



swelect ENERGY SYSTEMS LIMITED

(Formerly Known as NUMERIC POWER SYSTEMS LIMITED)

TWENTIETH ANNUAL REPORT 2014 - 2015

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CORPORATE INFORMATION

CHAIRMAN

Mr. V.M. SIVASUBRAMANIAM

MANAGING DIRECTOR

Mr. R. CHELLAPPAN

DIRECTORS

Mr. N. NATARAJAN

Mrs. VASANTHA BALAN

Mrs. JAYASHREE NACHIAPPAN

Mr. V. C. RAGHUNATH

COMPANY SECRETARY

Mrs. J. BHUVANESWARI

CHIEF FINANCIAL OFFICER

Mr. P. JAGAN

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.

REGISTERED OFFICE

'NUMERIC HOUSE'
5, Sir P.S. Sivasamy Salai,
Mylapore, Chennai – 600 004
Tel : +91 44 24993266
Fax : +91 44 24995179
Email Id : cg.ird@swelectes.com

Plant Locations:

No	Location of Plant	Details of the plant
1	Coimbatore Kuppaepalayam SF No 166 & 169, Sembagoundan Pudur, 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
5	Kollakkudi, Thottiyam Taluk, Trichy District	SWELECT 10 MW Solar plant

AUDITORS

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

Secretarial Auditor

Mr. R. Kannan,
Practising Company Secretary
Door No. 6A 10th Street,
New Colony, Adambakkam,
Chennai - 600 088.

Directors' Report

Our Valued Shareholders

We have pleasure in presenting the Twentieth Annual Report and the Audited accounts of the Company for the year ended 31st March 2015.

Financial highlights (Standalone)

(Rs. In Lakhs)

S. No.	Particulars	for the year ended 31/3/2015	for the year ended 31/3/2014
1	Sales / Income from operations	4,887.50	5,240.31
	Less: Taxes and duties	54.49	158.17
2	Net Sales/Income from Operations	4,833.01	5,082.13
3	Other income	2,478.58	2,936.00
	Total Income from Operations	7,311.59	8,018.13
4	Total Expenditure	4,881.95	4,961.30
5	Profit Before Depreciation, Interest and Tax	2,429.64	3,056.83
6	Interest	1,059.90	116.09
7	Depreciation	871.71	446.23
8	Exceptional item	-203.12	-
9	Profit Before Tax	294.91	2,494.51
10	Tax Expense	161.98	-
11	Profit After Tax	132.93	2,494.51
12	Transfer to General Reserve	13.29	249.45
13	Interim Dividend	-	-
14	Proposed Final Dividend	252.65	909.53
15	Tax on Dividend	51.43	154.57
16	Balance Carried Forward	45,248.39	45,432.83
17	Equity Capital	1010.58	1010.58
18	Reserves and Surplus	63,634.44	63,463.29
19	EPS (Rs.)	1.32	24.68

A quick glance of the financial for the last 4 years

Particulars	2011-12	2012-13	2013-14	2014-2015
Total Revenue	53,993.83	15,279.14	8,018.13	7,311.59
EBIDTA	5,024.52	4,141.42	3,056.83	2,429.64
Depreciation	564.96	458.03	446.23	871.71
Interest	103.71	148.29	116.09	1,059.90 *
Exceptional income	-	61,511.77**	-	-
Exceptional item-expenditure	-	-	-	203.12 #
EBT	4,355.85	65,046.87	2,494.51	294.91
EAT	3,463.11	51,079.64	2,494.51	132.93

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 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'

Exceptional item - expenditure represents cost of land written off amounting to Rs.203.12 Lakhs (net of recovery) on account of defective title and for which the company is pursuing a legal claim against certain individuals.

* Represents interest paid to banks for the term loans availed during the year for the solar power plant project. Further income on investment in mutual fund (fixed maturity plans) has not been recognised during the year as prescribed under accounting standards.

Transfer to General Reserve

The Company transferred Rs 13.29 lakhs to General reserve out of profits for the year ended 31.3.2015.

Dividend

The Board of Directors has recommended a Dividend of Rs.2.50 per equity share (@ 25% on the equity share capital of the Company), free of tax in the hands of the shareholders, for the year ended 31st March 2015, subject to the approval of the shareholders at the ensuing Annual General meeting of the Company. The Money outflow for the company is Rs.252.65 Lakhs in addition to the dividend distribution tax of Rs.51.43 lakhs.

FINANCIAL HIGHLIGHTS- Consolidated

(Rs. In Lakhs)

S.No	Particulars	For the year ended 31/3/2015	For the year ended 31/3/2014
1	Sales / Income from operations	22,756.04	18,309.79
	Less: Taxes and duties	571.45	665.10
2	Net Sales/Income from Operations	22,184.59	17,644.69
3	Other income	2,678.21	2,685.11
	Total Income from Operations	24,862.80	20,329.81
4	Total Expenditure	21,532.70	17,138.24
5	Profit Before Depreciation, Interest and Tax	3,330.10	3,191.57
6	Interest	1,205.30	341.77
7	Depreciation	1,693.08	999.98
8	Exceptional other Income	-	-
9	Exceptional - expenses	203.12	-
10	Share in loss of associate company	11.79	0.01
11	Profit Before Tax	216.81	1,849.81
12	Tax Expense	254.34	198.94
13	Net (loss) / profit after tax before minority interest	-37.52	1,650.86
14	Minority interest	-	-32.89
15	Net loss / profit for the year	-37.52	1,617.97
16	Balance Carried Forward	-37.52	1,650.86
17	Equity Capital	1,010.58	1,010.58
18	Minority Interest	-	-500.00
19	Preference shares in subsidiary held outside the group	400.00	-
20	Reserves and Surplus	66,789.23	66,831.04
21	EPS (Rs.)	-0.41	15.95

General review of the Business of the Company during the year

In the year 2014-15, while the standalone company revenue has come down by 6.73%, the company has achieved an overall consolidated growth of 25.73%, from INR 176.44 Cr to INR 221.84 Cr. Though the revenue has increased by 25%, the market conditions have resulted in the EBIDTA of Rs.24.29 Cr. compared to EBIDTA of 30.56 Cr. for the previous year. This drop in the EBIDTA is largely associated with overall economic slowdown, US Dollar went up steeply resulting in increased raw materials cost and a steep EURO drop has affected the top line growth and the profitability of our foundries. These challenges will continue to remain but the company is gearing-up for higher efficiency of systems and processes with well-planned expansion and product development.

COMPANY UPDATE:

SWELECT has a total of 30 MW of Solar Installations with a 1.5 MW of Wind farm.

The company has the below products and services in its portfolio

Products

- Solar PV Modules (the present capacity is being enhanced to 100 MW/year)
- Solar Charge Controllers (PWM and MPPT) / Power Converters (DC/AC)
- Solar Inverters (Standalone / off-grid)
- Solar Grid Tie Inverters
- Grid Interactive / Bi-Directional Inverter systems for Mini & Smart grid – well suited for Industrial and rural applications
- Complete range of BoS (balance of Systems) & Module Mounting structures.
- Energy Efficient Lighting

– Projects & Services

- EPC - Roof Top & Utility scale projects
- Retrofit / Solar Power back-up for the existing UPS systems
- Design, Supply, Erection and Commissioning of SPV Farms
- O&M (Operation and Maintenance) of Roof Top & Utility scale projects.
- Mechanical Balance of system and works.
- Electrical Balance of systems and works.
- Project Management services.
- Power Quality Management & Energy audit.

SWELECT is committed to install and commission SPV parks for energy sale to third party and Government through Power Purchase agreement (PPA), Group Captive Energy Sales and emerge as an IPP in the Solar Energy Space.

SWELECT has bid for the JNNSM Phase 2, Batch 1 Solar project and won the bid for 10 MW of Solar Plant capacity under the DCR (Domestic Content Requirement – wherein the cells and the modules have to be made in India). The project has been executed in Musiri, Trichy District in Tamil Nadu and has been commissioned recently.

Awards / Credentials of SWELECT ENERGY SYSTEMS LIMITED

- SD's NO. 1 off grid / roof top solar PV power solution Provider of the year 2014
- SD's NO. 2 SPCU Manufacturer of the year 2014
- SD's NO. 2 Hybrid / Grid sharing solar PV power Solution provider of the year 2014
- SD Award 2014 for having completed the largest numbers of Roof Top Installations in the Country
- A++ SD's Star Green Rating continuous for last 3 years
- Registered with MNRE as "Empanelled Inverter Manufacturer"
- Accredited as Channel Partner for Solar Applications (PV) under JNNSM by MNRE

- Empanelled as Energy Service Company with Bureau of Energy Efficiency (BEE)
- Empanelled with SECI (Solar Energy Corporation of India) for Implementation of Micro and Mini Solar PV Power Plants for Rural Electrification in India
- Empanelled with NREDCAP (AP State and Telangana State) as System Integrators

Subsidiary / Joint Ventures / Associate Companies

HHV SOLAR TECHNOLOGIES LIMITED

During the year 2014-2015 SWELECT acquired 100% equity of HHV Solar Technologies Limited. Now HHV Solar Technologies Limited is a wholly owned subsidiary (WOS) of SWELECT. HHV Solar currently has an installed capacity of 40 MW per annum and capacity addition of 60 MW is under process. This would ensure that a wider customer base is serviced with good Export potential.

Awards / Credentials of HHV SOLAR TECHNOLOGIES LIMITED

- SD's No.3 SPV Panel Manufacturers of the year 2014
- ISO 9001:2008, 14001:2004 and OSHAS 18001:2007 Certified
- Certified of Approval Microgeneration by BRE Global Mark for the Photovoltaic Modules
- IEC Certification for the PV Modules (61215, 61730, 61701)
- ETL Certification for the PV Modules
- cETLus (UL1703, cUL, CEC for USA, Canada)
- Member of Export Promotion Council for EOUs & SEZs for the year 2013-14

FOUNDRY BUSINESS

Amex Alloys Pvt. Ltd. is a wholly owned subsidiary Company of SWELECT doing steel and foundry business. AMEX Alloys is enjoying over 80% export of its quality products (Valve castings) in Low Carbon Steel & Special Alloy Steel for flow control applications and Oil & Gas Industries with customers in Germany, Spain, Italy, France, and UK and in USA.

AMEX Investment Casting Plant: A major milestone in our foundry group - Amex Alloys has established new plant for manufacturing Investment Casting based on lost wax technique, thus becoming the first foundry in India to supply the world with Grey Iron / SG Iron / Low Carbon Steel / Stainless Steel / Special Alloy Steel castings as a one stop solution under one roof by producing Sand castings and investments castings process.

For the third time the Company received Export Excellence Award adjudged by the IIF - organised by Confederation of Indian Industries (CII).

AMEX Irons Pvt Ltd. 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. The Company is witnessing increase in export opportunity in the recent times.

Awards / Credentials of AMEX ALLOYS & AMEX IRONS

- Adjudged by IIF (Institute of Indian Foundrymen) Coimbatore Chapter as the "Best Foundry" award for the year 2011
- Adjudged as the Winner of "Export Excellence Award" in the Small Scale Category for the year 2013
- Adjudged as the Winner of "Export Excellence Award" in the Small Scale Category for the year 2012
- BV Marine Certificate for Steel Castings products
- Certified by DNV (Det Norske Veritas) as "Approved Manufacturer"
- Certified by DNV with NORSOK 650 – for Sand Casting
- Approved by Lloyd's Register as "Approved Manufacturer"
- ISO 9001:2008 Certified by TUV Nord
- Adjudged by Central Boilers Board as "Well known Foundry" for the manufacturing of castings upto a maximum of 650 Kgs / piece in 2011

CLOSURE OF ASSOCIATE AND JOINT VENTURE COMPANIES

During the year SWELECT – Sunpac Power Protection Private Limited (Associate Company) and SWELECT Infrastructure Services Private limited (Joint Venture Company), were struck off under Fast Track Exit (FTE) as these Companies were inoperative for more than five years.

Results of Subsidiary Companies

The financial position of the subsidiaries was included in the consolidated financial statement.

Sl. No.	Name of the Subsidiary Company	Place of incorporation
1	HHV Solar Technologies Limited	Bengaluru, India
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 Pvt. Ltd	Chennai, India
6	BS Powertech Solutions Private Limited*	Chennai, India
7	SWELECT Energy Systems Pte. Limited	Singapore

* Subsidiary of SWELECT Solar Energy Private Limited.

Deposits

The Company did not receive deposits from the public during the year.

Directors

Change in Directors and Key Managerial Personnel

Mr. R. Chellappan, whose period of office as Managing Director expired on April 30, 2015, was appointed as the Managing Director of the Company for a period of 5 years from 1st May 2015 to 30th April 2020 subject to the approval of the Shareholders at the Annual General meeting.

Mr. V. C. Raghunath, Whole Time Director of the Company, Mrs. Vasantha Balan, and Mrs. Jayashree Nachiappan, Non-Executive Directors retire by rotation and being eligible offer themselves for re-appointment.

The Independent Directors Mr. V.M. Sivasubramaniam and Mr. N. Natarajan, were appointed for a period of 5 years and are not liable to retire by rotation. The Independent Directors had a separate meeting on 09.02.2015 to review the performance and evaluation of the Board.

The Independent Directors have confirmed and declared that they are not disqualified to act as an independent Director in compliance with the provisions of section 149 of the Companies Act 2013.

The Profiles of the Mr. R. Chellappan, Managing Director, Mr. V.C. Raghunath, Whole Time Director, Mrs. Vasantha Balan and Mrs. Jayashree Nachiappan are given separately in the Corporate Governance Report.

Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 125 of the Companies Act, 2013 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 28.07.2014 (date of last Annual General Meeting) on the Company's website www.swelectes.com, and also on the Ministry of Corporate Affairs' website.

Board and Committee Meetings

The Board met 7 times during the year. The details regarding the Board meetings, Audit committee meetings, Corporate social responsibility committee meeting, Nomination and remuneration committee meeting etc., are given separately in Corporate Governance report.

Industrial Relations

During the year under review, the Company enjoyed cordial relationship with workers and employees at all levels.

Code of Conduct

All Directors, Key Management personnel and senior management of the Company have confirmed compliance with the code of conduct applicable to the Directors and employees of the Company and a declaration in this effect made by the Managing Director and the Chief Financial officer is attached with this report.

Details of establishment of vigil mechanism for directors and employees

Vigil mechanism has been established in the Company and the policy on the Vigil mechanism is available on the website of the Company www.swelectes.com The Audit Committee looks into the complaints if any raised and reports to the Board.

Disclosure under the Sexual Harassment of women at work place (prevention, prohibition and redressal) Act 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirement of the Sexual Harassment of Women at the Workplace (Prevention . Prohibition & Redressal) Act 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-2015.

No. of complaints received during the year : Nil

No. of Complaints disposed off during the year : Nil

Prevention of Insider Trading:

The Company has adopted a Code of Conduct as per the Guidelines issued by the Securities and Exchange Board of India for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

The Board of Directors and the designated employees have confirmed compliance with the Code.

Statutory Auditors

M/s S.R. Batliboi & Associates LLP Statutory auditors of the Company retire at the ensuing Annual General meeting The Board of Directors at their meeting held on 28.05.2015 recommended their re-appointment for the financial year 2015-2016.

There are no qualifications or observations or remarks made by the Auditors in their report.

Secretarial Audit Report

A Secretarial Audit was conducted during the year by the Secretarial Auditor, Mr. R. Kannan, Practicing Company Secretary, in accordance with the provisions of section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is attached in Annexure 2 and forms a part of this Report of the Directors. There are no qualifications or remarks made by the Secretarial Auditor in his Report.

Cost Audit

As per the amended cost audit rules, issued by the Ministry of Corporate Affairs, Cost Audit is not applicable to the Company for the period 2014-2015.

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.

Conservation of energy, technology absorption and foreign exchange earnings and outgo

The Conservation of energy, technology absorption and foreign exchange earnings and outgo forms part of the Board's report and is given in Annexure 1

Extract of the Annual Return

The Extract of the annual return in Form No. MGT – 9, is being annexed to the report in Annexure 3

Particulars of loans, guarantees or investments under section 186

The Company has provided working capital loan, Guarantee, provided security to the wholly owned subsidiary Companies which is permitted under the Companies Act, 2013. The details of the loans, Guarantee, and security provided are given in detail in the financial statements.

The details of the investments made by the Company are given in the notes to the financial statements.

Particulars of contracts or arrangements with related parties:

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, the Company has formulated a Policy on Related Party Transactions which is also available on Company's website at www.swelectes.com / investor. The Policy intends to ensure that proper reporting ; approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length.

There is no materially significant related party transactions which exceeds 10% of the consolidated Turnover of the Company.

Material Changes and commitments affecting the financial position of the Company which have occurred between 31st March 2015 and 28th May 2015 (date of report).

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year (31st March 2015) and the date of the report (28th May 2015).

Corporate Governance Certificate

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.

Directors' Responsibility Statement

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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 and loss of the company for that period;
- (c) the directors 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;
- (d) the directors had prepared the annual accounts on a going concern basis; and