

Ref: SSPSL /SEC / 2023-24 / Jan/ 07

26<sup>th</sup> January 2024

<p>TO, THE LISTING DEPARTMENT, BSE LIMITED, P.J. TOWERS, DALAL STREET, FORT, MUMBAI – 400 001, MAHARASHTRA</p> <p><b>BSE SCRIP CODE: 517273</b></p>	<p>TO, THE MANAGER – LISTING NATIONAL STOCK EXCHANGE OF INDIA LTD, EXCHANGE PLAZA, BANDRA – KURLA COMPLEX, BANDRA(EAST), MUMBAI – 400 051, MAHARASHTRA</p> <p><b>NSE SYMBOL: S&amp;SPOWER</b></p>
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Dear sir/madam,

**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Business updates**

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform the recent business updates:

**Operational restructuring:**

In FY'23, S&S Power Switchgear Ltd implemented operational changes by shutting down its manufacturing facility in Pondicherry and relocating operations to Chennai. This restructuring enhanced operational efficiency, increased management oversight, and led to substantial savings in fixed costs, ultimately improving operating margins.

**To raise funds through preferential issue for repayment of loans:**

The Company's net worth is negative on a consolidated basis and also within its operating subsidiaries, namely S&S Power Switchgear Equipment Ltd, Acrastyle Power India Ltd and Acrastyle Ltd, UK. The adverse net worth of these entities sometimes prevents the company's operating subsidiaries from pre-qualifying for participation in major tenders. Additionally, company's wholly owned subsidiary Acrastyle Ltd, UK is liable to annually fund a pension deficit based on an actuarial valuation of Rs.2.60 Cr which could reduce once the ultimate holding company (S&S Power Switchgear Ltd) has a strong balance sheet.

The Company and its subsidiaries has borrowed Rs.46.73 Crore from its promoters i.e., Hamilton & Co Ltd and have been unable to service regularly interest thereon. Within the group there is also cashflow leakage for remitting TDS on interest and S&S is borrowing further to repay interest on loans to Hamilton.

Consequently, this situation has resulted in auditors qualifying both S&S Power Switchgear Limited's and Hamilton's balance sheets. In order to tackle the net worth and cash flow challenges faced by the S&S Group, it is proposed to raise funds through a preferential issue, aiming to repay loans totalling Rs. 37.75 Crore.

**To acquire minority stake of 33.14% in Acrastyle Power India Ltd:**

Acrastyle Power India Ltd (APIL), a subsidiary of the Company, has established a manufacturing facility in Chennai for high-quality Control and Relay Protection Panels. Its wholly-owned subsidiary, Acrastyle Ltd, UK, is renowned for world-class quality in Engineering Design and manufacturing of Control, Relay, and Protection Panels. APIL's consolidated revenue for FY'23 is Rs. 106.96 Cr. S&S holds a 66.84% stake in APIL, with the rest held by minority shareholders. In order to establish a transparent ownership framework and consolidate complete ownership (100%) of Acrastyle's India and UK operations within S&S Power Switchgear Ltd, it is proposed to acquire the minority stake of 33.14% in APIL. This move aims to achieve concentrated management and absolute control over Acrastyle's India and UK operations. As mentioned earlier, the repayment of loans taken by APIL from S&S and its promoters, along with becoming a wholly-owned subsidiary of S&S, will let Acrastyle's revenues and profits to cleanly flow through to the company.

**To acquire 100% stake in Hamilton research and Technology:**

Further it is proposed to acquire Hamilton research and Technology (HART), a Kolkata based company in the cutting edge of automation technology, with special focus on the Aluminium sector. This company has developed very specialised technology and is doing business with Hindalco and Vedanta in India. This company having its own intellectual property has very high margins and positive cash flows. Hamilton Research is expanding its market reach by securing its initial overseas order. S&S Power Switchgear Limited acquiring this company will create synergies through use of HART's automation, software and hardware design capabilities and will help HART through use of S&S' marketing reach and brand.

**Appointing a Group CEO:**

To bring Acrastyle in the UK, S&S Power Equipment Limited in Chennai and HART in Calcutta together and to generate and use the synergies it has been decided to appoint Mr. Krishnakumar Ramanathan to be Group CEO and MD. He has relevant experience having worked in Siemens for more than 30 years in the T&D and Automation businesses across operations, Sales and corporate affairs. The CEO's of each company will report to Mr. Krishnakumar Ramanathan and in turn Mr. Krishnakumar Ramanathan will report to the Board of S&S Power Switchgear Limited.

The promoters and the Board are very enthusiastic about the prospects of all businesses of the company in Chennai, Kolkatta and the UK this restructuring will result in increasing their shareholding in S&S Power Switchgear Limited. They fully intend to keep the company listed and traded on the NSE and BSE even after the open offer by complying to the SEBI regulations.



A presentation on corporate and organizational restructuring is enclosed herewith for more information.

Kindly take the same on record.

Thanking you,  
Yours Sincerely,

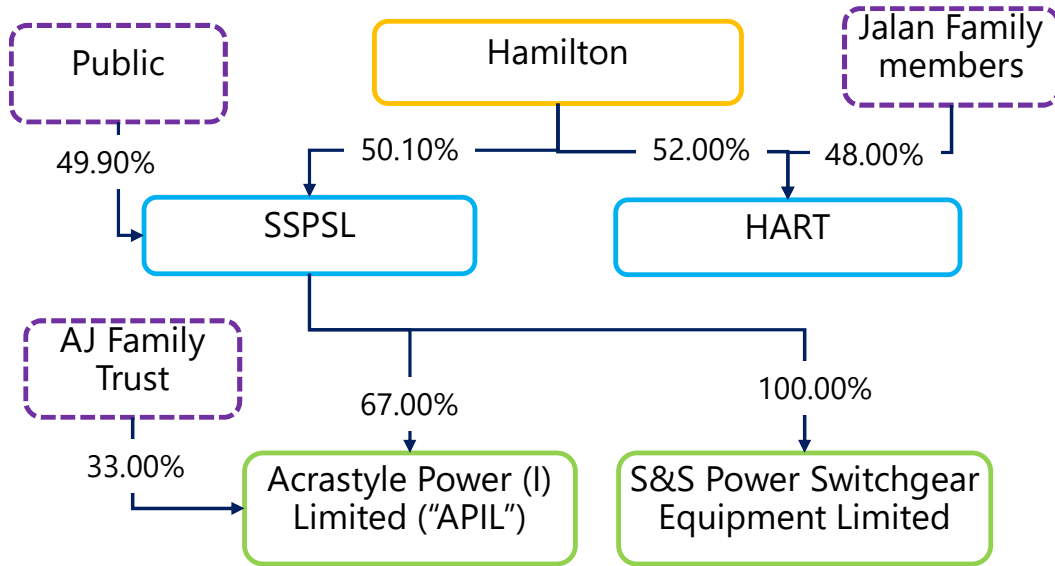
**For S & S POWER SWITCHGEAR LIMITED**

**Prince Thomas  
Company Secretary & Compliance Officer**

# S&S Power Switchgear Limited (SSPSL)

Corporate Restructuring & Appointment of MD & Group CEO

# Background – Current structure



*In INR crores (as on 31 March 2023)*

Particulars	Net worth	EBITDA	Loans from promoters
SSPSL (Standalone)	20.58	1.11	13.20
SSPSL (Consolidated)	(7.69)	3.58	46.20
APIL	(0.07)	3.29	13.43
HART	7.81	2.62	-

# Proposed steps and Resultant structure

**A**

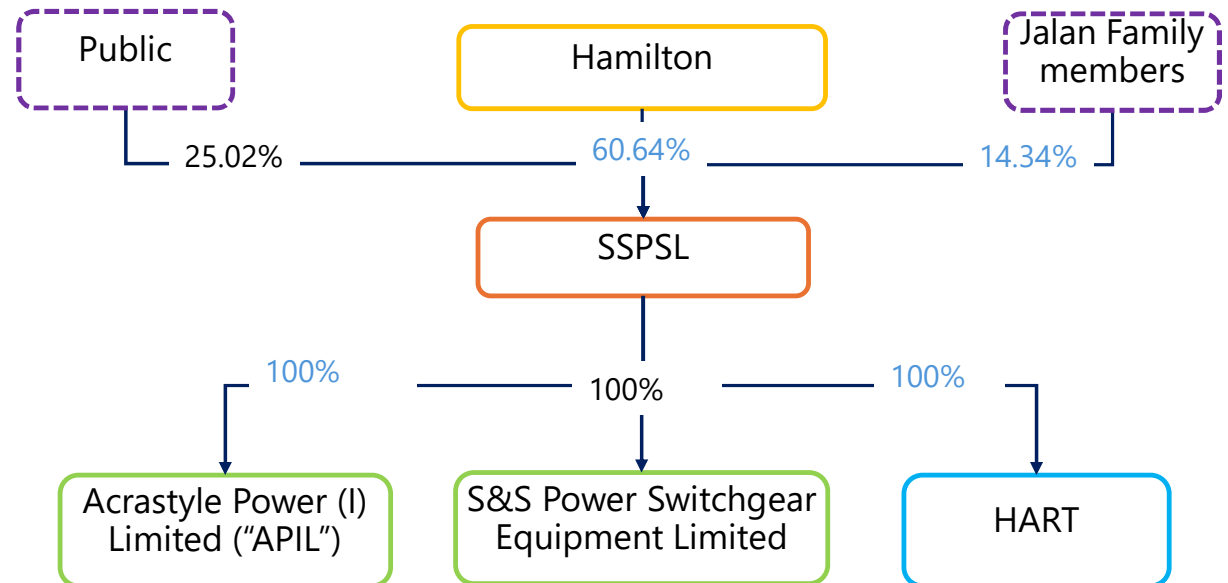
Preferential allotment of equity shares of SSPSL to Hamilton for repayment of existing loans on consolidated basis to the extent of INR 37.75 Cr.

**B**

Acquisition of balance stake of APIL for INR 16.96 Cr by way of cash consideration of INR 8.25 Cr (funded by Hamilton) and equity share issuance of SSPSL

**C**

Acquisition of 100% stake in HART for INR 36.21 Cr by equity share issuance of SSPSL



# Rationale & mechanics for undertaking proposed steps

**A**

Preferential allotment of equity shares of SSPSL to Hamilton for repayment of existing loans on consolidated basis to the extent of INR 37.75 cr

## **Rationale:**

- Present constraints are as follows:
  - Restrictions on SSPSL Group to bid for large tenders
  - High risk rating among agencies
  - Poor banking relations resulting in high cost and cashflow inefficiency
- By achieving positive net worth of SSPSL the above constraints will be mitigated
- Reduction of stress on cashflows of SSPSL and efficient management of cash flows
- Improve general perception of SSPSL on account of scale and visibility

## **Mechanics:**

- Preferential allotment of equity shares to Hamilton for repayment of existing loans.
  - Valuation based on SEBI ICDR regulations, (SSPSL is infrequently traded), independent valuation report is taken.
  - Value per share as per registered independent valuer is INR 148 per share based on valuation methodologies applied.

# Rationale & mechanics for undertaking proposed steps

**B**

Acquisition of balance stake of APIL for INR 16.96 cr by way of cash consideration (funded by Hamilton) and equity share issuance of SSPSL

## **Rationale:**

- To have clear ownership structure through consolidation of 100% ownership of Acrastyle in SSPSL.
- To have a focused management and full control over operations of Acrastyle
- To potentially reduce pension deficit repair contribution through demonstration of 100% ownership of Acrastyle by SSPSL

## **Mechanics:**

- Preferential allotment of equity shares for a consideration of INR 8.71 Cr and further a cash consideration of INR 8.25 Cr in lieu of acquisition of minority stake of APIL (Partly share swap and partly cash consideration).
  - Value of APIL arrived by independent valuer is INR 51.19 Cr.
  - Preferential allotment of SSPSL is being done at INR 148 per share.



# Summary of financials Pre & Post restructuring

## SSPSL consolidated (Including APIL) Cr

Particulars	FY'22(A)	FY'23(A)	YTD Sep'23
Revenue from operations	110.46	139.52	69.80
<i>EBITDA</i>	(8.47)	3.58	3.67
<i>EBITDA Margin</i>	(7.6%)	2.6%	5%
PBT before exceptional items	(15.44)	(3.34)	0.11

## APIL Cr

Particulars	FY'22(A)	FY'23(A)	YTD Sep'23
Revenue from operations	94.92	106.96	50.26
<i>EBITDA</i>	(3.28)	2.30	2.22
<i>EBITDA Margin</i>	(3.5%)	2%	4%
PBT before exceptional items	(7.16)	(1.05)	0.86

# Rationale & mechanics for undertaking proposed steps

C

Acquisition of 100% stake in HART for INR 36.21 Cr by equity share issuance of SSPSL

## **About HART:**

Hamilton Research and Technology (HART), a cutting-edge automation technology company focused on the aluminium sector.

HART boasts proprietary technology, established partnerships with Indian giants like Hindalco and Vedanta, high profit margins, and positive cash flow.

## **Rationale:**

- To increase the size and business of SSPSL.
- To develop electronic and digital business skills.
- To reduce business risks by diversifying.
- To improve operating margins by acquiring a high profit margin business.
- Acquisition being done at a relatively low value to benefit SSPSL which would be immediately EPS accretive.
- HART would create synergies by leveraging HART's automation expertise and SSPSL's established market reach and brand.

## **Mechanics:**

- Preferential allotment in lieu of 100% stake in HART for INR 36.21 Cr by equity share issuance of SSPSL
  - Value of HART arrived by independent valuer is INR 36.21 Cr.
  - Preferential allotment of SSPSL is being done at INR 148 per share.

# Summary of financials Pre & Post restructuring

## SSPSL consolidated

Cr

## HART

Cr

Pre-restructuring

Particulars	FY'22(A)	FY'23(A)	YTD Sep'23
Revenue from operations	110.5	139.5	69.80
<i>EBITDA</i>	(8.47)	3.58	3.67
<i>EBITDA Margin</i>	(7.6%)	2.5%	5%
PBT before exceptional items	(15.44)	(3.34)	0.11

Particulars	FY'22(A)	FY'23(A)	YTD Sep'23
Revenue from operations	17.25	13.34	6.61
<i>EBITDA</i>	7.62	2.62	1.06
<i>EBITDA Margin</i>	44%	20%	16%
PBT before exceptional items	7.35	2.44	0.87

## SSPSL + HART

Cr

Post-restructuring

Particulars	YTD Sep'23
Revenue from operations	76.41
<i>EBITDA</i>	4.73
<i>EBITDA Margin</i>	6.19%
PBT before exceptional items	0.98

## Change in promoter shareholding

Particulars	UOM	Current		Proposed	
		No of Shares	%	No of Shares	%
Hamilton	Nos	31,06,200	50.10%	74,85,403	60.64%
Jalan Family	Nos	6,550	0.11%	17,69,540	14.34%
<b>Total Promoter Holding</b>	<b>Nos</b>	<b>31,12,750</b>	<b>50.21%</b>	<b>92,54,943</b>	<b>74.98%</b>
Minority	Nos	30,87,250	49.79%	30,88,950	25.02%
<b>Total</b>	<b>Nos</b>	<b>62,00,000</b>	<b>100.00%</b>	<b>1,23,43,893</b>	<b>100.00%</b>

# Open offer under SEBI SAST Regulations, 2011.

## **Mechanics:**

- Hamilton's stake in SSPSL will increase by an amount in excess of 5% following the above steps, triggering open offer requirements.
- Hamilton has appointed a merchant banker to manage the open offer process.
- Public Announcements:
  - Made on the date of the Board of Directors' resolution approving the open offer.
  - Detailed Public Statement: Issued within 5 working days of the PA, providing detailed information about the offer.
- Escrow Account and Funds:
  - ✓ Established through the merchant banker to hold the offer funds.
  - ✓ Offer Size and Price: The offer size must be at least 26% of SSPSL's total shares, and the offer price must comply with an independent valuation report.
- Hamilton must commit to restoring the minimum public shareholding in SSPSL to at least 25% if it falls below that level after the open offer.

# Appointment of Group CEO

- To unify and capitalize on the synergies, SSPSL has appointed KK Ramanathan as Group CEO and MD
- Mr. Ramanathan has more than 30 years in the field of Industrial products (Electro-mechanical & Electronics), of which the last ~27 years have been with Siemens Ltd
- He has occupied diverse roles at Siemens, including Vice President and Head of Sales, Chief Customer Officer & Head of Key Accounts and Vertical Markets, Head – Smart Grid Services Business Unit
- Engaged in diverse roles within Automation, Drives, Power, Switchgear, and Motors across various functional levels, including Engineering, Business Development, Service, and Corporate Office
- Siemens' representative to the Indian electrical industry association (IEEMA) as chairman of the Rotating Machines Division (2008 – 12) <https://ieema.org>, National Executive Council (2020-21), Chairman of Tech. & Innovation Council (2020 – date)
- Ramanathan's expertise is intended to bring together **Acrastyle UK**, **S&S Power Equipment** in Chennai, and **HART** in Kolkata, driving improved performance profitability and wealth creation for shareholders

<http://www.linkedin.com/in/krishnakumarramanathan>

Thank you