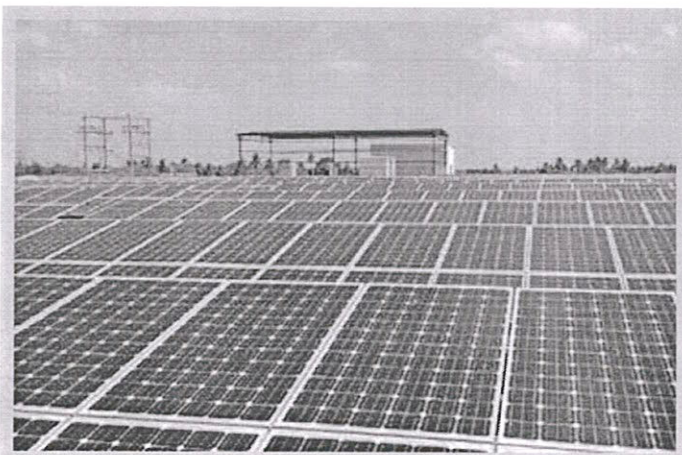


CERTIFIED TRUE COPY

For SWELECT ENERGY SYSTEMS LIMITED


R. SATHISHKUMAR
Company Secretary



swelect ENERGY SYSTEMS LIMITED

22nd ANNUAL REPORT 2016-17

For SWELECT ENERGY SYSTEMS LIMITED


R. SATHISHKUMAR
Company Secretary

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mr. V.M. SIVASUBRAMANIAM
(DIN:00017249)

MANAGING DIRECTOR

Mr. R. CHELLAPPAN
(DIN:00016958)

JOINT MANAGING DIRECTOR

Mr. A. BALAN
(DIN:00017091)

WHOLE TIME DIRECTORS

Mr. V. C. RAGHUNATH
(DIN:00703922)

Mrs. V. C. MIRUNALINI
(DIN:07860175)
(w.e.f. 28.06.2017)

DIRECTORS

Mr. N. NATARAJAN
(DIN: 00017368)

Mr. G. S. SAMUEL
(DIN:05284689)

Mr. S. ANNADURAI
(DIN: 00137561)
(w.e.f. 28.06.2017)

Mrs. JAYASHREE NACHIAPPAN
(DIN: 03173327)

CHIEF FINANCIAL OFFICER

Mr. P. JAGAN

COMPANY SECRETARY

Mr. R. SATHISHKUMAR

BANKERS

STATE BANK OF INDIA

THE HONGKONG AND SHANGHAI
BANKING CORPORATION LIMITED

HDFC BANK LIMITED

BARCLAYS BANK PLC

DBS BANK

YES BANK

BNP PARIBAS

ICICI BANK

AUDITORS

STATUTORY 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.

INTERNAL AUDITOR

M/s. S. K. RAM ASSOCIATES
Chartered Accountants

Old No. 57/2, New No.103,
P.S. Sivasamy Salai,
Mylapore, Chennai - 600004.

REGISTERED OFFICE

'SWELECT HOUSE'

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

Tel : +91 44 24993266

Fax : +91 44 24995179

E-mail Id : cg.ird@swelectes.com

REGISTRAR AND SHARE TRANSFER AGENT (RTA)

M/s. CAMEO CORPORATE SERVICES LTD

Subramanian Building,
No. 1, Club House Road,
Anna Salai, Chennai - 600002

Ph: +91 44 28460390

E-mail: investor@cameoindia.com

SECRETARIAL AUDITOR

Mr. R. KANNAN
Practising Company Secretary

Door No. 6A, 10th Street,
New Colony, Adambakkam,
Chennai - 600 088.

COST AUDITOR

Mr. R. RAVICHANDRAN

No. 16, 3rd Street,
New Colony, Adambakkam,
Chennai - 600 088.

PLANT LOCATIONS

S. No.	Details of Plant	Location
1	Manufacturing facility & Research and Development	58/3(14D, D/1) Salem Main Road, Veerappampalayam PO, Idappadi - 637105, Salem District.
2	PV Modules Manufacturing Plant	No.31 to 34 & 37, KIADB Industrial Area, Phase-1, Dabaspeth, Nelamangala Taluk, Bengaluru – 562111.
3	1.1 MW Solar Plant	SF. No. 166 & 169, Sembagoundan Pudur, No. 51, Kuppepalayam Village, Coimbatore - 641107.
4	0.5 MW Wind Mill Power Unit-3 Nos	Naranapuram Village, Ponnapuram, Dharapuram Taluk, Tiruppur District
5	10 MW Solar Plant	Kolakudi Village, Thottiyam Taluk, Musiri, Trichy.
Plant Locations of Wholly owned Subsidiaries		
6	Amex Alloys Private Limited - Manufacturing of Iron, Alloy and Investment Casting	SF. No. 289/2, Kunnathur Pudur (PO), Sathy Road, Coimbatore - 641107
7	Amex Alloys Private Limited - 2 MW Solar Plant	SF. No. 890/A, 891/A and 891/B Monjanur Village, Aravakurichi Taluk, Karur District
8	NOEL Media & Advertising Private Limited - 1 MW Solar Plant	SF. No. 191/15, 191/7, 191/18, 191/29, 191/20, 191/22, 191/25, 191/26, 191/27, 191/28, 191/30 Thachanendal Village, Illayankudi Taluk, Sivagangai District, Tamil Nadu.
9	SWELECT Green Energy Solutions Private Limited - 12 MW Solar Plant	(SF. No. 889, 890A, 887, 892, 891A & 891B); (SF. No. 929/A(P) & 929/B1(P)) Monjanur Village, Aravakurichi Taluk, Karur District
10	K J Solar Systems Private Limited - 2 MW Solar Plant	SF. No. 594/A, 598, 786 & 787 Komarapalayam Village, Dharapuram Taluk, Tiruppur District

BOARD'S REPORT

Our Valued Shareholders

Your directors have pleasure in presenting the Twenty Second Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the year ended 31st March 2017.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

S.No.	Particulars	Standalone		Consolidated	
		For the year ended 31/03/2017	For the year ended 31/03/2016	For the year ended 31/03/2017	For the year ended 31/03/2016
1	Revenue from operations	17006.97	16315.86	24686.17	28194.95
2	Other income	2696.41	2042.90	714.66	313.69
3	Finance income	1919.44	1296.22	2875.73	2832.86
4	Total Income from Operations	21622.82	19654.98	28276.56	31341.50
5	Total Expenditure (Excluding Finance cost, Depreciation & Amortization)	16138.10	15406.43	22283.96	25872.95
6	Profit Before Finance cost, Depreciation & Amortization and Tax	5484.72	4248.55	5992.60	5468.55
7	Finance Cost	529.55	960.96	959.15	1200.28
8	Depreciation and Amortization	1114.44	1251.04	1946.00	1704.13
9	Exceptional item #	0.00	81.67	0.00	30.00
10	Profit Before Tax	3840.73	2118.22	3087.45	2594.14
11	Income Tax Expense	902.88	917.15	924.39	938.62
12	Net Profit / (Loss) for the year	2937.85	1201.07	2163.06	1655.52
13	Other Comprehensive income for the year, net of tax	-	1.84	(215.32)	523.37
14	Total comprehensive income for the year, net of tax	2937.85	1202.91	1947.74	2178.89
15	Transfer to General Reserve	0.00	222.57	0.00	222.57
16	Interim Dividend	0.00	303.18	0.00	303.18
17	Proposed Final Dividend	404.24	101.06	404.24	101.06
18	Tax on proposed Dividend	82.76	20.69	82.76	20.69
19	Equity Share Capital	1010.58	1010.58	1010.58	1010.58
20	Other equity (Reserves & Surplus)	64490.59	61674.49	69012.39	67192.08
21	EPS (Rs.)	29.07	11.88	21.40	16.38

Refer to Note No.41 of standalone financial statements

MAJOR LINE OF BUSINESS:

- I - Manufacturing : Solar PV Modules, Solar Inverters and Mounting Structures
- II - Solar Power Generation & Systems Integration
- III - Iron & Steel Foundry Products

SWELECT, with a strong back drop of 30 years of Power electronics and Power Systems experience, is well positioned in the Renewable Energy space with over 60 MW of Solar Photovoltaic EPC experience. With a commanding and deep vertically integrated supply line management to cater to its customers, with business agility and with superior technical know-how, your company is fully geared to tackle the challenges of the industry.

GENERAL REVIEW OF THE BUSINESS OF THE COMPANY:

During the year, your Company achieved a growth of 4.23% over the previous financial year in Revenue from operations (Standalone). The Profit After Tax (PAT) for the current year is Rs.2937.85 lakhs.

DIVIDEND

The Board of Directors have recommended a Dividend of Rs.4/- per equity share [@ 40% on the equity share capital of Rs.10,10,58,400/- (Rupees Ten Crores Ten Lakhs Fifty Eight Thousand Four Hundred Only)], for the year ended 31st March 2017, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The money outflow for the Company would be Rs. 404.24 Lakhs towards dividend and Rs.82.76 Lakhs towards dividend distribution tax.

SHARE CAPITAL

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2017, it stood at Rs.10,10,58,400/- divided into 1,01,05,840 equity shares of Rs.10/- each. However, consequent to the amalgamation of HHV Solar Technologies Limited with the Company, the existing Authorised Share Capital of the Company has been altered as Rs.47,00,00,000/- comprising 4,70,00,000 Equity Shares of Rs.10/- each, vide Postal Ballot resolution dated 29 March 2017.

TRANSFER TO GENERAL RESERVE

During the year, the Company does not propose to transfer any amount to the general reserve out of the amount available for appropriation.

HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared the consolidated financial statements of the Company, which form part of this Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC-1 is given in the consolidated financial statements. The statement also provides the details of performance and financial position of each of the subsidiaries. The Company does not have any investment in associate and joint venture companies during the period under report.

DEPOSITS

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

CHANGE IN DIRECTORS OR KEY MANAGERIAL PERSONNEL

- **Mr. V. C. Raghunath** (DIN:00703922), Whole Time Director, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
- At the meeting held on 28.06.2017, the Board, on the recommendation of the Nomination and Remuneration Committee, appointed **Mrs. V. C. Mirunalini** (DIN:07860175) as a Whole Time Director of the Company for a term of five years from 28th June 2017 to 27th June 2022, subject to the approval of shareholders at the ensuing Annual General Meeting.
- At the meeting held on 28.06.2017, the Board, on the recommendation of the Nomination and Remuneration Committee, appointed **Mr. S. Annadurai** (DIN: 00137561) as an additional director of the Company with effect from 28.06.2017, who holds office up to the date of ensuing Annual General Meeting.

Mr. S. Annadurai has fulfilled the conditions as specified in Section 149(6) of the Companies Act, 2013 and is eligible to be appointed as an Independent Director of the Company for a term of five years from 28th June 2017 to 27th June 2022, subject to the approval of shareholders at the ensuing Annual General Meeting.

The Profile of Mr. V.C. Raghunath, Mrs. V. C. Mirunalini and Mr. S. Annadurai, is given separately in the notice of AGM.

The Board accordingly recommends necessary resolutions for the approval of Shareholders at the ensuing Annual General Meeting.

NUMBER OF BOARD MEETINGS

During the Financial Year 2016-17, Six meetings of the Board of Directors of the company were held. The details are provided in the Corporate Governance Report that forms part of this Annual Report.

DISCLOSURE ON COMPOSITION OF AUDIT COMMITTEE AND ITS RECOMMENDATION

The details of Composition of Audit Committee along with its terms of reference are given in the Corporate Governance Report. All recommendations of the Audit Committee were accepted by the Board.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The Company has adopted the Vigil mechanism and the details are given in the Corporate Governance Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (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 Workplace (Prevention, Prohibition & Redressal) Act, 2013 and constituted an Internal Complaints Committee (ICC) to redress the complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary, trainees) are covered under this policy.

The members of the Committee are 1. Mrs. S. Indira, 2. Mrs. C. Preethy, 3. Ms. Aarthi Balan and 4. Mr. K. Karthikeyan.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-2017

No. of complaints received during the year : Nil

No. of complaints disposed off during the year : Nil

CODE OF CONDUCT AND 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 regulating trading in securities by the Directors and designated employees of the Company. The Code prohibits trading in securities of the Company 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.

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

Code of conduct of Board of Directors and Senior Management Personnel are available in Company's website <http://www.swelectes.com/investor.html>.

STATUTORY AUDITORS

Section 139 of the Companies Act, 2013 prescribes the maximum term for which Statutory Auditors may be appointed. The term of the existing Statutory Auditors, M/s S.R. Batliboi & Associates LLP, is due to end at the conclusion of the ensuing Annual General Meeting (AGM). Hence, in compliance with the provisions of the Companies Act, 2013, it is proposed to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Chennai (Firm Registration No.117366W/W - 100018) as the new Statutory Auditors of the Company to hold office for a term of five years from the conclusion of the ensuing AGM.

STATUTORY AUDITORS REPORT

There are no qualifications or observations or remarks made by the Statutory Auditors in their report for the year 2016-2017.

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 also attached as part of this Report. There are no qualifications or remarks made by the Secretarial Auditor in his Report and the same is given in Annexure - 1.

COST AUDIT

The Board, on the recommendation of the Audit Committee, has appointed Mr. R. Ravichandran, Cost Accountant, as Cost Auditor of the Company for the financial year ending March 31, 2018. The Board also considered and approved the remuneration recommended by the Audit Committee. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules 2014, the remuneration of the Cost Auditor has to be ratified by the members. Accordingly, necessary resolution is proposed at the ensuing AGM for ratification.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis for the year, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 - 2.

EXTRACT OF THE ANNUAL RETURN

The extract of Annual Return, in format MGT-9, for the Financial Year 2016-17 is given in Annexure -3.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

CORPORATE SOCIAL RESPONSIBILITY

The Company undertakes "Corporate Social Responsibility" (CSR) initiatives directly to the public in improving the quality of life. During the year 2016-17, the Company has undertaken many initiatives through a policy framework for expanding some of the present initiatives and undertaking newer CSR initiatives in the year to come.

The Annual Report on CSR Activities in the prescribed format is given in the Annexure -4 .

Details of composition of the CSR Committee, number of meetings held during the year under review and other particulars are set out in the Corporate Governance Report which forms a part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered by the Company during the financial year with Related Parties were in the ordinary course of business and on an arm's length basis. During the year, the Company has not entered into any contracts/arrangements/transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Accordingly, the disclosure required u/s 134(3)(h) of the Act in form AOC-2 is not applicable to the Company.

The Policy on materiality of Related Party Transactions and dealing with related party transaction as approved by the Board may be accessed on the Company's website www.swelectes.com. Members may refer to the notes to the financial statements which sets out related party disclosures.

SIGNIFICANT AND MATERIAL ORDERS

During the year there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

ANNUAL BOARD EVALUATION AND FAMILIARIZING PROGRAMME

The Board carried out an annual evaluation of its own performance, the directors and committees of the Board based on the guideline formulated by the Nomination & Remuneration Committee. Board composition, quality and timely flow of information, frequency of meetings, and level of participation in discussions were some of the parameters considered during the evaluation process.

The Company provides details of webcast being conducted by the Institute of Company Secretaries of India and Institute of Chartered Accountants of India to the Independent Directors to facilitate updation on the various amendments in the Companies Act, 2013, rules, notifications etc. In addition the Company is engaging professional consultants to update and clarify the development/changes in the Acts.

Further, during the year the Independent Directors of the Company met on March 31, 2017 to review the performance of the Non-Executive directors, Chairman of the Company and performance of the Board as a whole.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year 31st March 2017 and the date of the report 28th June 2017.

DISCLOSURE OF ACCOUNTING TREATMENT

The Company has followed the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) to the extent applicable, in the preparation of the financial statements.

INDIAN ACCOUNTING STANDARDS (Ind AS)

In compliance with the Ministry of Corporate Affairs (MCA) Notification dated 16th February 2016, announcing the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'), the Company has prepared its standalone and consolidated financial statements adopting Ind AS with effect from 1st April 2016 (with transition date of 1st April 2015). The impact of transition has been accounted for in opening reserves and the comparative figures for the previous year have been restated accordingly.

CORPORATE GOVERNANCE CERTIFICATE

A report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 regulation is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134 of the Companies Act, 2013, your directors confirm 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 of the company for that year;
- (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;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

The Statutory Auditors have stated that, no fraud by the Company or no material fraud on the Company by its officers and employees had been noticed or reported during the year.

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors of the Company have given a declaration to the Company that they qualify the criteria of independence as required under the Act and the regulations.

POLICY ON NOMINATION AND REMUNERATION AND PERFORMANCE EVALUATION OF DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

The Board, based on the recommendation of the Nomination and Remuneration Committee, has formulated a policy on remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy covers the appointment, including criteria for determining qualification, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Policy is given in Annexure - 5.

PARTICULARS OF EMPLOYEES

Pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, the details in respect of employees of the Company are given in Annexure - 6.

ACKNOWLEDGEMENT

Your Board places on record its appreciation of the support and co-operation received from the Government of India, State Governments, Banks, Suppliers, Employees, Customers and Vendors, whom your company looks upon as its valued partners in the path of 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 thank all 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
June 28, 2017

Sd/-
R. CHELLAPPAN
Managing Director

Sd/-
A.BALAN
Joint Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

KEY HIGHLIGHTS

I Solar PV Modules Manufacturing

SWELECT is proud to announce that it has successfully amalgamated HHV Solar Technologies Ltd into its fold. In this process, SWELECT has achieved higher cost efficiencies and thereby increasing the value proposition to its end customers in terms of better warranty and total cost of ownership. Post GST implementation this will be tested for its sustainability.

SWELECT's latest addition of roll forming machines in its Salem Plant, has enhanced its ability to offer state of the art Module Mounting Systems (MMS) with an output of 10 MW per month. This expansion and capacity addition has given SWELECT a unique advantage of near total backward integration in the manufacturing of BoS (Balance of System). This gives SWELECT an edge on the price competitiveness, timely delivery and most importantly highest quality complying to international standards.

With the amalgamation of HHV ST into SWELECT and the expansion of the Salem Plant gives SWELECT distinct status as one of the very few companies in India to have total backward integration in the manufacturing process. This has given SWELECT greater market visibility as an OEM firmly committed to its client in being a reliable green energy partner for the life of the SPV Power Plant.

HHV ST Solar Modules have a strong brand recall for providing world class SPV modules following highest manufacturing quality standards in the international market. HHV ST modules are already being exported to several countries across the globe.

HHV ST has recently taken stringent supply line management and quality control initiatives to achieve higher cost efficiencies.

HHV ST is proud to announce that it has recently supplied its high efficiency SPV modules for India's 1st Solar Ferry.

II Solar Power Generation & System Integration (new additions)

1. SWELECT is proud to announce that it has successfully designed, manufactured, installed and commissioned India's Largest Floating Solar power plant for NTPC. This plant is located in Kayankulam, Kerala on the back waters.
2. SWELECT has recently designed, manufactured, installed and commissioned a 3.5 MW Solar Power plant for a major and leading Dairy products company in Tamil Nadu.
3. 1 MW SPV roof top installation was designed, manufactured, installed and commissioned on one of Chennai's largest commercial rooftop for a major IT Park.
4. 2 MW Single SPV rooftop power plant is going to be designed, manufactured, installed and commissioned for Integral Coach Factory in Chennai.
5. 150 Kw SPV Car Port was recently designed, manufactured, installed and commissioned for Chennai Metro Rail.
6. 10 MW SPV Power Plant in Kunigal, Karnataka is under design and is expected to start construction very soon.

Business development in new markets

SWELECT is actively looking at new market opportunities and project leads outside India. Also SWELECT is taking up IPP and RESCO Projects in roof top and Utility scale projects more aggressively. Given the market dynamics and the free fall in feed in tariff rates, SWELECT is taking a cautious approach.

III Iron & Steel Foundry Products

AMEX Irons Pvt. Ltd. has merged into AMEX Alloys Pvt. Ltd. AMEX has, in its fold, the following capabilities to supply High Quality castings to Oil & Gas, Transportation, Pharmaceuticals, Infrastructure, Flow Control etc.:

- Design, Manufacturing, Machining & Export of a wide range of Steel Castings (using sand)
- Design, Manufacturing, Machining & Export of a wide range of Iron Castings (using sand)
- Design, Manufacturing, Machining & Export of a wide range of Investment Castings – using lost Wax process and advanced Machinery

thus making **AMEX Brand** as India's first Foundry Group offering all the above under one roof and a **One-Stop-Solution Foundry**. In the recent times many new designs have been successfully completed and passed customer validation from Europe. Also AMEX Foundries runs more than 85% of the Power demand from Renewable Energy Sources and this is yet another special status.

Awards / Credentials

- Softdisk's (SD's) No.1 Off grid PV power solution provider of the Year 2016
- Softdisk's (SD's) No.2 SPCU Manufacturer of the Year 2016
- Softdisk's (SD's) Grid sharing Solar PV power solution provider of the Year 2016
- Softdisk's (SD's) No.3 Solar PV Panel Manufacturer of the year (HHV ST Modules) 2016
- Softdisk's (SD's) Award 2016 for having completed largest number of Rooftop installations in the Country.

OPPORTUNITIES AND THREATS

Indian Solar industry has seen more than 100% growth compared to the previous year. With Grid parity achieved and increased adoption of Solar Power, Indian Solar space is poised for quantum leap in capacity addition. Innovative deployment of Solar, combined with huge push from the government in adoption of Solar, has catalysed the industry into one of the fastest growing industry segment in India.

SWELECT being a technology agnostic company, is having multiple revenue streams opening up in the Solar Photovoltaic space in terms of Product sale, Projects and Power Sale.

Indian Solar market is also consolidating and recently many large scale Solar Projects (more than 100 MW range) came with an unpredictable Power cost offers at Rs.2.44 / KWh. In addition, entry of cheap Chinese Solar modules also pose a threat to the Indian Solar Modules manufacturers. Grid availability and power evacuation infrastructure issues are also creating hurdles for faster adoption of solar power. Mainly the dropping Solar tariff is a threat when we aim for large scale Power Plants.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE (STANDALONE)

The Business of the Company falls under a single primary segment i.e., "Solar and other related activities" for the purpose of IND AS 108. Hence the statement of segment-wise or product-wise performance is not provided.

OUTLOOK

With the Central and State Governments promoting Renewable Energy and increased awareness for sustainable energy, the future outlook for the renewable industry is looking very positive.

SWELECT has taken new initiatives to achieve higher cost efficiencies by furthering its backward integration. The recent addition of machinery for Module Mounting Racks adds synergy to the existing Solar Module Manufacturing activity. This has opened up new product offering which will enhance the company product portfolio and also strengthens its core manufacturing prowess.

SWELECT, with its strong focus on quality, long term business visibility and excellent brand recall in the market, is well positioned to become a pioneer in the renewable energy market.

RISKS AND CONCERNS

The Company continuously monitors business and operational risks 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, Foreign Exchange, Insurance, Legal and other issues like health, Safety and Environment.

The Company has constituted Risk Management committee and Forex Management committee to continuously monitor business and operations risk through an efficient risk management system. The details of the committees are furnished in the Corporate Governance report.

RISK MANAGEMENT COMMITTEE

The Company is not falling under the category as specified in Regulation 21(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Company constituted Risk Management Committee to continuously monitor business and operations risk through an efficient risk management system.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined by the management.

The Internal Auditors of the Company reports to the Audit Committee of the Board and to the Managing Director. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board. Based on the report of internal auditors, the Audit Committee undertakes corrective action in the respective areas and thereby strengthens the controls.