



SWELECT ENERGY SYSTEMS LIMITED

(formerly known as 'Numeric Power Systems Limited')

Stay powerful when sun shines. And thereafter



Seventeenth Annual Report 2011-2012

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CORPORATE INFORMATION

CHAIRMAN

Mr. R. VEERAMANI
(up to 02.04.2012)

Mr. V.M. SIVASUBRAMANIAM
(w.e.f., 02.04.2012)

MANAGING DIRECTOR

Mr. R. CHELLAPPAN

DIRECTORS

Mr. A. BALAN
(up to 30.05.2012)

Mr. K.V. NACHIAPPAN
(up to 30.05.2012)

Mr. N. NATARAJAN

Mr. B.G. GIRI

Mr. R. VENKATARAGHAVAN
(up to 30.05.2012)

COMPANY SECRETARY

Mr. B. SRINIVASAN

BANKERS

STATE BANK OF MYSORE
Santhome Branch and Industrial Finance Branch,
Chennai.

BNP PARIBAS
Chennai

STATE BANK OF INDIA
Industrial Finance Branch,
Chennai

THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED
Chennai

YES BANK LIMITED
Chennai

HDFC BANK LIMITED
Mylapore, Chennai.

REGISTERED OFFICE

'NUMERIC HOUSE'
No. 5, Sir P.S. Sivasamy Salai, Mylapore, Chennai – 600 004.

FACTORY

UNIT I [EHTP DIV]
Door No.5/1080, Plot No.154, Industrial Estate, Perungudi, Chennai – 600 096.

UNIT II
33/1, PIPDIC Industrial Estate, Sedarapet, Pondicherry - 605 111.

UNIT III S
S. No.58/3, Nachiyur, Salem Main Road, Veerappan Palayam P.O., Idappadi – 637105, Salem District.

UNIT IV
A-85, VI Cross PIPDIC Industrial Estate, Sedarapet, Pondicherry - 605 111.

UNIT V
EL-101, Electronic Zone, MIDC, Thane, Navi Mumbai - 400 705.

UNIT VI
Plot-17A, Sector-2, Parwanoo-173220, Himachal Pradesh.

FABRICATION, HIGH ENERGY DIVISION, TRANSFORMER & STABILIZER PLANT
122/1, Old Mahabalipuram Road, Semmanchery, Chennai – 600 119.

SWELECT ENERGY SYSTEMS LIMITED DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the Seventeenth Annual Report together with the Audited Accounts for the year ended March 31, 2012.

GROWTH OF THE COMPANY

During the Year 2011-12, SWELECT with a commitment to achieve a sustainable growth, strived hard and marched successfully through the tough market conditions to put the Company on top of all the Indian UPS Companies for another year in succession. Our Company achieved a growth of 10.41% over the previous financial year on net sales and other income. The EPS for the Financial Year 2011-12 is Rs. 34.27.

FINANCIAL RESULTS

The Abridged stand-alone financial results are as under:

(Rs. in Lakhs)

S.No.	Particulars	for the year ended 31/3/2012	for the year ended 31/3/2011
1	Sales / Income from operations	56258.90	51116.66
	Less: Taxes and duties	2794.69	2538.06
2	Net Sales/Income from Operations	53464.21	48578.60
	Add: Other income	529.62	322.41
3	Total Income from Operations	53993.83	48901.01
4	Total Expenditure	48969.31	43237.03
5	Profit Before Depreciation, Interest & Tax (3-4)	5024.52	5663.98
6	Interest	103.71	92.49
7	Depreciation	564.96	489.74
8	Profit Before Tax (5-6-7)	4355.85	5081.75
9	Tax Expense	892.74	1059.85
10	Profit After Tax (8-9)	3463.11	4021.90
11	Transfer to General Reserve	346.31	402.19
12	Proposed Final Dividend	303.18	303.18
13	Tax on Dividend	49.18	49.18
14	Balance Carried Forward (10-11-12-13)	2764.44	3267.35
15	Equity Capital	1010.58	1010.58
16	Reserves and Surplus	26164.56	23053.80
17	EPS (Rs.)	34.27	39.80

Previous year's figures have been regrouped / reclassified wherever necessary.

DIVIDEND

The Board of Directors have pleasure in recommending a Dividend of Rs. 3/- per equity share (@ 30 % on the equity share capital of the Company), free of tax in the hands of the shareholders, for the year ended 31st March 2012, subject to approval of the shareholders.

PRODUCT LINES OF SWELECT

Green Energy Solutions

SWELECT ENERGY SYSTEMS LIMITED (SWELECT) has ventured into offering Green Energy Solutions like Solar Power Systems, Wind Energy Generation and LED lighting systems. The company offers specialised and standardised solar product range to conserve energy under the Renewable Energy Program combined with Energy Efficient LED Lighting Solutions for a wide range of applications.

SWELECT has set perfect example of going green by being the first UPS Company to have installed a 1.1 kWp solar power generation system at its Fabrication Plant, Chennai in 1995. In addition to this, SWELECT has installed about 1 MWp of solar power generation system commissioned successfully for its captive power generation and over 1000 installations for many Rural Schools, Banks, ATMs, and other Customer needs.

SWELECT currently offers the following products and solutions to Clients.

The product range includes

- Solar PV Panels – Thin Film and Crystalline
- MPPT and PWM Solar Charge Controllers ranging from 12 V to 480 V and 5 A to 140 A
- Grid Tied Inverters ranging from 1 kW to 100 kW and higher rating inverter for Solar Energy farms in MW range
- Bi-directional Grid Interactive Inverter ranging from 1 kW to 100 kW
- Energy Storage Batteries 7.2 Ah to 300 Ah (VRLA, Solar Deep Cycle Gel, Tubular)
- Customized Solar Power Conditioning Units as per the load and customer requirements

The Solar Solutions offered by SWELECT are

- Stand-alone and mini grid solar power converters
- Hybrid and Grid tied power systems
- Solar energy farms

Energy Efficient lighting products from SWELECT Includes

- LED lighting system for office and home applications (Down lights and 2 x 2 lighting)
- LED Street lighting systems
- Solar LED street lighting systems
- LED decorative lighting systems
- Solar LED emergency Lights
- Customized LED Lighting solutions

SWELECT team's in-depth technical knowhow and expansive service capabilities enables it to provide its customers with high-quality standalone or turnkey solutions, and deliver unparalleled global support. The core principles of flexibility, speed, innovation, reliability, trust, transparency, and accountability has been the growth enablers and has helped develop and nurture long-term relationships with its key stakeholders. There have been implementations of solar projects in India and overseas including Japan, Nigeria, Kenya, etc. In India there have been more than 1000 sites in the range 1 kW to 100 kW. With its experience in design, supply and installation of high power systems SWELECT assures a world class implementation using state-of-the-art SPV products and complete solutions.

With continuous technological innovations, rich expertise, and strong customer centric approach, SWELECT's journey in the last 26 years has been a powerful one and will soon set footprints across more countries with its innovative Power Management Solutions.

AWARDS / CREDENTIALS

The winner of ISA Technovation Awards December 2011 in the OEM Enterprise Indian Enterprise category.

Trail Blazer 2011 - Special Achievement Award

"Pathfinders - 2011", A coffee Table Book, was launched by Times of India Group in Chennai and Mr. R Chellappan, Managing Director, is one of the Elite Group of ten outstanding Entrepreneurs in the field of IT and ITES to receive an award from his Excellency, Dr. K Rosaiah, Hon'ble Governor of Tamil Nadu on 28th September 2011, at Darbar Hall of Raj Bhavan, Chennai.

Empanelment with Bureau of Energy Efficiency as an Energy Service Provider.

Accreditation by MNRE (Ministry of New and Renewable Energy) as authorized channel partner for off-grid and decentralised solar applications under JNNSM (Jawaharlal Nehru National Solar Mission) scheme.

No. 1 Solar Power company amongst UPS manufacturers (Source: SD awards 2011)

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate Section forming part of the Annual Report.

Some of the major events which took place during the year 2011-12 are:

1. Acquisition of Amex Irons Private Ltd (AIPL):

Amex Irons Private Ltd-a Foundry unit-situated adjacent to our existing Subsidiary unit-Amex Alloys Private Ltd (AAPL) - in Coimbatore was taken over in full on 14th November, 2011. AIPL currently manufactures SG and Grey iron Foundry Components used in Infrastructure, Automobiles, Electrical Markets, etc. The products of AIPL, as in the case of AAPL offer good export potential. The acquisition of AIPL, with an installed capacity of 3,600 MT per annum gives a perfect synergy with AAPL. The AIPL contributed a sales turnover of Rs 18 Crores during the year. AIPL is expected to add a sales turnover of about Rs. 25 Crores during the full year of operation in 2012-13.

2. Entering into Business Transfer Agreement (BTA) with M/s. Novateur Electricals and Digital Systems Private Limited (Novateur) (formerly known as M/s Indo Asian Electric Private Limited) for sale of UPS business:

SWELECT entered into a Business Transfer Agreement (BTA) on 9th February 2012 with Novateur for transfer of the entire UPS business of the company, including 100% share sale of Numeric Lanka Technologies Private Limited and sale of UPS Business in Singapore for a total consideration of Rs 837.08 Crores the consummation of which took place on 29th May 2012.

Post transfer of UPS business, your Company in the new name of M/s SWELECT ENERGY SYSTEMS LIMITED will aggressively embark upon generation of Solar / Wind energy, manufacture of LED products, etc besides up scaling Foundry business.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
 - (ii) The directors 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 profit of the company for the year;
 - (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- and
- (iv) The directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Reappointment

Mr. N Natarajan and Mr. B G Giri, Directors, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

The resolutions in respect of the above reappointments are placed before the shareholders for their approval at the ensuing Annual General Meeting.

STATUTORY INFORMATION

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 will be provided on request. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the shareholders.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / Outgo

Particulars as required under Section 217(1)(e) of the Companies Act, 1956 read with the (Companies Disclosure of Particulars in the Report of the Board of Directors) Rules, are annexed.

RESULTS OF SUBSIDIARY COMPANIES

The particulars of subsidiary companies, which are included in consolidation are as under: (Please refer page 99)

Sl. No.	Name of the Subsidiary Company	Place of Incorporation
1.	Numeric Lanka Technologies Pvt. Limited	Colombo, Sri Lanka.
2.	Numeric Power Systems Pte. Limited	Singapore
3.	Numeric Power Systems (Mauritius) Private Ltd	Mauritius
4.	Numeric Solar Energy Private Limited	Chennai, India
5.	Amex Alloys Private Limited	Coimbatore, India
6.	Amex Irons Private Limited	Coimbatore, India
7.	BS Powertech Solution Private Limited	Chennai, India

ACCOUNTS OF SUBSIDIARY COMPANIES

The company undertakes that the annual accounts of the subsidiary companies and the related detailed information will be made available to shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies are being kept for inspection for the shareholders at the Registered Office of the Company. The hard copy of details of accounts of subsidiaries shall be furnished to any shareholder on demand.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for investments in Associates in consolidated financial statements and AS-27 on Financial Reporting of interests in Joint Ventures, we have attached the consolidated financial statements which form part of the Annual Report and Accounts.

AUDITORS

M/s. S.R. Batliboi & Associates, Chartered Accountants, 6th & 7th Floor, A Block, Tidel Park, No. 4, Rajiv Gandhi Salai, Taramani, Chennai - 600113 retire at the ensuing Annual General Meeting, and are eligible for reappointment

FUTURE PROSPECTS AND BUSINESS

SOLAR ENERGY:

As you are aware, the business of Numeric Power Systems Ltd consisted of three verticals viz, UPS Business, Solar and Wind energy, and LED Lighting business. As the UPS Business having been sold off by virtue of the Business Transfer Agreement with effect from May 29, 2012, your Company under the new name of SWELECT Energy Systems Limited (SWEES), will concentrate and accelerate the growth of business in the green field areas of Solar and Wind energy generation on behalf of the company and undertake Turn-Key Projects for various customers.

With over 27 years of expertise and experience in Power Electronics, power Management Systems SWEES is well positioned to capture sizeable share of Domestic and Global Market. This is evidenced from the fact that SWEES already has more than 1000 Roof-Top installations at Customers' sites in India and abroad.

As a Channel partner of MNRE, SWEES has the distinct advantage of being in close proximity to customers for pre-sale guidance, project implementation, commissioning and post-sale service with least possible lead time, so as to enable the customers to have rich harvest of solar/wind energy.

SWEES fully equipped with the State-of-the Art technology and know-how is looking forward for strategic investment opportunities and Technical Collaborations for taking your Company to greater heights.

WIND POWER:

SWEES has already installed a 1.5 MW wind mill quite successfully and also commissioned an off-grid Solar-Wind Hybrid System. The R&D wing is actively engaged in developing different prototypes to revolutionize generation of alternate renewable and green energy.

LED PRODUCTS:

Globally, the future lighting system is going to be highly eco-friendly, mercury free and cost effective Light Emitting Diode(LED) lighting products SWEES is confident of capturing a good share of LED market.

UPSCALING FOUNDRY PRODUCTS:

The two Foundries at Coimbatore viz: AAPL and AIPL are progressing as per schedule and they are expected to contribute considerably during the current year.

CORPORATE GOVERNANCE

A report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

A Compliance Certificate from Mr. R. Kannan, Practicing Company Secretary, regarding compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause, is annexed to this report.

ACKNOWLEDGMENT

Your Board places on record its appreciation of the support and co-operation received from the Government of India, State Governments, Financial Institutions, Banks, Suppliers, Customers and Vendors, whom your company looks upon as valued partners in progress. Your Directors also wish to place on record their appreciation for the valuable services rendered by Depositories, Stock Exchanges, and the Registrar and Transfer Agents. Your Directors commend the zeal and zest of employees at all levels culminating in the Company setting yet another new record on its operational performance for the year. Your Directors thank all our valuable Investors who have been with the Company all these years and are also very much pleased to welcome all the new Investors and thank them for their continued patronage and confidence reposed in the Management.

For and on behalf of the Board of Directors

Chennai
May 30, 2012.

A.BALAN
Director

R.CHELLAPPAN
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, FOREIGN EXCHANGE ETC.

A.	CONSERVATION OF ENERGY	1. Continuing Implementation of Solar Power Projects in all manufacturing facilities to address Renewable Energy and Energy Savings from Utility / Generator run time and fuel consumption. 2. Progressive installation of Solar Lighting in the place of conventional lights.
B.	RESEARCH & DEVELOPMENT 1. Specific areas in which R&D carried out by the Company.	Utilisation of Solar Energy with the support of Solar Power Converters.
	2. Benefits derived as a result of the above	Energy Efficient Systems and Affordable energy alternatives, reduces pollution and green house gas emission from local power plants, combats global warming.
	3. Future Plan of Action	To enhance the product design to reach the high capacity grid connected invertors and intelligent power monitoring systems.
	4. Expenditure on R & D a. Capital b. Recurring c. Total d. Total R&D expenditure as percentage of total turnover	Rs. In Lakhs 86.33 124.83 211.16 0.42%
C.	TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION	
	1. Efforts made towards Technology absorption, adaptation and innovation	a. Solar Power convertors MPPT Charge controllers for optimization of Solar Power recovery. b. Solar Power Converters.
	2. Benefits derived as a result of the above	a. Progressive Cost Savings and Lesser Emission of Carbon Foot Print. b. Enhanced product range and imports substitution.
	3. Technology imported	Nil
D.	External Growth:	More overseas focus for export promotion
E.	FOREIGN EXCHANGE EARNINGS AND OUTGO:	
	Foreign Exchange Earnings : Export at F.O.B. value Royalty and Technical Services Dividend	(Rs. In Lakhs) 2011-2012 731.78 -- 304.17
	Foreign Exchange Outflow : Import of Machinery & Advance payments. Raw materials Traded goods Travelling Freight and Insurance Interest Dividend Others	(Rs. In Lakhs) 2010-2011 920.98 5.11 -- 1.42 7346.05 8588.16 13.55 -- 45.56 21.15 34.43

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Company is continuously monitoring the Risks and Concerns and taking adequate measures to ensure high level stability and satisfactory performance in all the major areas and introducing necessary back-up processes also.

1. ASSET MANAGEMENT & LOSS PREVENTION

Asset management has been achieved by bar-coding the Current and Non-current assets as well as the entire work in progress in all the plants. Remote monitoring of the logistics results in loss prevention during transit.

2. RISKS AND CONCERNS

Your Company continuously monitors business and operations risk through an efficient risk management system. All Key functions and divisions are independently responsible to monitor risks associated within their respective areas of operations such as production, insurance, legal and other issues like health, safety and environment.

- RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Company continuously monitors business and operations risk through an efficient risk management system. All Key functions and divisions are independently responsible to monitor risks associated within their respective areas of operations such as production, insurance, legal and other issues like health, safety and environment.

- FOREX MANAGEMENT COMMITTEE

The Forex Management committee has been reviewing the day to day forex movements and also has been actively taking the forward contracts with specific underlying transactions as per RBI guidelines.

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and effective internal control systems commensurate with its nature of business and size of operations to ensure that all controls and procedures function satisfactorily at all times and all policies are duly complied with in this regard. These are considered adequate to safeguard its assets against loss or misappropriation through unauthorized or unintended use.

There is adequate and effective internal control system that employs periodic checks on on-going process. The Audit Committee and the Board of Directors regularly reviews the effectiveness of Internal control system in order to ensure due and proper implementation and due compliance with applicable laws, accounting standards and regulatory guidelines.

4. HUMAN RESOURCES

Employees are vital and most valuable assets. The Company has a favourable work environment that encourages innovation and motivation. The Management continues to invest in people through various Learning & Development initiatives and believe in nurturing leaders from within us as far as possible and provide opportunities for growth across all levels and derive our ability to maintain our No1 position from them. The total staff strength of the Company as on 31.3.2011 was 2369 which increased to 2499 during the year ended 31.03.2012.

5. WELFARE / SOCIAL ACTIVITIES

The Company sponsors several sports and social welfare activities to derive internal team building. EMPLOYEES' WELFARE TRUST is a welfare society with its main object of working towards the welfare of its employees.