



swelect
ENERGY SYSTEMS LIMITED
(formerly known as 'Numeric Power Systems Limited')
Stay powerful when sun shines. And thereafter...

Nineteenth Annual Report 2013 - 2014

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CORPORATE INFORMATION

CHAIRMAN

Mr. V. M. SIVASUBRAMANIAM

MANAGING DIRECTOR

Mr. R. CHELLAPPAN

DIRECTORS

Mr. N. NATARAJAN
Mr. V. C. RAGHUNATH
Mrs. VASANTHA BALAN
Mrs. JAYASHREE NACHIAPPAN
Mr. B.G. GIRI
(Director up to 24.07.2013)

BANKERS

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

THE HONGKONG AND SHANGHAI BANKING
CORPORATION LIMITED
Chennai.

BARCLAYS BANK, PLC
Mumbai.

BNP PARIBAS
Chennai.

STATE BANK OF INDIA
Industrial Finance Branch, Chennai.

ICICI BANK
Mylapore, Chennai.

HDFC BANK LIMITED
ITC Anna Salai & Mylapore Branch, Chennai.

AUDITORS

M/s. S.R. Batliboi &
Associates, LLP,
Chartered Accountants,
6th & 7th Floor, A Block, Tidel Park,
No.4, Rajiv Gandhi Salai,
Taramani, Chennai- 600113.

COST AUDITOR

Mr. R. Ravichandran,
B.Sc., ACMA., Oracle R12 Certified
No.16, 3rd Street, New Colony,
Adambakkam, Chennai – 600 088.

COMPANY SECRETARY

Mrs. J. BHUVANESWARI

REGISTERED OFFICE

SWELECT ENERGY SYSTEMS LIMITED
CIN : L93090TN1994PLC028578
'NUMERIC HOUSE'
5, Sir P.S. Sivasamy Salai,
Mylapore, Chennai- 600 004.
Tel: +91 44 2499 3266
Fax: +91 44 2499 5179
Email: cg.ird@swelectes.com
Website: www.swelectes.com

PLANT LOCATIONS

| No | Location of Plant | Details of the Plant |
|----|---|-------------------------------------|
| 1 | Coimbatore Kuppepalayam SF No 166 & 169, Sembagoundanpudur, No 51, kuppepalayam Village, Coimbatore 641107. | SWELECT 1.1 MW Solar Plant |
| 2 | Naranapuram Village, Ponnapuram, Dharapuram Taluk, Tiruppur District. | SWELECT 1.5 MW Wind Mill Power Unit |
| 3 | 58/3 (14 D,D/1) Salem Main Road, Veerappampalayam PO Idappadi-637105, Salem District. | UNIT 3S |
| 4 | Monjanur Village, Aravakurichi Taluk, Karur District. | SWELECT 12 MW Solar Plant |

DIRECTORS' REPORT

Our Valued Shareholders,

We have pleasure in presenting the Nineteenth Annual Report together with the Audited Accounts for the year ended March 31, 2014.

As the valuable shareholders of **SWELECT ENERGY SYSTEMS LIMITED**, you are all aware that our company brings with it, almost three decades of expertise in Power Electronics, Power Quality management and a commendable performance in Solar Power. With our solid back drop of experience, our main focus area is the most promising Renewable Energy Sector, as the currently available resources for production of conventional energy are getting dwindled year after year besides not being environment friendly.

Financial Results :

The abridged stand alone financial results are as under:

(Rs. in Lakhs)

| S.No. | Particulars | for the year ended 31/3/2014 | for the year ended 31/3/2013 |
|-------|--|------------------------------|------------------------------|
| 1 | Sales / Income from operations | 5128.98 | 11084.71 |
| | Less: Taxes and duties | 158.17 | 534.88 |
| 2 | Net Sales/Income from Operations | 4970.81 | 10549.83 |
| 3 | Other income | 3047.32 | 4729.31 |
| | Total Income from Operations | 8018.13 | 15279.14 |
| 4 | Total Expenditure | 4961.30 | 11137.72 |
| 5 | Profit Before Depreciation, Interest and Tax | 3056.83 | 4141.42 |
| 6 | Interest | 116.09 | 148.29 |
| 7 | Depreciation | 446.23 | 458.03 |
| 8 | Exceptional other Income | - | 61511.77 # |
| 9 | Profit Before Tax | 2494.51 | 65046.87 |
| 10 | Tax Expense | - | 13967.23 |
| 11 | Profit After Tax | 2494.51 | 51079.64 |
| 12 | Transfer to General Reserve | 249.45 | 14896.62 |
| 13 | Interim Dividend | - | 12127.01 |
| 14 | Proposed Final Dividend | 909.53 | 808.47 |
| 15 | Tax on Dividend | 154.57 | 2104.70 |
| 16 | Balance Carried Forward | 1180.96 | 21142.84 |
| 17 | Equity Capital | 1010.58 | 1010.58 |
| 18 | Reserves and Surplus | 63634.44 | 62204.02 |
| 19 | EPS (Rs.) | 24.68 | 34.23 * |

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

During the previous year 2012-13, the Company had consummated slump sale of its UPS business comprising operations in India, Singapore and investment in a Srilanka as a going concern on a slump sale basis. The net gain arising from the sale has been disclosed as an 'exceptional other income'.

* EPS after excluding Exceptional other income.

Results of Operations:

For the Financial Year 2013-14, the Sales / Income from operations is Rs.5,128.98 Lakhs and EPS is Rs. 24.68.

Dividend

The Board of Directors have pleasure in recommending a Dividend of Rs. 9/- per equity share (@ 90 % on the equity share capital of the Company), free of tax in the hands of the shareholders, for the year ended 31st March 2014, subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

Current Business and Growth of the Company:

SWELECT Energy Systems Limited, formerly known as Numeric power Systems Limited, listed in BSE & NSE, has offices across the country, module manufacturing facility at Bangalore (HHV Solar Technologies Limited), and fully backward integrated facility near Salem that manufactures Solar Power Converter, Array Junction Boxes and Solar Module Mounting Structures. SWELECT also has a 100% owned subsidiary in Singapore for supporting the group's international business.

In a very short time SWELECT has gained its strength in the solar energy space with the status as a complete product company and a leading PV project implementer.

As an experienced Energy Systems Company, SWELECT successfully launched the Smart Grid projects and has over 20 sites of 40 -100 KW installations to its credit in a short time. Across India, we have over 1500 rooftop installations and have commissioned successfully 2 sites of 1 MW SPV parks each under REC scheme and IREDA scheme. The 12 MW SPV Modular Park at Monjanur Village, Karur District, Tamilnadu, is part of our proposed 15 MW capacity that is aimed at selling part of the capacity to prospective Corporate entities from India and overseas.

SWELECT has been ranked as No. 1 Rooftop Solar Company (source Soft Disk Awards 2011, 12, 13) for three consecutive years.

Our product range includes..

- Solar PV Modules.
- Solar Charge Controllers (PWM and MPPT) / Power Converters (DC/AC).
- Solar Inverters (Stand alone / off-grid).
- Solar Grid Tie Inverters.
- Grid Interactive Inverter systems for Mini & Smart grid applications.
- Complete range of BoS (balance of Systems) for SPV projects.
- SPV Hybrid systems with Energy Storage .
- Rooftop & Utility scale projects.
- Module Mounting structures of all types.
- Monitoring and most other balance of systems in SPV projects.

Project capabilities of SWELECT :

- Rooftop & Utility scale projects.
- Design, Supply, Erection and Commissioning of SPV Farms.
- Mechanical Balance of system and works.
- Electrical Balance of systems and works.

IPP (Independent Power Producer) :

- **SWELECT is an emerging IPP in the Solar PV energy space.**
- **Is committed to install and commission SPV parks for energy sale to third party and Government through Power Purchase Agreement (PPA).**

Special Engagements undertaken by the Company:

- **Project management services.**
- **Power quality audit and Energy audit.**

Wind Power

SWELECT had 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 revolutionise generation of alternate renewable and green energy.

Solar Power

Major mile stones of the Company in the Solar power space:

- The Company has been engaged in developing Solar Power Projects at various places,
- Has installed over 1500 rooftop projects across India,
- First Company in South India to get REC accreditation for the 1.1 MW Solar Energy Project at Kuppepalayam in Coimbatore, TN.
- 1 MW Solar Energy Farm in Sivaganga, TN.
- 1 MW Engineering and Installation for a batteries manufacturing major in TADA, AP.
- 1 MW DC Side Installation and Commissioning for a leading foundry unit in Coimbatore, TN.
- 15 MW Modular Solar Park at Vellakoil in Karur District,

Leading customers of SWELECT in Solar Power area include:

- Private and Nationalised Banks (Over 500 sites),
- Leading steel foundries,
- Engineering institutions,
- Government Departments / Agencies,
- Leading business houses,

Salient features of the recently commissioned 15 MW Modular Solar Park Project at Vellakoil:

- The power evacuation is through a 33 kV dedicated feeder connecting Periyar Nagar substation through a 33 / 110 kV Transformer. Distance about 13 km from site.
- This project is one of the few truly modular energy parks with the composition of 5 x 33 kV bays to feed:
 - ❖ 1 x 10 MW
 - ❖ 1 x 2 MW
 - ❖ 3 x 1 MW Energy generating systems
 - ❖ of the 15 MW, 12 MW were commissioned on 28.03.2014 and 3 MW on 11.04.2014 (including 1 MW for NRI of USA).

SWELECT has plans to construct similar energy parks in the near future.

Future Prospects and Business:

As you are aware, the business of SWELECT Energy Systems Ltd provides sustainable energy solutions for a greener and healthier India and has been progressing in the area of Solar and Wind energy. Your Company will concentrate and accelerate the growth of business in the green energy space of Solar and Wind energy on own account and as Turn-Key Projects for several valued customers who have already approached the Company.

As a Channel partner of MNRE (Ministry of New and Renewable Energy), SWELECT has the distinct advantage of being in close proximity to customers for pre-sale guidance, project implementation, commissioning and post-sale service, so as to enable the customers to get the maximum benefit of their investment.

Your Company is looking forward to attracting strategic investments and investing in new technology proposals which would help to the company's growth on a long term basis.

Awards / Credentials

- 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.
- Empanelment with Bureau of Energy Efficiency (BEE) as an Energy Service Provider.
- No.1 Solar Solution Provider (Integrator) Company for the year 2013.
- SD Award 2013 for Leadership in Rooftop Solar Installations.
- Accreditation with IMS - Integrated Management System addressing ISO 9001, ISO 14001 and ISO 18000.

Subsidiary Companies:

HHV Solar Technologies Limited.

During FY 2012-13 SWELECT acquired 49% Equity with Board Control in HHV Solar Technologies Private Limited, a branded Solar Module Manufacturing Company in Bangalore. HHV Solar has an installed capacity of 40 MW. We contemplate additional 20 MW capacity additions in the coming quarters to facilitate faster growth. We have also converted the company status from Private limited to Public Limited and accordingly the Company has changed its name from HHV SOLAR TECHNOLOGIES PRIVATE LIMITED to **HHV SOLAR TECHNOLOGIES LIMITED** during the FY 2013-14.

With the equity participation and control of HHV Solar Technologies Limited, SWELECT has become the first company in India that offers almost a complete range of Solar Power project components.

In view of SWELECT's control over this Solar panel manufacturing subsidiary and by concerted efforts and impressive performance, SWELECT has become a full-fledged EPC Company, culminating in the Company commissioning the 15 MW Vellakoil Solar Farm in one of the shortest times. The first 12 MW has come up in just 72 days time after the basic land development activities.

SWELECT owns subsidiary companies in Iron and Steel Foundry business viz;

- 1) AMEX ALLOYS PVT LTD, COIMBATORE
- 2) AMEX IRONS PVT LTD, COIMBATORE

AMEX Alloys is enjoying near 100% export of its quality products (Valve castings) in Low Carbon Steel & Special Alloy Steel with customers in Germany, Spain, Italy, France, and UK and in USA. For the third time the Company received Export Excellence Award adjudged by the Indian Foundry Association.

AMEX Irons has been producing Grey and SG iron castings mostly for domestic market (BHEL / TAFE / JOHNSON Lifts etc.) and in the recent times, after SWELECT takeover, has successfully entered into the European markets as well.

With our high level dedication, team building and cultivation of corporate practices, the two foundries are set for higher growth in the future.

Results of Subsidiary Companies

Information relating to the following Subsidiary Companies for the year ended March 31, 2014 is attached to this Report.

| Sl. No. | Name of the Subsidiary Company | Place of Incorporation |
|---------|--|------------------------|
| 1. | SWELECT Energy Systems Pte. Limited | Singapore |
| 2. | Amex Alloys Private Limited | Coimbatore, India |
| 3. | Amex Irons Private Limited | Coimbatore, India |
| 4. | SWELECT Solar Energy Private Limited | Chennai, India |
| 5. | SWELECT Green Energy Solutions Private Limited | Chennai, India |
| 6. | BS Powertech Solutions Private Limited * | Chennai, India |
| 7. | HHV Solar Technologies Limited | Bengaluru, India |

* Subsidiary of SWELECT Solar Energy Private Limited.

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 forms part of the Annual Report and Accounts.

Management Discussion and Analysis Report

Management 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.

Corporate Social Responsibility Committee

During the year, the Board of Directors constituted Corporate Social Responsibility Committee comprising of the following members:

- 1) Mr. R. Chellappan - Managing Director
- 2) Mr. N. Natarajan - Independent Director
- 3) Mr. V.C. Raghunath - Director

The Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

During the year, SWELECT has contributed Rs 10 lakhs for constructing a library and a reading room in Government Boys Higher Secondary School at Sankagiri, Salem district.

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 has been followed along with proper explanation relating to material departures;
- (ii) the Directors have 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 have 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

Mr. R. Chellappan and Mrs. Jayashree Nachiappan, Directors retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Mr.V.C. Raghunath, Son of Mr. R. Chellappan, was appointed as additional Director at the Board meeting of the Company held on 11.11.2013. The Board recommends his appointment as Whole Time Director of the Company for the period of 5 (Five) years who shall be liable to retire by rotation. A notice has been received from a member proposing his candidature.

Mr.V.M. Sivasubramaniam is a Non- Executive (Independent) Director of the Company. He joined the Board on 20.10.2003. In terms of section 149 and other applicable provisions of the Companies Act 2013, Mr. V.M. Sivasubramaniam being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five years who is not liable to retire by rotation. The Company has received a notice in writing from a member proposing his candidature for the office of Independent Director. The Company also received a declaration from Mr.V.M. Sivasubramaniam to the effect that he meets the criteria of Independence as provided in subsection (6) of section 149 of the Companies Act 2013.

Mr.N.Natarajan is a Non- Executive (Independent) Director of the Company. He joined the Board on 11.06.2005. In terms of section 149 and other applicable provisions of the Companies Act 2013, Mr. N.Natarajan being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a term of five years who is not liable to retire by rotation. The Company has received a notice in writing from a member proposing his candidature for the office of Independent Director. The Company also received a declaration from Mr.N.Natarajan to the effect that he meets the criteria of Independence as provided in Sub Section (6) of Section 149 of the Companies Act 2013.

Auditors

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, retire at the ensuing Annual General Meeting, and are eligible for reappointment.

Cost Auditor

The Company has appointed Cost Auditor for the financial year 2013-2014.

Particulars of Cost Auditor:

| | |
|----------------|--|
| Name: | Mr. R. Ravichandran |
| Qualification: | B.Sc., ACMA., Oracle R12 Certified |
| Membership No. | 5959 |
| Address: | No.16, 3rd Street, New Colony, Adambakkam, Chennai – 600 088 |
| Phone: | 044-22532655 |
| Email: | ravichandranji@gmail.com |

Due date for filing Cost Audit Report for the year ended 31.3.2014: 30.09.2014

Statutory Information

During the year under review, no employee was in receipt of remuneration in excess of the limits laid down in Section 217(2A) of the Companies Act, 1956.

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.

Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on the due dates, to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 24, 2013 (date of last Annual General Meeting) on the Company's website (www.swelectes.com), and also on the Ministry of Corporate Affairs' website.

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 29, 2014

R. CHELLAPPAN
Managing Director

VASANTHA BALAN
Director