH & TECHNOLOGY	ACRASTYLE CONTROL INDIA PVT. LTD.
<b>A. LOAN TAKEN</b>								
Balance as on 01.04.2009 (Cr.Balance)	3,052,208	-					15,864,152	
Taken During the Year	15,500,000	10,000,000					-	
Interest / Amount Paid / Adjustments	336,454	137,392					1,957,472	
Repaid	18,888,662	10,137,392					17,821,624	
Balance as on 31.03.2010	-	-					-	
<b>B. TRADING</b>								
Balance as on 01.04.2009 (Dr.Balance)					1,157,680			
Sales (adj.d.agt.exch.fluctuation)					1,715,541			
Receipts					2,873,221			
Payments / Adjustments								
Purchases								
Balance as on 31.03.2010					-			
<b>C. LOANS GIVEN</b>								
Balance as on 01.04.2009		-	29,985,282	72,053,884				251,390
Given during the Year			14,055,935	10,535,008		86,318,341		1,897,776
Repaid during the Year			18,298,000	26,805,847		79,874,828		1,288,221
Adjustments								
Written off								
Balance as on 31.03.2010	-	-	25,743,217	55,783,045		6,443,513		860,945

**Note:** Out of Rs. 10,535,008 under Acrastyle Power (India) Ltd. Rs.4,887,008 represents further Loans and balance represents interest applied.

b. Names of related parties and description of relationship:

Sl.No.	Nature of Relationship	Entities
1.	Key Management Personnel	1. Ashish Jalan 2. Anupam Vaid 3. Deepak Choudhary
2.	Enterprise subject to influence	1. Bombay Gas Co. Ltd. 2. Hamilton & Co. Ltd. 3. Saurabh Industries Ltd. 4. Morvi Industries Ltd. 5. Hamilton Research and Technology Pvt. Ltd.
3.	Associated Enterprise	1. Acrastyle Ltd., U.K 2. Acrastyle Controls India Private Limited

## 13. Deferred Taxation

The deferred tax asset arising out of the accumulated income tax losses and timing differences has not been recognised considering the prolonged uncertainty in the holding company earning taxable income in the foreseeable future. This is in line with the policy of prudence recommended in the appropriate accounting standard issued by the ICAI

Deferred tax U.K Liability of Rs.84,188 has been provided (Previous year provision Rs.94,840) and the balance as on 31.03.2010 for Deferred Tax, U.K stands at Rs.39,56,666 (Rs.38,75,478) on the interest receivable from Acrastyle Switchgear Limited, U.K

**14. Contravention of Law:**

- i. The holding company has not fulfilled its export obligation in respect of two Advance Licenses availed in earlier years.

**15. Undisputed liabilities of the company:**

The holding company has provided for the following statutory liabilities, which it has not disputed on the date of the balance sheet and which remain outstanding for over a period of 6 months

(in Rs.)

Nature of statutory dues	Amount outstanding for more than 6 months from the due date
Society Dues	11,89,432
Sales Tax	25,75,010
Leave Encashment Payable	2,69,352
Leave Travel Assistance	3,26,537
Bonus	4,72,757
Gratuity	15,88,055
Industrial Fee	53,045

16. The figures of one of the subsidiary M/s. S&S Power Switchgear Equipment Limited for the year ended 31<sup>st</sup> March 2010 is for the period of 18 months.

**For GSV ASSOCIATES**  
Chartered Accountants  
Firm No. 006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.N.201407

**S. Shanmuga Priya**  
Company Secretary

**Ashish Jalan**  
Chairman & Managing Director

**Anupam Vaid**  
Director

Place : Chennai  
Date : 25<sup>th</sup> August, 2010

<p style="text-align: center;"><b>ACRASTYLE POWER (INDIA) LIMITED</b> <b>ACCOUNTS FOR THE YEAR ENDED</b> <b>31<sup>ST</sup> MARCH 2010</b></p>
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**Directors**

Mr. Sushil Kumar Jalan

Mr. Ashish Jalan

Mr Anupam Vaid

Mr. Ramanuj Soni

**Auditors**

M/s. PKF Sridhar &amp; Santhanam

Chartered Accountants

Chennai

**Bankers**

State Bank of Indore, Mumbai

HDFC Bank, RA Puram, Chennai

**Registered Office**

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

Dr. Ranga Road

Mylapore, Chennai - 600 004.

## NOTICE TO THE MEMBERS

NOTICE is hereby given that an Annual General Meeting of the Members of Acrastyle Power (India) Limited will be held on Wednesday 25<sup>th</sup> day the August, 2010 at II Floor, No.67 (Old No. 19), Dr Ranga Road, Mylapore, Chennai - 600 004 at 09.00 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 year ended 31.03.2010, the Balance Sheet as at that date and the Directors' and Auditors' reports thereon.
2. To appoint a Director in the place of Mr. Sushil K Jalan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Ramanuj Soni who retires by rotation and being eligible offers himself for re-appointment
4. To appoint Auditors and fix their remuneration

On behalf of the Board of Directors

**Ashish Jalan**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2010

### 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.**

## DIRECTORS' REPORT

Your Directors present their Eighteenth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2010 and the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2010.

### AMALGAMATION OF I POWER ENGINEERING INDIA (PRIVATE) LIMITED WITH THE COMPANY

The Hon'ble High Court of Madras, Chennai vide its order dated 30<sup>th</sup> March, 2009 approved the 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. The certified copy of the order was filed with the Registrar of Companies on 20.07.2009. The scheme became effective and operational with effect from 20.07.2009 In consideration of the transfer and vesting of the Undertaking of i-Power with the Company, each of the shareholders of i-Power was allotted 22 equity shares of Rs.10 each of the Company credited as fully paid up in

respect of one equity share of Rs.10 each fully paid up held by them in i-Power on 28.08.2009.

During the Financial year 2009-10 your Company had income from IT enabled engineering services of Rs.10.79 Million.

### FINANCIAL RESULTS

(Rupees in Million)

	31.3.2010	31.3.2009
Income	21.25	13.38
Expenditure	16.51	8.53
Profit before Interest, Depreciation, Tax and Extra Ordinary items	4.74	4.85
Interest, Depreciation, Tax and Extra Ordinary items	18.01	26.57
Net Profit / (Loss)	(13.27)	(21.72)

APIL focuses on providing Engineering services to the Control & Protection system segment. APIL has been involved in many of the engineering projects for Global MNCs. APIL has signed a framework contract with Areva, France for a period of 3 years for Engineering Services in CRP systems. This covers Areva offices in Middle East, Asia & Asia Pacific

APIL is in the process of foraying into the T&D Substation segment including Power Plants Engineering. The major players in the field look for specialized enterprises for the detailed engineering processes and APIL being in the field of engineering services and with competent and experienced engineers and state of art facilities in Chennai, would be exploiting the opportunities to its advantage.

APIL are also deputing its engineers for onsite technical co-ordination and Application engineering solutions for power system related work to various countries such as UK, Australia, Middle East etc.,

Engineering design methodologies and practices are undertaken in line with relevant National and international and industry standards with emphasis on quality and design excellence

Our customers include Acrastyle U.K, Areva Dubai & Qatar, Australia, L&T, Siemens for both Onsite and Offshore work. Our domestic customers include Areva Padappai and Pallavaram.

APIL is also actively looking for acquiring companies / merger which are in the related field to enhance the range and reach critical mass.

### Approval for renewal of 100% Export Oriented Units under the Software Technology Park

Your company is a 100% Export Oriented Unit under Software Technology Park Scheme of Government of India in the State of Tamil Nadu for development of Information Technology Engineering Services (ITES). Our application for renewal of 100% Export Oriented Unit under Software Technology Park Scheme has also been approved for a period of five years from 11.03.2009

## SUBSIDIARIES

### ACRASTYLE SWITCHGEAR LIMITED, U.K.

The audited accounts of Acrastyle Switchgear Limited U.K. the wholly owned overseas subsidiary of the Company is attached.

## INVESTMENTS

The investments held in S&S Power Switchgear Equipment Limited has been disposed on 20.07.2009

Consequent to winding up of S&S Power Corporation Sdn Bhd, Malaysia (SSPC) by The High Court of Malaysia at Shah Alam vide its order dated 22.05.2008, the investments in SSPC has been written off.

## DISQUALIFICATION UNDER SECTION 274(1)(g) OF THE COMPANIES ACT 1956

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

## DEPOSITS

The Company has not accepted any fixed deposits

## DIRECTORS

Mr. Sushil K Jalan and Mr. Ramanuj Soni, Directors retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## AUDITORS

M/s. PKF Sridhar & Santhanam, Chartered Accountants, Chennai, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

## CHANGE OF REGISTERED OFFICE

For administrative convenience, the registered office of the company was shifted from 16, TTK Road, First Cross Street, Alwarpet, Chennai – 600 018 to II Floor, No.67 (Old No. 19), Dr Ranga Road, Mylapore, Chennai -600 004 with effect from 15<sup>th</sup> October 2009

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors report that

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- they had selected such accounting policies and applied them consistently and made judgments and estimates that 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 loss of the company for that period
- they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of

this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities

- the annual accounts had been prepared on a going concern basis.

## EMPLOYEES

There was no employee covered by the provisions of Section 217 (2A) of the Companies Act, 1956.

## AUDITORS' REPORT

- (i) with regard to para 4 (vi)(a) of the Auditor Report, 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 Switchgear Limited would not be required
- (ii) with regard to para 4 (vi) (b) of the Auditor Report, the Board considers the entire loan along with the interest as recoverable and does not require any provision for non recoverability.

## COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1958

In terms of the above Rules, the particulars relating to Conservation of Energy, Technology Absorption required in terms of Section 217(1)(e) of the Companies Act, 1956 are not applicable for the time being and hence no disclosure is being made in this report.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings  
(received) during the year - Rs. 8.84 Million

Foreign exchange Outgo  
during the year - Rs. 0.89 Million

## HUMAN RESOURCE DEVELOPMENT

During the period the company maintained cordial relations with the employees of the Company.

## ACKNOWLEDGEMENT

The Directors wish to thank all the shareholders who have supported the company during this period and also wish to thank the employees of the Company for their dedicated performance.

On behalf of the Board

**Ashish Jalan**  
Director

**Ramanuj Soni**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2010



## AUDITOR'S REPORT

To

The Members of **Acrastyle Power (India) Limited**

1. We have audited the attached balance sheet of Acrastyle Power (India) Limited, as at 31<sup>st</sup> March 2010, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956,
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required

by the Companies Act, 1956, in the manner so required and subject to

- a. **Non-provision of diminution in the value of investment Rs. 8,06,91,875 in wholly owned subsidiary Acrastyle Switchgear Limited, UK especially considering the erosion of net worth and adverse opinion given by Auditor of Subsidiary in its audit report.**
- b. **Our inability to express an opinion on recoverability of loan and interest receivable amounting to Rs.14,40,98,021 from Acrastyle Switchgear Limited, UK.**

does not give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2010;
- (b) in case of the profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For PKF SRIDHAR & SANTHANAM**  
Chartered Accountants

**S.NARASIMHAN**  
Partner  
M.No: 206047

Place : Chennai  
Date : 31<sup>st</sup> July 2010

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure referred to in paragraph 4 of the auditor's report to the Members of Acrastyle Power (India) Limited (The company) for the period ended March 31, 2010.

We report as required under section 227(4A) that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) The fixed assets disposed off during the year are not substantial and therefore do not affect the going concern status of the company;
- (ii) The Company does not have any inventory and hence this clause is not applicable to this company
- (iii) (a) The company has granted loans to two bodies corporate and **subject to non-accrual of interest income from a subsidiary for part of**

- the loan granted**, interest is being accrued in the books.
- (b) The Company has taken an unsecured loan from its holding company and the terms and conditions of the loan are prima facie not prejudicial to the interest of the Company at the time of sanction of the loan.
- (iv) The Company has not purchased any asset or inventory during the year and hence reporting on adequacy of internal control procedures does not arise except by way of amalgamation.
- (v) The Company has not entered into any transactions for purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating to Rs.5,00,000/- or more in respect of each party.
- (vi) The Company has not accepted deposits from the public and hence paragraph 4 is not applicable.
- (vii) The Company does not have an internal audit system.**
- (viii) No cost records have been prescribed by the Central Government under Sec 209 (1) (d) of the Companies Act 1956.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.
- (b) The Company has been generally regular in deduction of tax at source and remitting the same as required by law.
- (x) In our opinion, the accumulated losses of the company are not more than fifty per cent of its net worth. Further, the company has incurred cash losses during the financial year covered by our audit and cash loss in the immediately preceding financial period.
- (xi) The Company has not taken any loan from any bank or financial institution nor has it any debenture holders and hence the question of default in payments to banks, financial institutions & debenture holders does not arise.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of Paragraph 4 (xiv) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xvi) No term loan was taken by the Company and therefore this clause is not applicable to the Company.
- (xvii) There has not been any allotment of equity shares during the year
- (xviii) The funds raised on short-term basis have not been used for long term investments.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) During the course of our examination of the books and records of the Unit, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Unit noticed or reported during the year nor have we been informed of any such case by the management, that causes the financial statements to be materially misstated.

**For PKF SRIDHAR & SANTHANAM**  
Chartered Accountants

**S.NARASIMHAN**  
Partner  
M.No: 206047

Place : Chennai  
Date : 31<sup>st</sup> July 2010

## ACRASTYLE POWER (INDIA) LIMITED

### BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

	Schedule No.	For the year ended 31.03.2010	(in Rupees) For the year ended 31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' fund</b>			
Share capital	1	59,450,500	59,450,500
Reserves & Surplus	2	134,304,700	134,304,700
		<u>193,755,200</u>	<u>193,755,200</u>
<b>Loan Funds</b>			
Unsecured loan	3	55,974,268	40,062,733
<b>Deferred Tax Liability</b>			
- Indian Taxes			-
- Foreign Taxes		3,959,666	3,875,478
		<u>253,689,134</u>	<u>237,693,411</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	19,349,172	19,169,551
Less: Depreciation		8,101,460	4,413,862
Net Block		<u>11,247,712</u>	<u>14,755,689</u>
<b>INVESTMENTS</b>			
<b>Current assets, loans and advances</b>	5	<b>80,825,903</b>	81,324,839
- Sundry Debtors	6	3,850,272	3,844,620
- Cash and Balances	6A	191,321	258,279
- Loans & Advances	6B	162,541,170	153,155,330
- Deposits	6C	806,722	806,722
	6D	<u>167,389,485</u>	<u>158,064,951</u>
<b>Current liabilities and provisions</b>	7		
- Current Liabilities		16,729,937	14,165,216
- Provisions		3,294,429	3,259,654
		<u>20,024,367</u>	<u>17,424,870</u>
<b>Net current assets</b>		<u>147,365,117</u>	<u>140,640,081</u>
<b>Profit &amp; Loss Account</b>		<u>14,250,402</u>	<u>972,803</u>
<b>TOTAL</b>		<b>253,689,134</b>	237,693,411

Notes to the financial statements

8

The Schedules referred above form an integral part of these financial statements.

As per our report attached

for **PKF SRIDHAR & SANTHANAM**  
Chartered Accountants

for and on behalf of the Board

**S. NARASIMHAN**  
Partner,  
M.No. 206047

**Ramanuj Soni**  
Director

**Ashish Jalan**  
Director

Place : Mumbai  
Date : 31st July 2010

**ACRASTYLE POWER (INDIA) LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	<b>(in Rupees)</b>	
	<b>For the year ended 31.03.2010</b>	<b>For the year ended 31.03.2009</b>
<b>INCOME</b>		
Interest Income from Subsidiaries [Gross]	2,370,404	3,425,415
Interest Income on other Inter Corporate Loans [Gross] - [Tax deducted at source - Rs.2,39,194(Previous Year Rs.2,64,940)]	1,476,182	1,303,737
Income from Engineering Services	10,785,423	8,157,386
Profit on sale of current investments	-	265,847
Dividend Income from Mutual Funds	1,004	168,903
Other Income	126,517	55,938
Reveral of Provision on Investments	6,488,075	-
	<b>21,247,605</b>	<b>13,377,226</b>
<b>EXPENDITURE</b>		
<b>Personnel Expenditure</b>		
- Salary and Wages	5,511,384	3,649,234
- Contribution to PF, Gratuity and other funds	251,857	225,102
- Staff Welfare	313,813	418,645
	<b>6,077,054</b>	<b>4,292,981</b>
<b>Administration &amp; Other Expenses</b>		
Consultancy charges	1,502,956	1,633,686
Filing & Application Fees	10,188	-
Advertisement Expenses	304,919	173,714
Travelling & Conveyance	1,061,850	1,740,526
Rent , Rates & Taxes and Electricity	377,500	176,523
Repairs & Maintenance	240,728	86,478
Printing & Stationery	100,150	120,347
Auditor's remuneration		
-for audit Fees	26,292	78,034
-for audit Fees-Tax	9,794	11,030
-for transfer pricing certification	43,820	55,150
Write off of Investments	6,488,075	-
Other Expenses	269,546	157,438
	<b>10,435,818</b>	<b>4,232,926</b>
<b>Finance Cost</b>		
Interest on loan from holding company	4,887,600	6,038,073
Interest - others	-	3,153
Bank Charges	16,600	7,713
	<b>4,904,200</b>	<b>6,048,939</b>
Foreign Exchange Fluctuation - (Gain) / Loss	9,321,517	17,193,247
Depreciation & Amortisation of Goodwill	3,687,598	3,681,019
	<b>34,426,187</b>	<b>35,449,113</b>
<b>Profit / (Loss) before Taxation</b>	<b>(13,178,581)</b>	<b>(22,071,887)</b>
Deferred Tax (Indian)	-	471,371
Fringe Benefit Tax	(14,830)	(19,948)
Deferred Tax (U.K.)	(84,188)	(93,840)
<b>Profit / (Loss) after tax for the year</b>	<b>(13,277,600)</b>	<b>(21,714,304)</b>
Profit/(Loss) brought forward from previous year	(972,803)	6,845,886
Profit from transferor company as on 31.03.2008 on Amalgamation		13,895,616
<b>Net Profit / (Loss) carried to Balance Sheet</b>	<b>(14,250,403)</b>	<b>(972,803)</b>
<b>Earning per share - Refer Note (5)</b>		
Earnings per share (Basic)	(2.23)	(5.48)
Earnings per share (Diluted)	(2.23)	(3.65)
Notes on Account- 8		

for **PKF SRIDHAR & SANTHANAM**  
Chartered Accountants

for and on behalf of the Board

**S. NARASIMHAN**  
Partner,  
M.No. 206047

**Ramanuj Soni**  
Director

**Ashish Jalan**  
Director

Place : Mumbai  
Date : 31st July 2010

**ACRASTYLE POWER (INDIA) LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(in Rupees)

	As at 31st March 2010	As at 31st March 2009
<b>Schedule 1</b>		
<b>Share capital</b>		
<b>Authorised</b>		
2,06,00,000 Equity Shares of Rs.10 Each (PY 2,06,00,000) Equity Shares)	<b>206,000,000</b>	206,000,000
	<b>206,000,000</b>	206,000,000
<b>Issued, subscribed and paid-up</b>		
59,45,050 Equity Shares of Rs.10 Each (PY 39,65,050 Equity Shares) Fully paid up ( Of the above 39,74,950 Shares are held by S&S Power Switchgear Limited, the holding company)	<b>59,450,500</b>	39,650,500
<b>Share Capital Suspense - Pending Allotment</b> (Nil (Previous Year 19,80,000 Equity shares of Rs.10 as fully paid-up to be issued to the shareholders of the transferor company))	-	19,800,000
<b>Total</b>	<b>59,450,500</b>	59,450,500
<b>Schedule 2</b>		
<b>Reserves &amp; Surplus</b>		
<b>Reserves</b>		
<b>Share Premium Account</b> ( A )	<b>132,000,000</b>	132,000,000
<b>General Reserve</b>		
As per the last Balance Sheet	-	-
Add :Transferred from Transferor Company	-	2,100,000
Less: Adjusted against the pending share allotment to shareholders of the transferor company	-	2,100,000
	-	-
( B )	-	-
<b>Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	<b>2,304,700</b>	2,304,700
Additions / (Deductions) during the year	-	-
( C )	<b>2,304,700</b>	2,304,700
<b>Total</b>	<b>134,304,700</b>	134,304,700
<b>Schedule 3</b>		
<b>Unsecured loan</b>		
From Holding Company	<b>40,974,268</b>	40,062,733
From Other Bodies Corporate	<b>15,000,000</b>	-
	<b>55,974,268</b>	40,062,733

## Schedule 4

## Fixed Assets

(in Rupees)

Particulars	Rate of Deprn. (%)	Gross Block				Depreciation Block			Net Block	
		As on 01.04.09	Additions	Deletions	As on 31.03.2010	Upto 01.04.09	For the year	Upto 31.03.2010	As of 31.03.2009	As of 31.03.2010
<b>Tangible Assets</b>										
Computers	16.21%	1,793,507	24,492	-	1,817,999	950,382	294,045.01.00	1,244,427	843,125	573,572
Plant & Machinery	4.75%	390,596	-	-	390,596	71,275	18,553.31.00	89,829	319,321	300,767
Furniture & Fittings	6.33%	185,448	155,129	-	340,577	32,205	15,000.00.00	47,204	153,243	293,373
<b>Intangible Assets</b>										
Goodwill	20%	16,800,000	-	-	16,800,000	3,360,000	3,360,000.00	6,720,000	13,440,000	10,080,000
<b>Total</b>		<b>19,169,551</b>	<b>179,621</b>	<b>-</b>	<b>19,349,172</b>	<b>4,413,862</b>	<b>3,687,597.95</b>	<b>8,101,460</b>	<b>14,755,689</b>	<b>11,247,712</b>
<b>Previous Year</b>		-	19,169,551	-	19,169,551	-	4413862.00	-	-	14,755,869

**Schedule 5**  
**Investments**

**Long Term - at Cost**  
**Unquoted**

In Subsidiary Companies

S&S Power Switchgear Equipment Limited

Nil (Previous Year 49,994 Equity Shares of

Rs.10 each fully paid up)

(A)

-

499,940

Acrastyle Switchgear Limited . U.K

13,75,000 Ordinary Shares of GBP 1 each fully paidup

(B)

**80,691,875**

80,691,875

**Current Investments ( At least of cost or Net Asset Value)**

DWS Ultra Short Term Fund - Regular Growth Plan

**113,692**

113,692

(NAV as on 31.3.10, 10,319,638 units at Rs. 15.2405)

DWS Ultra Short Term Fund - Regular Weekly Dividend Plan

**19,332**

18,125

(NAV as on 31.03.10, 1936.597 units at Rs.10.51 per unit)

UTI Spread Fund

-

3,000,000

HDFC Cash Management Fund

-

2,800,000

Add: Dividend Reinvested during the year

**1,004**

1,206

Less:

Sale of Investments

-

5,800,000

Total

(C)

**134,028**

133,024

Total (A + B + C)

**80,825,903**

81,324,839

**Schedule 6**

**CURRENT ASSETS LOANS & ADVANCES**

**CURRENT ASSETS**

**A.Sundry Debtors ( Unsecured, considered good)**

a. Debts outstanding for a period exceeding six months

-

3,258,563

b. Other Debts

**3,850,272**

586,057

**3,850,272**

3,844,620

**B. Cash and Bank Balances**

Cash on hand

**4,817**

6,204

Balances with scheduled banks

-current account

**153,755**

225,683

-Fixed Deposit

**32,749**

26,392

(Includes Rs.20,000 marked as lien to STPI. ( Previous Year Rs.20,000)

**191,321**

258,279

**C. Loans and advances (Unsecured, Considered Good)**

**Loans**

**Loans to subsidiaries**

Loan to Acrastyle Switchgear Limited , U.K

( GBP 17,45,000- converted at the rate of

Rs.67.45 per GBP as at 31.03.2010)

( Previous Year GBP 15,45,000 @ 71.40 per GBP)

**117,700,250**

110,313,100

Interest Receivable from

Acrastyle Switchgear Limited, U.K

**26,397,771**

25,836,518

(i)

**144,098,021**

136,149,618

**Loans - Others**

Acrastyle Controls India Private Limited

**12,125,750**

12,258,747

Hamilton Research & Technology Private Limited

-

-

Interest receivable from

Acrastyle Controls Private Limited

**2,271,762**

1,041,131

(ii)

**14,397,511**

13,299,877

**Advances Recoverable in  
Cash or kind or for value to be received**

**Advances to subsidiaries**

Advance to S&S Power Switchgear  
Equipment Limited

- 158,000

( iii ) - 158,000

**Advances - Others**

Income Tax paid In Advance

**3,151,516** 2,902,959

Fringe Benefit Tax paid in Advance

**510,636** 487,276

Other Loans & Advances

**383,484** 157,599

( iv ) **4,045,637** 3,547,835

( i+ii+iii+iv ) **162,541,170** 153,155,330

**D. Deposits**

Rental Deposit

**805,722** 805,722

Deposit - Others

**1,000** 1,000

**806,722** 806,722

**Schedule 7**

**Current liabilities & Provisions**

Creditors for Expenses

**1,601,121** 2,281,248

Creditors -Others

**158,674** 101,623

Interest Payable to holding Company

**14,808,830** 11,258,824

Advance for Expenses from holding Company

**0** 401,999

Other Liabilities

**229,059** 121,522

( A ) **16,797,684** 14,165,216

**Provisions**

Provision for Taxation Current

**2,747,554** 2,712,779

Provision for foreign taxation

**546,875** 546,875

( B ) **3,294,429** 3,259,654

(A+B) **20,092,114** 17,424,871



## 8. Notes to the Accounts

1. Schedules 1 to 7 form an integral part of the Balance Sheet and Profit & Loss Account and they have been authenticated.

### 2. Accounting convention:

The financial statements are prepared under the historical cost convention on accrual basis as a going concern in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India ("The ICAI") and the Companies Act, 1956.

### 3. Significant Accounting Policies

#### a. Revenue recognition:

Revenue, in respect of engineering services is accounted for on the basis of services rendered and billed to clients on the basis of man-days/man-hours spent as per the terms of the specific contract with clients.

Interests from loans given are recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Profit from investment with respect to growth fund units are recognized on sale of units.

Dividend income is recognized when the right to receive is established.

#### b. Accounting for effects in Foreign Exchange Rate:

i. Exchange variation on account of Principal amount of loan is recognized in profit and loss account. Accordingly the exchange variation loss of Rs.74,03,850/- has been charged off as revenue expense

ii. Exchange Gain / (Loss) on account of interest on such loan has been recognized in Profit and Loss A/c.

iii. Income and Expenditure items involving foreign exchange are recorded at exchange rate prevailing on the date of transactions.

All monetary items denominated in foreign currency are restated at the rates prevailing on the Balance sheet date.

Exchange differences if any arising out of settlement / restatement of foreign currency balances, are duly reflected in the Profit and Loss Account in the period in which they arise.

#### c. Investments:

Investments are bifurcated into Long Term and Short Term Investments and Long Term Investments are valued at cost and restated only when there is a permanent diminution in the value of investments. Decline in value other than permanent in nature are not recognized. Short Term Investments are stated at cost or market value, whichever is less.

#### d. Employee Benefits:

Company contributes to employees Provident Fund scheme which is a Defined Contribution Plan. Company has no further obligation under the plan beyond its monthly contributions to the Provident Fund Organisation.

Company has Defined Benefit Plan namely, Gratuity, leave encashment and compensated absence.

Liability for gratuity is provided based on actuarial valuation determined under projected unit credit method. Contributions under gratuity scheme are made to Life Insurance Corporation of India in accordance with the terms of policy under their group gratuity scheme.

Liability for leave encashment / compensated absence is provided based on actuarial valuation as at the date of the Balance Sheet.

#### e. Fixed Assets and Depreciation:

The Fixed Assets have been stated at their Acquisition cost, which comprises of freight, installation cost, duties, taxes and other directly attributable cost of bringing the assets to its working condition for the intended use. Fixed Assets are depreciated on Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956. For the assets acquired during the period, depreciation has been charged on a pro-rata basis. Individual assets costing Rs.5000 or less are depreciated in full in the year of acquisition.

Goodwill arising out of the accounting for amalgamation in accordance with Accounting Standards 14, issued by the Institute of Chartered Accountants of India is amortised over a period of 5 years.

## f. Accounting for Taxes on Income &amp; Fringe Benefit Tax:

Income Tax expense comprises current tax and deferred tax charge or credit. The deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognised only to the extent there is a reasonable certainty that the assets can be realized in future. Deferred Tax assets when there is an unabsorbed business loss are recognised only when it is virtually certain that they can be realized in future.

## 4. Related Party Disclosure:

Name	Relationship	Country	Proportion of Ownership
S&S Power Switchgear Limited	Holding Company	India	100.00%
Acrastyle Switchgear Limited	Subsidiary Company	UK	100.00%
Acrastyle Controls India Private Limited	Associate Enterprise	India	48.73%
Acrastyle Limited	Associate Enterprise	UK	48.73%
S&S Power Corporation Sdn. Bhd.*	Subsidiary Company	Malaysia	51.00%

\* During the year S&S Power Corporation Sdn. Bhd. has been ordered to be wound up on a winding up petition filed by one of its creditors

## A. S&amp;S Power Switchgear Limited

(Amount in Rs.)

Nature of transaction	2009-2010	2008-2009
Loans Taken (including interest and advances) Opening Balance	5,17,57,973	6,53,89,033
Add: Interest & Advances for the year	51,17,054	61,99,328
Add: Additional Loan	9,11,535	4,99,940
Less: Repayments & Credits	20,03,464	(2,03,30,328)
<b>Closing Balance</b>	<b>5,57,83,098</b>	<b>5,17,57,973</b>

## B. Acrastyle Switchgear Limited, U.K

(Amount in Rs.)

Nature of transaction	2009-2010	2008-2009
Loans Given (including interest and advances) Opening Balance	13,61,48,718	14,93,05,422
Add: Interest for the year	23,70,404	34,24,515
Add: Loans given	1,47,91,000	-
Add / (Less) Foreign Exchange Gain / (Loss)	(92,13,001)	(1,65,81,219)
<b>Closing Balance</b>	<b>14,40,97,121</b>	<b>13,61,48,718</b>

## C. Acrastyle Limited, U.K

(Amount in Rs.)

Nature of transaction	2009-2010	2008-2009
Export of Engineering Services	54,42,271	62,51,721

## D. Acrastyle Controls India Private Limited

(Amount in Rs.)

Nature of transaction	2009-2010	2008-2009
Loans Given (including interest) Opening Balance	1,32,99,878	47,98,880
Add: Interest for the year	12,30,631	10,41,131
Add: Loans given	99,30,003	1,37,89,407
Less: Receipts during the year	(1,00,63,000)	(63,29,540)
<b>Closing Balance</b>	<b>1,43,97,512</b>	<b>1,32,99,878</b>

5. **Earnings per share** (Amount in Rs.)

	2009-2010	2008-09
<b>Earnings per share - Basic</b>		
Earnings after tax	1,33,45,347	2,17,14,304
Number of Equity Shares	59,45,050	39,65,050
Earnings per share	(2.24)	(5.48)
<b>Earnings per share – Diluted</b>		
Earnings after tax	1,33,45,347	2,17,14,304
Number of Equity Shares (PY: Including 19,80,000 shares to be allotted to shareholders of the transferor company)	59,45,050	59,45,050
Earnings per share	(2.24)	(3.65)

8. **Contingent Liabilities not provided for:**

Tax liability in respect of various assessment years, proceedings of which are pending at different forums, are not quantifiable.

9. Deferred Tax U.K liability of Rs.84,188 has been provided (previous year provision Rs.94,840) and the balance as on 31.03.2010 for Deferred Tax, U.K stands at Rs.39,56,666 (Rs.38,75,478) on the interest receivable from Acrastyle Switchgear Limited, U.K.
10. The company has exposure to foreign currency risk in respect of its interest earnings, loans & advances and receivables. As on 31.03.2010 the net unhedged foreign currency exposure is Rs.14,55,29,715 (Rs.13,95,39,233)
11. Earnings / Receipts & Expenditure / Payments in Foreign Exchange: (Amount in Rs.)

<b>Earnings (Accrual Basis):</b>		
Nature of Earnings / Receipt	2009-2010	2008-09
Interest on Loan	23,70,404	34,25,415
Engineering Services rendered	89,43,544	72,08,693

<b>Expenditure / Payments</b> <span style="float: right;">(Amount in Rs.)</span>		
Nature of Expenditure/ Payment	2009-2010	2008-09
Travelling Expenses	8,99,711	8,17,146

12. **Disclosure under Accounting Standard 15 (Revised 2005) 'Employee Benefits'**

The company has recognized as expenses for retirement benefits as follows for the year ended 31<sup>st</sup> March 2010:

<b>Defined Contribution Scheme:</b>			(Amount in Rs.)
Sl. No	Name of Contribution scheme	2009-10 (12 Months)	2007-09 (18 Months)
1	Provident Fund	2,37,099	1,91,955

<b>Defined Benefit Scheme:</b>			(Amount in Rs.)
Sl. No	Name of the Benefit Scheme	2009-10 (12 Months)	2007-09 (18 Months)
1	Gratuity	12,198	32,987
2	Leave Encashment	1,59,768	

13. Figures of the previous year have been regrouped/reclassified wherever necessary.

As per our report attached

for **PKF SRIDHAR & SANTHANAM**  
Chartered Accountants

**S. NARASIMHAN**  
Partner,  
M.No. 206047

Place : Mumbai  
Date : 31st July 2010

for and on behalf of the Board

**Ramanuj Soni**  
Director

**Ashish Jalan**  
Director

## ACRASTYLE POWER (INDIA) LIMITED

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

(in Rupees)

	2009-10	2008-09
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation & Extra-ordinary items:	(13,178,581)	(1,197,621)
Adjustments for :		
(i) Income from mutual funds	(1,004)	168,903
(ii) (Reversal) / Provision for diminution in investments	(6,488,075)	0
(iii) Difference in foreign exchange	9,321,517	(17,193,247)
(iv) (Profit) / Loss on sale / write off of investment	6,488,075	265,847
(v) Interest paid	4,904,200	6,041,226
vi Depreciation / Amortisations	3,687,598	(3,681,019)
vii provision for taxation	(99,018)	357,583
viii Interest Income		4,729,152
	4,634,711	(10,509,176)
<b>Operating Profit before Working Capital Changes</b>		
Adjustments for :		
(vii) (Increase) / Decrease in Advances	(9,391,490)	19,716,527
(viii) Increase / (Decrease) in Liabilities	2,599,497	5,433,504
Cash generated from Operation before Extra-ordinary items	(2,157,282)	14,640,855
Extra-ordinary items		
<b>Net cash flow from operating Activities</b>	(2,089,535)	14,640,855
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
(i) Sale / Write off of Investment	499,940	5,445,290
(ii) Purchase of Investment	(1,004)	(499,940)
(iii) Dividend / Interest received	1,004	(1,206)
(iv) Goodwill	0	(16,800,000)
(v) Purchase of Fixed Assets	(179,621)	
	320,318	(11,855,856)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(i) Interest paid	(4,904,200)	(6,041,226)
(iii) Borrowing / (Repayment) of Unsecured Loan	1,591,1534	
(iv) Foreign Exchange Fluctuation on Loan and Interest Receivable	(9,321,517)	
(v) Provision for Taxes	84,188	
(vi) Share Premium		
vii Loan Liability		(19,830,388)
viii Reserves & Surplus		(2,100,000)
ix Depreciation / Amortisations		3,681,019
x Share Capital		18,900,000
	1,770,006	(5,390,595)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as at 01.04.2009	(66,959)	(2,605,596)
Cash and cash equivalents as at 31.03.2010	258,279	2,863,876
	191,321	258,279

As per our report attached

for **PKF SRIDHAR & SANTHANAM**  
Chartered Accountants**S. NARASIMHAN**  
Partner,  
M.No. 206047Place : Mumbai  
Date : 31st July 2010

for and on behalf of the Board

**Ramanuj Soni**  
Director**Ashish Jalan**  
Director

## ACRASTYLE POWER (INDIA) LIMITED

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**  
( Information as required under part IV of the schedule VI of the Companies Act, 1956 )

### 1 REGISTRATION DETAILS

Registration No.	22760	State Code	18
Balance Sheet Date	31.03.10		

### 2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public issue	Nil	Bonus issue	Nil
Right issue	Nil	Private Placement	Nil

### 3 POSITION OF MOBILATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	253,689	Total Assets	253,689
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#### SOURCES OF FUNDS

Paid up Capital	59,451	Reserves and Surplus	134,305
Secured Loans	Nil	Unsecured Loans	55,974
		Deferred Tax Liability	3,960

#### APPLICATION OF FUNDS

Net Fixed Assets	11,248	Investments	80,826
Net Current Assets	147,365	Misc. Expenditures	14,250

### 4 PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover	21,248	Profit / (Loss) Before Tax	(13,179)
Total Expenditure	34,426	Profit / (Loss) After Tax	(13,278)
Earnings per Share in Rs.	(2.23)	Dividend Rate	Nil

### 5 GENERIC NAMES THREE PRINCIPAL PRODUCTS/ SERVICES OF COMPANY

#### (AS PER MONETARY TERMS )

Item Code No. (ITC Code)	Not Applicable
Products / Service Description	Nil

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On Behalf of the Board  
For Acrastyle Power (India) Limited

**Ramanuj Soni**  
Director

**Ashish Jalan**  
Director

Place : Mumbai  
Date : 31st July 2010

## ACRASTYLE POWER (INDIA) LIMITED

### STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Statement of Holding Company's interest in Subsidiary Companies

**As at 31st March, 2010 the Company has one subsidiary**

	<b>Acrastyle Switchgear Limited</b>
1 Name of the Subsidiary	Acrastyle Switchgear Limited
2 Number of Equity Shares held	1,375,000
Number of Preference Shares	-
3 Financial year / period of the subsidiary ended on	30.09.2009
4 The net aggregate amount of Profit / (Losses) of the Subsidiaries as for as it concerns the Holding Company	
1. Dealt with in the accounts of Acrastyle Power (India) Limited by way of dividend on the shares held in the subsidiaries	
(a) for the subsidiary's financial year ended 30th September 2009	-
(b) for the previous financial years of the subsidiary since it become the subsidiary of S&S Power Finvest Limited.	3,373
2. Not dealt with in the accounts of Acrastyle Power (India) Limited.	
(a) for the subsidiary's financial year ended 30th September 2009	1,042,507
(b) for the previous financial years of the subsidiary since it become the subsidiary of Acrastyle Power (India) Limited	187,480,175
5 (a) Change in the Holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the Holding Company's financial year.	
(b) Material changes which have occurred between the end of the financial year of the subsidiary and the end of the Holding Company's financial year in respect	-
(i) the subsidiary's financial assests	-
(ii) the investments	-
(iii) the moneys lent by it	-
(iv) the moneys lent by it for any purpose other than of meeting current	-

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The Company holds 100% shares in Acrastyle Switchgear Limited

for **PKF SRIDHAR & SANTHANAM**  
Chartered Accountants

for and on behalf of the Board

**S. NARASIMHAN**  
Partner,  
M.No. 206047

**Ramanuj Soni**  
Director

**Ashish Jalan**  
Director

Place : Mumbai  
Date : 31st July 2010

**ACRASTYLE SWITCHGEAR LIMITED****Directors Report and Financial Statements  
For the Year ended 30<sup>th</sup> September 2009**

<b>Directors</b>	Mr.Ashish Jalan Mr.S.K.Jalan Mr.FD Wilson
<b>Secretary</b>	Mr. W.Wilson
<b>Company Number</b>	3331909
<b>Registered Office</b>	North Lonsdale Road Ulverston Cumbria LA12 9DP
<b>Auditors</b>	J.L.Winder & Co 125 Ramsden Square Barrow-in -Furness Cumbria LA1 4IXA
<b>Bankers</b>	Clydesdale Bank plc 129 Kingston Road Carlisle Cumbria CA3 0BQ

## DIRECTORS' REPORT

### For the year ended 30 September 2009

The directors present their report and the final statements for the year ended 30 September 2009

#### Principal activity

The principal activity of the company during the year was that of an investment company.

#### Directors

The directors who served during the year are as stated below:

A Jalan

SK Jalan

FD Wilson

#### Directors' responsibilities

The directors are responsible for preparing the final statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally accepted Accounting Practice (United Kingdom Accounting Standards are applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the directors are required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that JL Winder & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 02<sup>nd</sup> March 2010 and signed on its behalf by

**Mr. W. Wilson**  
Secretary

## Independent auditors' report to the shareholders of Acrastyle Switchgear Limited

We have audited the financial statements of Acrastyle Switchgear Limited for the year ended 30 September 2009 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounts policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the company's shareholders, as a body, in accordance with Section 495 and 496 of the Companies Act, 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities on page 1-2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (U.K & Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards of Auditors.

#### Scope of the Audit of the Financial Statements.

An Audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give responsible assurance that the financial statements



are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, and the overall presentation of the financial statements.

**Adverse opinion arising from the overstatement in the valuation of the fixed asset investment**

In July 2007 a valuation of the fixed asset investment in Acrastyle Limited was carried out which concluded that the company's value was considerably less than the original purchase price at which it is stated in the financial statements.

This valuation has been updated to reflect the most recent set of accounts and if it was adopted the effect would be to reduce the carrying value of the investment by Rs.380,644,699 and increase the loss for the year by the same amount.

In view of the failure to provide for the diminution in value referred to above, in our opinion the financial statements do not give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30<sup>th</sup> September 2009 and of its profit for the year then ended.

In all other respects in our opinion the financial statements have been properly prepared in accordance with the Companies Act, 2006.

Opinion on other matter prescribed by the Companies Act, 2006

Notwithstanding our adverse on the financial statements, in our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act, 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

**Emphasis of Matter – Going Concern**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from a failure to continue as a going concern as a result of the withdrawal of the support which is described in Note 12. Our opinion is not qualified in this respect.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transaction is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**GILLIAN HAYTHORNTHWAITE**

(senior statutory Auditors)

**For and on behalf of JL. Winder & Co**

Chartered Accountants &

Registered Auditor

10 March 2010

125 Ramsden Square  
Barrow-in-Furness  
Cumbria  
LA1 4XA

**ACRASTYLE SWITCHGEAR LIMITED**  
**BALANCE SHEET AS AT 30TH SEPTEMBER 2009**

	Notes	2009	2008
<b>Fixed Assets</b>			
Investments	4	396,832,699	420,071,975
<b>Current Assets</b>			
Debtors	5	22,935,024	8,890,371
Cash at bank and in hand		77,298	81,824
<b>Creditors: amount falling due within one year</b>	6	<u>(45,834,838)</u>	<u>(34,234,801)</u>
<b>Net current liabilities</b>		<u>(22,822,517)</u>	<u>(25,262,605)</u>
<b>Total assets less current liabilities</b>		<b>374,010,183</b>	394,809,370
<b>Creditors: amount falling due after more than one year</b>	7	<b>(92,743,750)</b>	(98,175,000)
<b>Net assets</b>		<u><b>281,266,433</b></u>	<u>296,634,370</u>
<b>Capital and reserves</b>			
Called up share capital	8	<b>92,743,750</b>	98,175,000
Profit and loss account	9	<b>188,522,683</b>	198,459,370
<b>Share holder's funds</b>		<u><b>281,266,433</b></u>	<u>296,634,370</u>

These accounts have been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 & the financial reporting standard for smaller entities (effective April 2008) relating to small Companies

As per our report attached

**JL Winder & Co**  
**Chartered Accountants**

**Partner**

**Ashish Jalan**  
 Director

**W.Wilson**  
 Secretary

**ACRASTYLE SWITCHGEAR LIMITED**  
**NORTH LONSDALE ROAD ULVERSTON CUMBRIA**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**  
**30<sup>TH</sup> SEPTEMBER, 2009**

[ in Rs. ]

Particulars	Notes	2009	2008
Administrative Expenses		<u>(99,084)</u>	<u>(107,957)</u>
<b>Operating Loss</b>	<b>2</b>	<b>(99,084)</b>	<b>(107,957)</b>
Other Interest receivable and Similar Income		<b>1,141,591</b>	-
Interest payable and similar charges			<u>(2,454,375)</u>
		<u><b>1,141,591</b></u>	<u>(2,454,375)</u>
<b>Profit/(Loss) on ordinary activities before taxation</b>		<b>1,042,507</b>	<b>(2,562,332)</b>
Tax on profit/(Loss) on ordinary Activities		-	-
<b>Profit/(Loss) for the year</b>	<b>9</b>	<u><b>1,042,507</b></u>	<u>(2,562,332)</u>
Retained Profit brought forward		<b>187,480,175</b>	201,021,702
<b>Retained Profit carried forward</b>		<u><u><b>188,522,683</b></u></u>	<u><u>198,459,370</u></u>

As per our report attached

**JL Winder & Co**  
**Chartered Accountants**

**Partner**

**Ashish Jalan**  
 Director

**W.Wilson**  
 Secretary

## Notes to the financial statements for the year ended 30<sup>th</sup> September 2009

### 1. Accounting policies

#### Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for smaller Entities (effective April 2008).

#### Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

2. OPERATING LOSS	2009	2008
Operating loss is stated after charging:		
Auditors' remuneration (Note 3)	<b>99,084</b>	106,957
3. Auditors' Remuneration	<b>2009</b>	2008
	<b>99,084</b>	1,06,957
4. Fixed Asset Investments	<b>Participating interests shares</b>	
<b>Cost</b>	Rs.	<b>Total</b>
At 01 <sup>st</sup> October 2008		
At 30 <sup>th</sup> September 2009	<b>396,832,699</b>	420,071,975
<b>Net Book Value</b>		
At 30 <sup>th</sup> September 2009	<u><b>396,832,699</b></u>	<u>420,071,975</u>
At 30 <sup>th</sup> September 2008	<u><b>396,832,699</b></u>	<u>483,318,106</u>

#### 4.1. Holdings of 20% or more

The Company holds 20% or more of the share capital of the following companies

Company	Country of Registration Of Incorporation	Nature of Business	Shares held class	Proportion of shares held
Participating Interests				
Acrastyle U.K	U.K	Electrical design	Ordinary	48.73%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital & reserves In Rs	Profit for the year In Rs.
Acrastyle Limited	39,996,906	(9,392,278)
5. <b>Debtors</b>	<b>2009</b>	2008
	<b>In Rs.</b>	<b>In Rs.</b>
Amount Owed by Participating Interest	<b>22,935,024</b>	8,890,371
6. <b>Creditors: Amounts falling due within one year</b>	<b>2009</b>	2008
	<b>In Rs.</b>	<b>In Rs.</b>
Amounts owed to group undertaking	<b>43,039,845</b>	31,282,482
Other taxes and social security costs	<b>2,695,909</b>	2,853,787
Accruals and deferred income	<b>99,084</b>	98,532
	<u><b>45,834,716</b></u>	<u>34,234,801</u>

7.	<b>Creditors amounts falling due after more than one year</b>	<b>2009</b>	2008
	Amounts owed to parent undertaking	<b>92,743,750</b>	98,175,000
	Loans	<b>In.Rs.</b>	In Rs.
	Repayable in Five Years or more	<b>92,743,750</b>	98,175,000
8.	<b>Share Capital</b>	<b>2009</b>	2008
		<b>In Rs.</b>	In.Rs.
	Authorised		
	1,375,000 Ordinary Shares @ 1 Pound each	<b>92,743,750</b>	98,175,000
	Allotted, Called up and fully paid		
	1,375,000 Ordinary shares of 1 Pound each	<b>92,743,750</b>	98,175,000
	Equity Shares		
	1,375,000 Ordinary shares of 1 Pound each	<b>92,743,750</b>	98,175,000
9.	<b>Reserves</b>	<b>Profit and Loss account</b>	Total
		<b>Rs.</b>	Rs.
	At 1 October 2008	<b>187,480,175</b>	198,459,370
	Loss for the Year	<b>(1,042,507)</b>	(1,103,558)
	<b>At 30 September 2009</b>	<b>188,522,683</b>	199,562,929

10. **Related Party transactions**

During the year the company borrowed a further Rs.13,487,977 from its parent company Acrastyle Power (India) Limited. The amount owing at the year end is Rs.43,039,845 (2008:Rs.31,282,482) as shown in note 6. This is in addition to a loan of Rs. 92,743,750 from Acrastyle Power (India) Limited which has been interest free since 1 April 2008 as shown in note 7

During the year the company lent Rs.13,487,977 to Acrastyle Limited, a company in which it has a participating interest and charged interest of Rs.1,141,591(2008:Nil) Acrastyle Limited paid Rs.93,081 on behalf of the company leaving the amount owing to the company at the year end at Rs.22,935,024 (2008 Rs.8,890,371) as shown in note 5.

11. **Ultimate parent undertaking**

The company's immediate parent undertaking is Acrastyle Power (India) Limited which is incorporated in India. In the directors' opinion the company's ultimate parent company and controlling party is S&S Power Switchgear Limited, which is also incorporated in India.

12. **Going Concern**

These Accounts have been prepared on going concern basis. This is deemed appropriate due to the continued support of its parent undertaking Acrastyle Power (India) Limited and Acrastyle Limited.

**S&S POWER SWITCHGEAR EQUIPMENT LIMITED****SECOND ANNUAL REPORT - 2008 - 10****BOARD OF DIRECTORS**

Mr. Ashish Jalan  
Mr. Francesco Basso  
Mr. Ajesh Anand  
Mr. K. Suryanarayana Rao

**AUDITORS**

GSV Associates  
1, III Floor,  
United India Colony  
Kodambakkam  
Chennai 600 024

**REGISTERED OFFICE**

New No.67, Dr. Ranga Road,  
Mylapore,  
Chennai - 600 004.

**BANKERS**

ICICI Bank Ltd.,  
Cenatoph Road, Chennai

## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the Second Annual General Meeting of the members of the Company will be held at II Floor, New No 67, Old No 19, Dr Ranga Road, Mylapore, Chennai 600004 on Thursday, 13<sup>th</sup> May 2010 at 3.30 PM to transact the following business:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2010 and the Profit and Loss Account for the period ended on that date and the Report of the Directors and Auditors
- 2) To appoint a Director in the place of Mr Ashish Jalan who retires by rotation in terms of Article 35 of the Company's Articles of Association and being eligible offers himself for re-appointment.
- 3) To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** M/s. GSV Associates, Chartered Accountants, Chennai, Registered Firm with The Institute of Chartered Accountants of India, vide Registration Number 006179S, be and are hereby appointed as Statutory Auditors of the Company to hold office from, the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors of the Company."

### 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 Francesco Basso, 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 an ordinary resolution:  

"RESOLVED THAT Mr Ajesh Anand, 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.

By Order of the Board  
For S&S Power Switchgear Equipment Limited

Registered Office  
II Floor, New No 67, Old No 19  
Dr Ranga Road, Mylapore,  
Chennai 600004

**K Suryanarayana Rao**  
Director

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 24 hours before the commencement of the meeting.
- 2) The Explanatory Statement pursuant to Section 173 of the Companies Act 1956 for the above mentioned items are annexed hereto.

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

### ITEM NO 4

The Company has acquired the Disconnecter business from its holding Company S&S Power Switchgear Ltd (S&S) pursuant to a Business Transfer Agreement (BTA) entered into between the Company and S&S dated 11.03.2010.

In order to attract specialized expertise in the field of disconnectors, S&S, COELME Costruzioni Elettromeccaniche – SpA, Italy, (COELME) the foreign Joint Venture promoter and the Company have entered into a Joint Venture Agreement on 11<sup>th</sup> March 2010, with its objectives to work together to increase company's business volumes in the field of disconnectors.

Pursuant to the provisions of Joint Venture Agreement and Article 29(b) of the amended Articles of Association of the Company, both COELME and S&S are entitled to nominate two Directors each on the Board of the Company.

S&S has nominated Mr Ashish Jalan and Mr K Suryanarayana Rao, who are already on the Board of the Company, as nominees of S&S.

COELME has nominated Mr Francesco Basso and Mr Ajesh Anand to represent COELME on the Board of the Company.

Mr Francesco Basso was appointed as Additional Director of the Company at the Board Meeting held on 24<sup>th</sup> March 2010.

Accordingly, as per provisions of Section 260 of the Companies Act 1956, Mr Francesco Basso holds office as Director of the Company upto the date of the 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 Francesco Basso as a Director of the Company.

Mr Francesco Basso has wide experience in the field of Disconnectors and the Board is of the firm belief that the Company would be immensely benefited by the advice, guidance and expertise of Mr Francesco Basso.

None of the Directors except Mr Francesco Basso, are in any way, concerned or interested in the passing of the resolution.

The Resolution mentioned in Item No 4 of the notice is recommended for your approval.

**ITEM NO 5**

Mr Ajesh Anand, the second nominee of COELME, was appointed as Additional Director of the Company at the Board Meeting held on 24<sup>th</sup> March 2010.

Accordingly, as per provisions of Section 260 of the Companies Act 1956, Mr Ajesh Anand holds office as Director of the Company upto the date of the 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 Ajesh Anand as a Director of the Company.

Mr Ajesh Anand is an eminent lawyer based in Lucknow and the Board is confident that the Company would be immensely benefited by his advice and guidance.

None of the Directors except Mr Ajesh Anand, are in any way, concerned or interested in the passing of the resolution.

The Resolution mentioned in Item No 5 of the notice is recommended for your approval.

By Order of the Board

**K. SURYANARAYANA RAO**  
DIRECTOR

Place : Chennai  
Date : 13.05.2010

**DIRECTORS' REPORT**

The Directors present the Second Annual Report on the business and operations of the Company together with the audited accounts for the 18 month period ended 31<sup>st</sup> March 2010

Particulars	(Amounts in Rs.)	
	2008-2010 (18 months)	2007-2008 (12 Months)
Sales and other operational income	53,081,291	Nil
Other Income	91,528	Nil
Gross Profit / (Loss)	(15,108,054)	(54,206)
Add: Depreciation	1,589,774	Nil
Interest	13,014	Nil
Profit or Loss before extra Ordinary items and tax.	(16,710,842)	(54,206)
Less: Extra Ordinary Items	Nil	Nil
Less: Provision for Tax	Nil	Nil
Profit or (Loss) after Tax	(16,710,842)	(54,206)
Add: Balance in Profit or Loss account brought forward	(54,206)	Nil
Balance carried forward to Balance Sheet	(16,765,048)	(54,206)

**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 31<sup>st</sup> March 2010. The Accounts have been prepared for a period of 18 months and approval for extension of financial year upto 31<sup>st</sup> March 2010 has been obtained from Registrar of Companies, Chennai. The financial year will henceforth be from 1<sup>st</sup> April to 31<sup>st</sup> March.

**Shifting of Registered Office of the Company**

The Company shifted its Registered Office from 16, TTK Road, First Cross Street, Chennai 600 018 to II Floor, New No 67, Old No 19, Dr Ranga Road, Mylapore, Chennai 600 004 with effect from 15<sup>th</sup> October 2009.

**Acquisition of Disconnecter Business from S&S Power Switchgear Limited (S&S)**

During the period under review, the Company acquired the Disconnecter business together with its employees from its holding Company S&S Power Switchgear Ltd (S&S) pursuant to a Business Transfer Agreement (BTA) entered into between the Company and S&S dated 11.03.2010. The effective date of transfer is 1<sup>st</sup> November 2009.

Pursuant to the BTA, the Company has taken on lease the factory premises of S&S at Puducherry through a Lease Agreement.

As a cost effective measure, the Company would be availing services from S&S through its team of expertise in the fields of Finance & Accounts, Personnel & Administration, Sales & Marketing, Secretarial & Legal Consultancy to the Company for which the Company has entered into a Corporate Services Agreement with S&S for an initial period of 17 months.

**Preferential Allotment of Shares to S&S Power Switchgear Ltd (S&S) and COELME Costruzioni Elettromeccaniche SpA, Italy (COELME).**

Pursuant to the approval of the members at the Extra Ordinary General Meeting held on 11<sup>th</sup> March 2010, the Company has allotted 490000 equity shares to COELME and 460000 equity shares through a Preferential Issue of Shares.

As per terms of the Joint Venture Agreement, S&S now holds 510000 equity shares inclusive of 50000 pre existing shares held by S&S in the Company, representing 51% and COELME holds 490000 equity shares representing 49% of the issued and paid up share capital of the Company.

**Cessation as Wholly owned subsidiary of S&S Power Switchgear Limited (S&S)**

Consequent to the above allotment of equity shares to S&S and COELME, the holding of S&S in the Company is limited to the extent of 51% of the issued and paid up capital of the Company.

Your Board informs that the Company has ceased to be the wholly owned subsidiary of S&S Power Switchgear Limited with effect from 24.03.2010.



### Overview, Business Prospects & Operations

The Company has acquired the Disconnecter business from S&S Power Switchgear Limited effective 1<sup>st</sup> November 2009 and thus the operations at Puducherry was only for a period of five months during the period under review.

During this period the Company achieved a turnover of Rs 53,172,819/-.

India is experiencing phenomenal growth in the Power Sector Infrastructure development. With the Government's emphasis in the Power Sector, it is seen that the market for transmission and distribution is expected to increase substantially in the coming years. Indian Government is having an ambitious vision "POWER FOR ALL" with a estimated target for adding another 78000 MW and to reach 225000 MW by the year 2012. Thus we expect the market to be robust during the upcoming financial years.

With the Company now a Joint Venture between S&S and COELME, a world leader in the field of Disconnectors, the opportunities for growth are immense with the wide range of products being developed upto 1200kV Disconnectors in association with Coelme with their high technical capability in the disconnector product.

The other benefits that your Company expects to derive through the association of COELME is summarized below

- a) Increase in the Company's business volumes through COELME sourcing components from the Company.
- b) Develop products with State of the Art Technology and rationalize on the cost and market share.
- c) Offer complete package of disconnector products including 800kV from COELME

We would expect the overall business of the Company to grow due the above synergies with COELME substantially.

### 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.

### Compliance of Section 274 (1) (g) 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.

### Auditors

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

### Directors

As per Articles of Association of the Company, S&S Power Switchgear Ltd, Joint Venture Partner, has nominated Mr Ashish Jalan and Mr K Suryanarayana Rao, who are already on the Board of the Company, as nominees of S&S.

COELME Costruzioni Elettromeccaniche SpA, Italy, Joint Venture Partner has nominated Mr Francesco Basso and Mr Ajesh Anand as Directors of the Company.

Mr Ashish Jalan retires by rotation in terms of Article 35 of the Company's Articles of Association and is eligible for re-appointment.

Mr Francesco Basso was appointed as an Additional Director w.e.f 24<sup>th</sup> March 2010. In accordance with Section 260 of the Companies Act 1956, Mr Francesco Basso 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 Francesco Basso for appointment as Director of the Company.

Mr Ajesh Anand was appointed as an Additional Director w.e.f 24<sup>th</sup> March 2010. In accordance with Section 260 of the Companies Act 1956, Mr Ajesh Anand 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 Ajesh Anand for appointment as Director of the Company.

During the year under review, Mr V Ramachandran resigned as Director of the Company with effect from 24<sup>th</sup> March 2010.

### Directors' Responsibility Statement

Pursuant to the provisions of Section 217 (2AA) the Directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations have been given relating to material departures.
- (ii) such 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 of the profit or loss account for the year ended 31.03.2010.
- (iii) 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.
- (iv) the financial statements have been prepared on a going concern basis.

### Auditors' Report

With reference to Para IX of Annexure to Auditors' Report, Your Directors state that the Business Transfer Agreement was signed on 11<sup>th</sup> March 2010 and thereafter the Company

had pursued with Life Insurance Corporation for transfer of Gratuity Liability of employees of the Company. As the process of opening a new policy with LIC took time, the amounts could not be transferred in time. However the process has now been completed and the Company is in the process of transfer of Gratuity Liability without any detriment to the interests of the concerned Employees.

#### Particulars of Employees

None of the employees have received remuneration in excess of the limits specified in terms of section 217(2A) of the Companies Act, 1956 during the period under review.

#### 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.

#### Industrial Relations:

Industrial relations at Puducherry factory is cordial.

#### Acknowledgement:

Your Directors wish to place on record their appreciation for the valuable support from the customers, vendors, bankers, financial institutions, employees, shareholders and others.

#### For and on behalf of the Board

Place: Chennai  
Date: 13.05.2010

**Ashish Jalan**  
Chairman

**Francesco Basso**  
Director

## ANNEXURE TO DIRECTORS' REPORT

### STATEMENT

Information pursuant to Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

#### A. CONSERVATION OF ENERGY

- a) Energy conservation measures taken during 2008-2010
- The Company is not a power intensive industry and hence the scope for conservation of energy is not much
- b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy
- NIL

- c) Impact of measures (a) and (b) for reduction of energy consumption and consequent impact on the cost reduction of goods

NIL

## B. TECHNOLOGY ABSORPTION

### a. Research and Development

#### i. Specific area in which R&D is carried out by the company:

- New generation of Cost effective 123kV & 245kV Centre break Disconnectors designed/tested and supplied.
- New induced current and voltage switching devise tested successfully at CPRI Bangalore on 420kV and 245kV Disconnectors
- Complete type testing as per new IEC 62271 102 completed successfully on 123kV RC, 245kV RC and RD, and 420kV RC and RD.
- New Design for 50kA requirements on 420kV being made and tested.
- 1200kV RCD (combination of double and centre break disconnectors) Disconnectors designed and in the process of prototype development for prestigious Power Grid Corporation of India's project at BINA Madhya Pradesh, India.

#### ii. Benefits derived as a result of the above R&D

- We could meet the competitors price levels and we could increase our population in Vietnam market .
- Increased production due to reduction in number of components and less process time.
- On line testing of 1200kV at BINA

#### iii. Future plan of action

- 1200kV Product final design, proto completion and on line testing with further technology support from Coelme.
- Integration of Technical designs between COELME, the Joint Venture Partner and the Company.

iv. Expenditure on R&D	(Rs.)
a. Capital	1,482,949
b. Recurring	Nil
c. Others (Testing Fees)	117,320
d. Total	1,600,269
e. Percentage of Turnover	3.01%

**v. Technology absorption, adaptation and innovation :**

1. Efforts in brief made towards technology absorption, adaptation and Innovation:  
NIL
2. Benefits derived as a result of the above R&D.  
Our prices are now very competitive which has enhanced our prospects
3. Imported technology during last 5 years.  
NIL

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**i) Activities relating to Exports**

Focus is presently on Bangladesh, Sri Lanka, Nepal and Bhutan with special emphasis on Vietnam and United Kingdom.

**ii) Foreign exchange earned (Rs.)**

Deemed Exports	Nil
Physical Exports	29,007,060/-

**iii) Foreign Exchange outgo 535,683/-**

For and on behalf of the Board

Place: Chennai	<b>Ashish Jalan</b>	<b>Francesco Basso</b>
Date: 13.05.2010	Chairman	Director

**COMPLIANCE CERTIFICATE**

CIN: U29299TN2007PLC064927

To  
The Members  
M/S S&S POWER SWITCHGEAR EQUIPMENT LIMITED  
II Floor, New No.67, Old No.19,  
Dr. Ranga Road, Mylapore, Chennai-600 004

I have examined the registers, records, books and papers of M/S S & S POWER SWITCHGEAR EQUIPMENT LIMITED (the company) as required to be maintained under the Companies Act, 1956, (the act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company from the period 01<sup>st</sup> October, 2008 to 31<sup>st</sup> March 2010. In my opinion and to the best of my information and according to the examinations carried out by me and my explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded .

2. The company has duly filed the Forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities with in the time prescribed under the Act and the rules made there under or otherwise with additional fees for late filing of forms/returns under the Act and the rules made there under..
3. The company being a public limited company, the provisions of section 3 (1) (iii) are not applicable to this company.
4. The Board of Directors duly met 8 times on 27-10-2008, 23-01-2009, 27-05-2009, 31-08-2009, 15-10-2009, 30-11-2009, 11-03-2010 and 24-03-2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose.
5. The company has not opted to close its Register of Members during the year.
6. The Annual General Meeting for the year ended on 30<sup>th</sup> September, 2008 was held on 27<sup>th</sup> February, 2009 after giving due notice to the members of the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. One Extraordinary General Meeting was held on 11<sup>th</sup> March, 2010 to issue shares on a Preferential basis through passing a Special Resolution, the provisions of the Act complied with.
8. The company has not advanced any loan to its directors and / or persons or firms or companies referred in section 295 of the Act.
9. The Company has complied with the provisions of Section 297 of the Companies Act, 1956
10. The company has made necessary entries in the Register maintained under section 301 of the Act.
11. There were no instances falling under section 314 of the Act.
12. The Company has not issued any Duplicate Share Certificate during the financial year.
13. The Company has:
  - (i) Allotted shares during the financial year, the provisions of the Act complied with.
  - (ii) has not deposited any amount in a separate bank account as no dividend was declared during the financial year;
  - (iii) not paid /posted warrants for dividends to all the members as no dividend was declared during the financial year;
  - (iv) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of Directors, Additional Directors, Alternate Directors, and Directors to fill casual vacancies have been duly made.

15. There was no appointment of Managing Director / Whole Time Director during the financial year under review.
16. The company has not appointed any sole – selling agents during the financial year.
17. The company was required to obtain approval from the Registrar of Companies for its extension of Accounting period and for seeking extension of Annual General Meeting, the provisions of the Act complied with.
18. The directors have disclosed their interest in other firms /companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
19. The Company has issued equity shares 950000 of Rs.10/- each on a preferential basis during the year under scrutiny, the provisions of the Act complied with.
20. The Company has not bought back shares during the financial year.
21. There was no redemption of any preference shares / debentures during the financial year.
22. There was no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares in compliance of the Act.
23. The Company has not invited / accepted any deposits including any unsecured loan or advances falling within the purview of sec.58A and 58AA read with the Companies (Acceptance of Deposit) Rules, 1975.
24. The Company has not made any borrowings as envisaged under the provisions of section 293(1) (d) of the Act.
25. The company has not made investments as envisaged under section 372-A of the Act during the financial year review.
26. The Company has not altered the provisions of Memorandum of Association with respect to the situation of the company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act.
27. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to share capital of the company during the year under scrutiny.
30. The Company has altered the Articles of Association to substitute new Regulations in place of the old Regulations during the year under scrutiny, the provisions of the Act complied with.
31. There was no prosecution initiated against the company for alleged offences under the Act and has not received any show cause notices.
32. The company has not received any money as security from its employees during the year.
33. The company is covered under PF Act and it has not its own PF Trust under section 418 of the Act.

Place: Chennai  
Date: 10-05-2010

**T. MURUGAN**  
C.P.No: 4393

#### **Annexure - A**

Registers maintained by the Company

1. Register of Members
2. Register of Allotment
3. Register of Directors' Shareholding
4. Minutes of Board Meeting
5. Minutes of Shareholders Meeting
6. Register of Directors, Managing Director, Manager and Secretary
7. Register of Contracts
8. Register of Fixed Assets

#### **Annexure - B**

1. Form 23AC & ACA (30-09-2008) filed on 11-07-2009 SRN P33112533
2. Form 20B (30-09-2008) filed on 02-07-2009 SRN P33088170
3. Form 61 filed on 10-09-2009 SRN: A68931245
4. Form 61 filed on 11-09-2009 SRN: A69010742
5. Form 61 filed on 30-12-2009 SRN: A75556407
6. Form 18 filed on 26-10-2009 SRN: A71439806
7. Form 23 filed on 18-03-2010 SRN: A80826035

## AUDITOR'S REPORT

### To the Members of S&S Power Switchgear Equipment Limited, Chennai

1. We have audited the attached Balance sheet of S&S Power Switchgear Equipment Limited, as at 31<sup>st</sup> March 2010, the Profit and Loss Account and Cash Flow Statement for the 18 month period ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance that whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's report) Order, 2003, as amended by the companies (Auditor's Report)(Amendment)Order,2004, issued by the Central Government of India in terms of Section 227(4A) of The Companies Act, 1956 and on the basis of such checks as considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our Comments in the Annexure referred to in paragraph 3 above, we report that,
  - i. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii. In our opinion, the company has kept proper books of accounts as required by law so far, as it appears from our examination of those books.
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Accounts.
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
  - v. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the director of the company is disqualified as at 31<sup>st</sup> March 2010 from being appointed as director in terms of section 274 (1) (g) of the Act.

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read along with the notes thereon and attached thereto, give in the prescribed manner, the information required by the Companies Act, 1956, and also give a true and fair view in conformity with the accounting principles generally accepted in India.
  - a) In the case of the Balance Sheet, the State of Affairs of the Company as at 31<sup>st</sup> March 2010.
  - b) In the case of the Profit and Loss Account, the **LOSS** of the company for the 18 month period ended on that date.
  - c) In the case of Cash Flow Statement, of the cash flows for the period ended on that date.

**FOR GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

Place: Chennai  
Date: 13<sup>th</sup> May 2010

**M R VENKATESH**  
Partner  
M No: 201407

## ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of the auditor's report of even date to the members of S&S Power Switchgear Equipment Limited on the Financial Statements for the period ended 31<sup>st</sup> March 2010.

- i. (a) The Company has maintained proper records in soft – form to show full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the period and no material discrepancies between the book records and the physical inventory of fixed assets have been noticed.
- (c) During the period, a substantial part of fixed assets have not been disposed off by the Company.
- ii. (a) In our opinion based on the information available and explanation given to us by the management, physical verification of inventory has been conducted at reasonable interval by the management.
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and there was no material discrepancy noticed in physical verification.

- iii. The Company has not granted any loans either secured or unsecured to parties covered in the register maintained under section 301 of the Act.
- The company has not taken any loan from parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. During the period the Company has not accepted any deposits from public, hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any relevant provisions of the Act and the rules framed there under, are not applicable to this Company.
- vii. In our Opinion, the Company has an Internal Audit System commensurate with the size and nature of its business.
- viii. According to the information provided to us, the Central Government has not prescribed the maintenance of Cost records u/s 209(1) (d) of the Companies Act for the reporting period.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it, **subject to the para 14 to Schedule 10** – (Notes forming part of accounts to the financial statements).
- x. As the company has been registered for a period less than 5 years commenting on its accumulated losses at the end of the financial year being not less than 50% of its net worth and whether it has incurred cash losses in such financial year and in the financial year immediately preceding such financial year also is not applicable.
- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debentures holders.
- xii. During the period, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. During the period under review, the company has not issued any fresh guarantee for loans taken by others from banks and financial Institutions.
- xvi. No fresh term loans have been obtained during the reporting period.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has made preferential allotment of shares to its holding company covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
- xix. According to the information and explanations given to us during the period covered by our audit report, the company has not issued debentures.
- xx. The company has not raised any money by way of Public Issue during the period. Therefore, commenting on the end use of such funds does not arise.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**FOR GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

Place: Chennai  
Date: 13<sup>th</sup> May 2010

**M R VENKATESH**  
PARTNER  
M No: 201407



## S&S POWER SWITCHGEAR EQUIPMENT LIMITED

Regd. Office : No.67, Dr. Ranga Road, Mylapore, Chennai - 600 004.

### BALANCE SHEET AS AT 31ST MARCH 2010

(Amount in Rs.)

	Schedule	31st March 2010	30th September 2008
<b>I. SOURCES OF FUNDS</b>			
<b>(1) Shareholders' Funds</b>			
(a) Capital	1	10,000,000	500,000
(b) Share Application Money		75,426	-
(c) Reserves & Surplus	2	69,207,500	-
		<b>79,282,926</b>	500,000
<b>(2) Loan Funds</b>			
(a) Secured Loans		-	-
(b) Unsecured Loans		-	-
		<b>79,282,926</b>	500,000
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
(a) Gross Block	3	23,740,044	
(b) Less: Depreciation		1,589,774	
(c) Net Block		22,150,270	-
(d) Capital Work-in-progress		-	-
<b>(2) Current Assets, Loans &amp; Advances</b>			
(a) Inventories	4	26,077,091	-
(b) Sundry Debtors		17,517,698	-
(c) Cash and Bank Balances		6,346,444	32,178
(d) Loans and advances & Deposits		17,025,226	439,894
		<b>66,966,459</b>	472,072
Less:			
<b>Current Liabilities &amp; Provisions</b>			
(a) Liabilities	5	26,706,070	169,236
(b) Provisions		-	-
		<b>26,706,070</b>	169,236
Net Current Assets		<b>40,260,389</b>	302,836
<b>(4) Miscellaneous Expenses to the extent not written off or adjusted</b>			
(a)		107,219	142,958
(b) Profit and Loss Account		16,765,048	54,206
		<b>79,282,926</b>	500,000

Notes forming part of the Accounts

10

As per our report attached of even date  
**for GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.No.201407

**Ashish Jalan**  
Chairman

**Francesco Basso**  
Director

Place : Chennai  
Date : 13th May 2010

## S&S POWER SWITCHGEAR EQUIPMENT LIMITED

Regd. Office : No.67, Dr. Ranga Road, Mylapore, Chennai - 600 004.

### PROFIT & LOSS ACCOUNT FOR THE 18 MONTH PERIOD 01ST OCTOBER 2008 TO 31ST MARCH 2010

(Amount in Rs.)

	Schedule	01st Oct' 08 to 31st March' 10	01st Oct' 07 to 30th Sept' 08
<b>INCOME</b>			
Sales and Other Operational Income	6	53,081,291	-
Other Income		91,528	-
		53,172,819	-
<b>EXPENDITURE</b>			
Raw Materials & Components Consumed		40,981,020	-
(Increase)/Decrease in Stocks	7	(4,755,371)	-
Employee Expenses	8	8,232,182	-
Interest		13,014	-
(Profit)/Loss on Exchange fluctuation - Net		808,065	-
Other Operating Expenses	9	23,014,977	54,206
Depreciation		1,589,774	-
		69,883,661	54,206
<b>Profit / (Loss) Before Extraordinary Items &amp; Taxation</b>		<b>(16,710,842)</b>	<b>(54,206)</b>
<b>Extraordinary Gains / (Expenses)</b>		-	-
<b>PROFIT BEFORE TAXATION</b>		<b>(16,710,842)</b>	<b>(54,206)</b>
- Provision for Taxation		-	-
- Deferred Tax		-	-
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>(16,710,842)</b>	<b>(54,206)</b>
Unappropriated Profit / (Loss) from previous year		<b>(54,206)</b>	-
<b>Balance in Profit &amp; Loss Account carried to Balance Sheet</b>		<b>(16,765,048)</b>	<b>(54,206)</b>
<b>Earnings Per Share before Extra Ordinary Items</b>	10 (9)	<b>(16.71)</b>	<b>(1.08)</b>
<b>Earnings Per Share after Extra Ordinary Items</b>	10 (9)	<b>(16.71)</b>	<b>(1.08)</b>
<b>Notes forming part of the Accounts</b>	10		

As per our report attached of even date  
for **GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.No.201407

**Ashish Jalan**  
Chairman

**Francesco Basso**  
Director

Place : Chennai  
Date : 13th May 2010



**S&S POWER SWITCHGEAR EQUIPMENT LIMITED**  
**Regd. Office : No.67, Dr. Ranga Road, Mylapore, Chennai - 600 004.**

**SCHEDULES FORMING PART OF BALANCE SHEET**

(Amount in Rs.)

	31st March 2010	30th September 2008
<b>1 SHARE CAPITAL</b>		
<b>Authorised</b>		
10,00,000 equity shares of Rs 10/-each	10,000,000	10,000,000
<b>Issued and Subscribed Capital</b>		
10,00,000 equity shares of Rs 10/- (Of the above 5,10,000 equity shares are held by S&S Power Switchgear Limited, holding Company)	10,000,000	10,000,000
<b>Paid up Capital</b>	10,000,000	500,000
(Out of 10,00,000 shares 4,60,000 shares have been allotted for consideration other than in cash)	10,000,000	500,000
<b>2 RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
As at previous Balance Sheet Date	-	-
Additions:	69,207,500	-
Balance in Share Premium Account as on the Balance Sheet Date	69,207,500	-
<b>4 CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>CURRENT ASSETS</b>		
<b>(a) Inventories</b>		
Raw Materials & Components	13,363,794	-
Work in progress	12,713,297	-
Finished Goods	-	-
	26,077,091	-
<b>(b) Sundry Debtors (Unsecured)</b>		
Debts outstanding for a period exceeding 6 months		
Considered Good	3,180,909	-
Considered Doubtful	-	-
Other debts - Considered Good	14,336,789	-
	17,517,698	-
Less: Provision for Doubtful Debts	-	-
	17,517,698	-
<b>(c) Cash and Bank Balances</b>		
Cash on hand	13,538	-
Balance with Scheduled Banks		
In Current Accounts	6,088,215	32,178
In Fixed Deposits	244,691	-
	6,346,444	32,178

## Schedule 3

## FIXED ASSETS

Rs.

Asset	Gross Block			Depreciation			Net Block			
	As on 01/10/2008	Additions during 18 mts.	Deletions during 18 mts	As on 31/03/2010	As on 01/10/2008	Additions during 18 mts.	Deletions during 18 mts	As on 31/03/2010	As on 01/10/2008	As on 31/03/2010
<b>Tangible Assets</b>										
Electrical Installations	-	3,137,012	-	3,137,012	-	186,783	-	186,783	-	2,950,229
Toolings & Fixtures	-	1,044,606	-	1,044,606	-	60,091	-	60,091	-	984,515
Furniture & Fittings	-	159,403	-	159,403	-	33,209	-	33,209	-	126,194
Equipment & Appliances	-	266,963	-	266,963	-	34,686	-	34,686	-	232,277
Plant & Machinery	-	15,353,617	-	15,353,617	-	897,528	-	897,528	-	14,456,089
<b>Intangible Assets</b>										
Product Validation Certification	-	3,778,443	-	3,778,443	-	377,477	-	377,477	-	3,400,966
<b>Total</b>	-	<b>23,740,044</b>	-	<b>23,740,044</b>	-	<b>1,589,774</b>	-	<b>1,589,774</b>	-	<b>22,150,270</b>

**(d) Loans and advances & Deposits (Unsecured)**

Advances recoverable in cash or in kind or for value to be received (Unsecured)

Considered Good	2,604,447	439,894	
Considered Doubtful	-	-	
	<u>2,604,447</u>	<u>439,894</u>	
Less: Provision for Doubtful Advances	-	-	
	<b>2,604,447</b>		439,894
Balances with Central Excise	<b>8,120,779</b>		-
Refundable Lease rental Deposit	<u>6,300,000</u>		
	<b>17,025,226</b>		<u>439,894</u>

**5 CURRENT LIABILITIES & PROVISIONS****(a) CURRENT LIABILITIES**

Sundry Creditors

21,400,007

Advance from Customers

176,611

Other Liabilities

5,129,452169,236

26,706,070

169,236

**(b) PROVISIONS**

-

-

26,706,070169,236**6 GROSS SALES AND OTHER OPERATIONAL INCOME****Sales**

53,785,250

-

Less: Excise Duty

1,877,526-

51,907,724

-

**Other Operational Income**

Sale of Scrap

240,007

-

Less: Excise duty

21,048-

218,959

-

Export Incentives

954,608

-

53,081,291

-

**7 (INCREASE)/DECREASE IN STOCK**

Opening Stock of Work in Progress

7,957,926-

Opening Stock of Finished Goods

-

-

7,957,926

-

Closing Stock of Work in Progress

12,713,297-

Closing Stock of Finished Goods

-

-

12,713,297

-

**(4,755,371)**

-

<b>8 Personnel Costs</b>				
Salaries, Wages & allowances	6,465,528		-	
Contribution to PF, Gratuity and Other Funds	1,382,783		-	
Welfare Expenses	383,871		-	
		8,232,182		-
<b>9 Other Operating Expenses</b>				
Corporate Shared Services		8,250,000		-
Lease Rental		5,250,000		-
Spares & Consumable Costs		901,126		-
Power and Fuel		383,185		-
Service / Rectification Charges		511,009		-
Repairs & Maintenance		139,209		-
Insurance -Transit sales		36,805		-
Postage, Telegram & Telephone		125,496		-
Travelling & Conveyance		1,462,250		-
Rates & Taxes		13,212		-
Printing & Stationery		72,262		-
Bank Charges		186,397		143
Internal Audit Fees		209,733		-
Packing Expenses		1,569,499		-
Advertisement & Sales Promotion Expenses		487,061		-
Sales Tax Payments		889,517		-
Commission to Product Promoters		1,082,526		-
Remuneration To Auditors				
- Statutory Audit Fees	100,000		11,236	
- Tax Audit Fees	40,000		-	
- Other Services	-	140,000	-	11,236
Preliminary Expenses Written off		35,739		35,739
Freight & Forwarding Charges		1,017,138		-
Research & Development Expenses		28,842		-
Consultancy Charges		35,895		5,618
Security Expenses		158,730		-
Miscellaneous Expenses		29,346		1,470
		<b>23,014,977</b>		<b>54,206</b>

As per our report attached of even date  
**for GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.No.201407

**Ashish Jalan**  
Chairman

**Francesco Basso**  
Director

Place : Chennai  
Date : 13th May 2010

**Schedule - 10****NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India ("The ICAI") and the Companies Act, 1956.

The significant accounting policies followed by the company are:

**a. Sales**

Sales (including Exports) are recognised when products are despatched, and are recorded at invoice value inclusive of Sales Tax, but exclusive of Excise Duty.

**b. Fixed Assets**

The Fixed Assets have been stated at their Acquisition cost, which comprises of freight, installation cost, duties, taxes and other directly attributable cost of bringing the assets to its working condition for the intended use. Fixed Assets are depreciated on Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956. For the assets acquired during the period, depreciation has been charged on a pro-rata basis. Individual assets costing Rs.5,000 or less are depreciated in full in the year of acquisition.

The assets as at the Balance Sheet date are assessed to ascertain if there be any impairment to the fixed assets and the Profit & Loss Account is debited / credited for any impairment / excess provision for impairment created. This is line with AS 28 - Impairment of Assets.

The company capitalizes all costs paid to external agencies for validating / certifying its products. The intangible asset thus created are amortised over a period of five years. This is line with AS 26 Accounting for Intangible Assets.

**c. Investments**

Investments are bifurcated into Long Term and Short Term Investments and Long Term Investments are valued at cost and restated only when there is a permanent diminution in the value of investments. Decline in value other than permanent in nature are not recognized. Short Term Investments are stated at cost or market value, whichever is less.

**d. Inventories**

Inventory is valued at lower of cost or estimated net realizable value. Cost is determined on FIFO basis and includes an appropriate portion of related overheads as per Accounting Standard 2 issued by the Institute of Chartered Accountants of India.

**e. Accounting for effects in Foreign Exchange Rate:**

Income and Expenditure items involving foreign exchange are recorded at exchange rate prevailing on the date of transactions.

All monetary items denominated in foreign currency are restated at the rates prevailing on the Balance sheet date.

Exchange differences if any arising out of settlement / restatement of foreign currency balances, are duly reflected in the Profit and Loss Account in the period in which they arise

**f. Employee Benefits:**

Company contributes to Employees Provident Fund scheme which is a Defined Contribution Plan. Company has no further obligation under the plan beyond its monthly contributions to the Provident Fund Organisation.

Company has Defined Benefit Plan namely, Gratuity and leave encashment.

Liability for gratuity is provided based on actuarial valuation determined under projected unit credit method. Contributions under gratuity scheme are made to Life Insurance Corporation of India in accordance with the terms of policy under their group gratuity scheme. Shortfall in contributions over the liability determined under an actuarial valuation is expensed to the Profit & Loss Account.

Liability for leave encashment is made on actual basis for the balance number of days available to the credit of the employees as at the date of the Balance Sheet. Any shortfall in the liability over the actuarial valuation is expensed to the Profit & Loss Account.

**g. R&D and Deferred Revenue Expenditure**

Subsequent to the introduction of AS 26 on intangible Assets, the company does not defer expenses incurred on creating intangible assets such expenditures beyond the year in which they are incurred, except those relating testing charges paid to testing laboratories and are amortised over the validity period of the test for such products.

## 2. Acquisition of Business Undertaking

The company entered into a Business Transfer Agreement (**BTA**) on 11<sup>th</sup> March 2010 with its holding company through which the undertaking for the business of manufacture of disconnectors being carried on at the factory premises of the holding company at Puducherry was transferred to the company w.e.f 01<sup>st</sup> November 2009. Pursuant to the agreement, the company acquired the Fixed and Current Assets, Current Liabilities pertaining to the Disconnector business.

On and from the effective date i.e. 01<sup>st</sup> November 2009, the business of manufacture and sale of disconnectors from the factory premises at Puducherry is vested with the company. Consequent to this agreement the business is carried on in the name and style of the holding company, which as an interim arrangement continues to act as a trustee for the company.

## 3. Share Capital

Subsequent to the acquisition of the manufacturing business referred to in Note 2, as above, the company along with its holding company and a Joint Venture partner entered into a Joint Venture Agreement.

As part consideration (Being consideration other than in cash) for the transfer of the business from the holding company, the company allotted 4,60,000 equity shares of face value Rs.10 at a premium of Rs.72.85 per share to its holding company.

Further, the joint venture partner had subscribed to 4,90,000 equity shares of face value Rs.10 at a premium of Rs.72.85 per share.

## 4. Reserves and Surplus:

The company had allotted 9,50,000 equity shares of face value Rs.10 at a premium of Rs.72.85 per equity share to its holding company and Joint Venture partner. Consequently there has been an addition to the share premium of Rs.6,92,07,500

## 5. Fixed Assets

The company has acquired the undertaking pertaining to business of manufacture of disconnectors on a going concern basis as referred to in Note 2, including fixed assets of its holding company as part of the acquisition.

These fixed assets have been assigned the book values as they existed as on the effective date i.e. 01<sup>st</sup> November 2009, for transfer along with the undertaking in line with the Business Transfer Agreement.

Depreciation on these assets has been provided at an accelerated rate over the average remaining useful life estimated for these assets.

On other assets acquired by the company, depreciation has been provided at rates prescribed in Schedule XIV of the Companies Act, 1956.

The company has during the period capitalized Rs.14,82,949 as Intangible Assets, being the charges paid to certifying institutions for validation of its products. All such assets acquired over the period are amortised over a period of five years. However, the internally generated costs of such assets have been debited to the Profit & Loss Account.

The company has during the period assessed to ascertain whether any of its assets may be impaired. Based on such assessment, no impairment loss / gain have been considered. Net Selling Value is assessed to be more than the carrying amount in such assets. This is line with Accounting Standard 28 on Impairment of Assets.

## 6. Current Assets, Loans & Advances

The company has acquired the undertaking pertaining to business of manufacture of disconnectors on a going concern basis as referred to in Note 2, including current assets, loans & advances of its holding company as part of the acquisition.

These current assets, loans and advances have been assigned the book values as they existed as on the effective date i.e. 01<sup>st</sup> November 2009, for transfer along with the undertaking in line with the Business Transfer Agreement.

All the current assets, loans and advances held in the name of its holding company are in the process of being realised / transferred to the company in line with the Business Transfer Agreement.

### Loans & Advances (Schedule 4 (d))

The loans and advances include:

1. A sum of Rs.63,00,000 paid as security deposit for the leased factory land and building to the holding company.
2. A sum of Rs.9,64,752 being advances paid to sundry creditors for effecting supplies to the company.

## 7. Current Liabilities & Provisions

The company has acquired the undertaking pertaining to business of manufacture of disconnectors on a going concern basis as referred to in Note 2, including current liabilities and provisions of its holding company as part of the acquisition.

These current liabilities and provisions have been assigned the book values as they existed as on the effective date i.e. 01<sup>st</sup> November 2009, for transfer along with the undertaking in line with the Business Transfer Agreement.

All the liabilities and provisions relating to the disconnector unit and transferred to the company as a result of the Business Transfer Agreement still standing in the name of its holding company is in the process of being settled / transferred to the company in line with the Business Transfer Agreement.

## 8. Earnings per Share

(In Rs.)

	01 <sup>st</sup> October 2008 to 31 <sup>st</sup> March 2010 (18 months)	01 <sup>st</sup> October 2007 to 30 <sup>th</sup> September 2008 (12 months)
10,00,000 Equity Shares of Rs.10 each	1,00,00,000	5,00,000
Net Profit for the period before considering Extraordinary items	(1,67,10,842)	(54,206)
Net Profit for the period after considering extraordinary items	(1,67,10,842)	(54,206)
EPS ( Rs. ) before considering extraordinary items	(16.71)	(1.08)
EPS ( Rs. ) after considering extraordinary items	(16.71)	(1.08)

## 9. Disclosure under Accounting Standard 15 (Revised 2005) 'Employee Benefits'

The company has classified various employee benefits as 'Defined Contribution Plans' & 'Defined Benefit Plans'. Defined contribution plan is the Contribution to the Provident Fund and the company provides for Gratuity and Earned Leave Encashment under the defined Benefit Plan.

The provident fund and the state defined contribution plan are operated by the regional provident fund commissioner. Under the scheme, the company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits.

Valuations in respect of the gratuity has been carried out by an independent actuarial evaluator and a total liability of Rs.18,76,068 has been provided as on the Balance Sheet date excluding the assets available against this liability in the form of balance credit in the fund maintained for the purpose.

The company has recognised the following amounts in the Profit & Loss Account for the 18 month period ended 31.03.2010

Defined Contribution / Benefit Plan	2008-2010	2007-2008
Contribution to Provident Fund	3,07,570	-
Gratuity	10,16,591	-
Leave Encashment	30,418	-

Financial Assumptions at Balance Sheet date:

Discount Rate	8%
Long-term rate of compensation increase	5%
Rate of Salary Escalation	10%

10. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956.

i. Particulars in respect of goods manufactured

Sl.No	Description	Licensed capacity* (Poles)	Installed capacity** (Poles)	Actual production for the 18 months period ended 31 <sup>st</sup> March '10
1	High Voltage Disconnectors from 36kV to 1200kV systems	8,000 (Nil)	4,000 (Nil)	792 (Nil)

\* The Licensed Capacity refers to licenses/acknowledgments of Capacities given by the Government of India, Ministry of Commerce & Industry and Secretariat for Industrial Assistance.

\*\* As certified by the Management

ii. Particulars in respect of Sales & Stock

Sl.No.	Description	Opening Stock		Sales		Closing stock	
		Qty in Nos.	Value in Rs.	Qty in Nos.	Value in Rs.*	Qty in Nos.	Value in Rs.
1.	High Voltage Disconnectors from 36kV to 1200kV systems	- (-)	- (-)	792 (-)	5,19,07,724 (-)	- (-)	- (-)

\* Sales value includes sale of spares. The quantitative details of such sales have not been furnished since these items are heterogeneous in nature.

iii. Break up of material & components consumed

Sl.No.	Description	Unit	2008-2010		2007-2008	
			Qty in Nos.	Value in Rs.	Qty in Nos.	Value in Rs.
1.	Insulators	Nos.	1229	57,77,948	-	-
2.	Others*	Nos.		3,04,47,701	-	-
	<b>Total</b>			<b>3,62,25,649</b>	-	-

\* In view of the type and nature of the items consumed, it is not practicable to furnish item-wise break-up.

iv. Expenses in the aggregate include : (In Rs.)

Particulars	2008-2010	2007-2008
Testing & R&D Expenses including R&D Travel Expenses	1,17,320	-
Amortisation of Product Validation Expenses	3,77,477	-

v. Value of Raw materials and components consumed (In Rs.)

Description	2008-2010		2007-2008	
	%	Value in Rs.	%	Value in Rs.
Imported	-	-	-	-
Indigenous	3,62,25,649	100%	-	-
<b>Total</b>	<b>3,62,25,649</b>	<b>100%</b>	-	-



vi. Spares & Consumables consumed for Rs.9,01,126 (Rs.Nil) is 100% indigenous.

vii. Value of Imports on CIF basis

(In Rs.)

Particulars	2008-2010	2007-2008
Bought Out Components	-	-
Total	-	-

viii. Expenditure/Payments in foreign exchange (cash basis)

(In Rs.)

Particulars	2008-2010	2007-2008
Foreign travel	5,35,683	-
Export Commission	-	-
Others	-	-

ix. Earnings/receipts in foreign exchange

(In Rs.)

Particulars	2008-2010	2007-2008
FOB Value of Exports	2,90,07,060	-

#### 11. Contingent Liabilities Not Provided for:

- a) Liability on account of non-furnishing of sales tax declaration forms is estimated at Rs.4,62,225, for the sales effected on and from the effective date i.e. 01.11.2009. For any liabilities arising out of the sales tax assessment for sales effected prior to the effective date, the holding company has furnished an indemnity for such liabilities.
- b) The company is contingently liable for the default if any in the settlement of its receivable discounted with a scheduled commercial bank for Rs.5,57,514.

#### 12. Related Party Transactions

##### a. Names of related parties and description of relationship:

Sl.No.	Nature of Relationship	Entities
1.	Key Management Personnel	1. Ashish Jalan 2. K.Suryanarayana Rao 3. Francesco Basso 4. Ajesh Anand
2.	Holding Company	1. S&S Power Switchgear Limited
3.	Associated Enterprises	1. COELME Costruzioni Elettromeccaniche SpA, Italy 2. Acrastyle Limited., U.K

##### b. Transactions:

Related Enterprise / Nature of Transaction	S&S Power Switchgear Limited	Acrastyle Limited, U.K
Lease Rental (For the leasing of the factory premises at Puducherry)	57,90,750* (-)	- (-)
Lease Deposit (Refer Note 6)	63,00,000	-
Corporate Services	(-)	(-)
(As per agreement entered into for providing corporate services)	90,99,750* (-)	- (-)
Sale of Disconnectors and spares	21,71,763 (-)	(-)
<b>Total</b>	<b>1,48,90,500</b>	<b>21,71,763</b>

\* The transaction amount is inclusive of service tax on the value of service rendered.

**Note:** On and from the effective date the transactions on behalf of the company are done in the name of the holding company, which is acting as a trustee for such transactions and is in line with the BTA (Refer Note 2 Above). Such transactions have not been considered as a transaction covered under the Related Parties.

### 13. Deferred Taxation

The deferred tax asset arising out of the tax losses and timing differences has not been recognized on a conservative basis. This is in line with the policy of prudence recommended in the appropriate accounting standard issued by the ICAI. As at the Balance Sheet date there is no deferred tax liability.

### 14. Undisputed liabilities of the company:

The company has provided for the following statutory liabilities, which it has not disputed on the date of the balance sheet and which remain outstanding for over a period exceeding 6 months

Nature of statutory dues	Amount outstanding for more than 6 months from the due date in Rs.
Gratuity	8,59,477

15. The Company had during the period sent letters to its vendors for identifying Micro, Small & Medium enterprises and based on the representations received back from the vendors has completed the identification of Micro, Small & Medium Enterprises.

Based on such identification there are no overdue payments and there is no interest payable as per the Micro, Small and Medium Enterprises Development Act, 2006.

16. Company is engaged only in manufacture of Disconnectors. In view of the same there are no business segments within the meaning of Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

17. The company is contingently liable for claims that may arise on warranties / performance guarantees provided for the equipments supplied to its customers on and from the effective date i.e. 01<sup>st</sup> November 2009. As a matter of business prudence a provision of Rs.5,10,229 for such liabilities has been estimated and provision made. Also, the holding company has provided an indemnity for any claims that may arise out of the supplies made before the effective date.

18. Contingencies and events occurring after the Balance Sheet Date:

The company has acquired the undertaking of Disconnector business from its holding company. As per provisions of the Business Transfer Agreement, in the event of the holding company being unable to transfer any of such Acquired Net Assets and Leased Assets within the period as mentioned in the BTA, the holding company would compensate the company for such inability to transfer. Consequently the impact of such an event on the Acquired Net Assets and Leased Assets as on the Balance Sheet Date of the company is indeterminate.

19. Figures for the current period relate to 18 months whereas the figures for the previous year (given in brackets) are for 12 months and are hence not comparable. Also the figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached of even date

For and on behalf of the Board

**for GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

**M.R.Venkatesh**  
Partner  
M.No.201407

**Ashish Jalan**  
Chairman

**Francesco Basso**  
Director

Place : Chennai  
Date : 13th May 2010

**S&S POWER SWITCHGEAR EQUIPMENT LIMITED**  
**Regd. Office : No.67, Dr. Ranga Road, Mylapore, Chennai - 600 004.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

	2008-2010	2007-2008
(in Rupees)		
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before taxation & Extra-ordinary items:	(16,710,842)	(54,206)
Adjustments for :		
(i) Write off of Preliminary Expenses	35,739	35,739
(ii) Difference in foreign exchange	808,065	-
(iii) Depreciation	1,589,774	-
(iv) Interest paid	13,014	-
	(14,264,250)	(18,467)
<b>Operating Profit before Working Capital Changes</b>		
Adjustments for :		
(v) (Increase) / Decrease in Advances	(60,988,186)	(439,894)
(vi) Increase / (Decrease) in Liabilities	26,536,834	169,236
	(48,715,602)	(289,125)
Cash generated from Operation before Extra-ordinary items		
(vii) Extra-ordinary items	-	-
<b>Net cash flow from operating Activities</b>	(48,715,602)	(289,125)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
(i) Sale of Investment	-	-
(ii) Purchase of Investment	-	-
(iii) Purchase of Fixed Assets	(23,740,044)	-
(iv) Dividend received on Mutual Funds	-	-
	(23,740,044)	-
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
(i) Subscription to Equity Share Capital	78,782,926	500,000
(ii) Preliminary Expenses	-	(178,697)
(iii) Interest Paid	(13,014)	-
	78,769,912	321,303
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as at 01.10.07	6,314,266	32,178
Cash and cash equivalents as at 30.09.2008	32,178	-
	6,314,266	32,178

As per our report attached of even date  
**for GSV Associates**  
Chartered Accountants  
Firm No.006179S

For and on behalf of the Board

**M.R.Venkatesh**  
Partner  
M.No.201407

**Ashish Jalan**  
Chairman

**Francesco Basso**  
Director

Place : Chennai  
Date : 13th May 2010

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### INFORMATION AS REQUIRED UNDER PART IV OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956

#### 1. REGISTRATION DETAILS

Registration No.	64927	State Code	18
Balance Sheet Date	31.03.2010		

#### 2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public issue	Nil	Bonus issue	Nil
Rights issue	Nil	Private Placements	78783

#### 3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS ( AMOUNT IN Rs. THOUSANDS)

Total Liabilities	79283	Total Assets	79283
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#### SOURCES OF FUNDS

Paid up Capital	10075	Reserves and Surplus	69208
Secured Loans	Nil	Unsecured Loans	Nil

#### APPLICATION OF FUNDS

Net Fixed Assets	22150		
Net Current Assets	40260	Investments	Nil
Accumulated Losses	16765	Misc. Expenditure	107

#### 4. PERFORMANCE OF THE COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover [Gross Revenue]	53173		
Profit/(Loss) before Tax	16711		
Total Expenditure	69884		
Profit/(Loss) after Tax	16711		
Earnings per share in Rs.	(17)		
Dividend Rate	Nil		

#### 5. GENERIC NAMES OF THE PRINCIPAL / SERVICES OF COMPANY ( AS PER MONETARY TERMS)

Item code No. ( ITC Code )	85.35		
Products / service Description	Disconnectors		

As per our report attached of even date

**for GSV ASSOCIATES**  
Chartered Accountants  
Firm No.006179S

**M.R.Venkatesh**  
Partner  
M.No.201407

For and on behalf of the Board

**Ashish Jalan**  
Chairman

**Francesco Basso**  
Director

Place : Chennai  
Date : 13th May 2010

## S&S POWER SWITCHGEAR LIMITED

Registered Office: II Floor, No. 67, (Old No.19), Dr.Ranga Road, Mylapore, Chennai - 600004

### ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the Hall)

I hereby record my presence at the 32nd Annual General meeting of the Company being held at Narada Gana Sabha Trust, Sathguru Gnananandha Mini Hall, 314, T.T.K. Road, Chennai - 600 018 on Thursday, the 30th September, 2010 at 3.05 p.m.

Full Name of the Shareholders in Block Letters

Folio No.

No of Share held

Name of Proxy (if any) in Block Letters

Signature of the Shareholder / Proxy

## S&S POWER SWITCHGEAR LIMITED

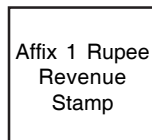
Registered Office: II Floor, No. 67, (Old No.19), Dr.Ranga Road, Mylapore, Chennai - 600004

### PROXY FORM

I/We .....  
of ..... being a  
Member / Members of S&S Power Switchgear Limited hereby appoint ..... or  
..... failing him / her .....  
of ..... as my / our proxy to attend and vote for  
me / us and on my / our behalf at the 32nd Annual General Meeting of the Company to be  
held on Thursday, the 30th day of September 2010 and at any adjournment thereof.

As Witness my / our hand(s), this ..... day of ..... 2010.

Signature of the Member / Proxy Holder



**Note :** Proxies must be deposited with Company's Share Transfer Agent M/s. GNSA Infotech (P) Ltd., No.11, G.R. Mansion, Srinivasa Road, Pondy Bazaar, T. Nagar, Chennai - 600 017 not less than 48 hours before the time fixed for holding the meeting.