



**swelect** ENERGY SYSTEMS LIMITED

**26<sup>th</sup> ANNUAL REPORT 2020-21**

# CONTENTS

Corporate Information	2
Board's Report	3
Management Discussion and Analysis	10
Report on Corporate Governance	15
Corporate Governance Certificate	30
Annexures to Board's Report	33
Auditor's Report - Standalone	52
Balance Sheet - Standalone	60
Statement of Profit and Loss - Standalone	62
Cash Flow Statement- Standalone	63
Statement of Changes in Equity - Standalone	65
Notes to Financial Statements - Standalone	66
Auditor's Report - Consolidated	117
Balance Sheet - Consolidated	124
Statement of Profit and Loss - Consolidated	126
Cash Flow Statement - Consolidated	128
Statement of Changes in Equity - Consolidated	130
Notes to Financial Statements - Consolidated	131

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### CHAIRMAN

Mr. S. ANNADURAI  
(DIN: 00137561)

#### MANAGING DIRECTOR

Mr. R. CHELLAPPAN  
(DIN:00016958)

#### JOINT MANAGING DIRECTOR

Mr. A. BALAN  
(DIN:00017091)

#### WHOLE TIME DIRECTORS

Mr. K. V. NACHIAPPAN  
(DIN:00017182)

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

Mrs. V. C. MIRUNALINI  
(DIN:07860175)

#### NON EXECUTIVE DIRECTOR

**(Non-Independent)**

Mrs. JAYASHREE NACHIAPPAN  
(DIN: 03173327)

#### INDEPENDENT DIRECTORS

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

Mr. S. KRISHNAN  
(DIN: 07163629)

Dr. S. INIYAN  
(DIN: 08355447)

### CHIEF FINANCIAL OFFICER

MS. NIKHILA R

### 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

CSB BANK LIMITED

INDUSIND BANK LIMITED

SBM BANK (INDIA) LIMITED

CREDIT SUISSE FINANCE (INDIA)  
PRIVATE LIMITED

### 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

### AUDITORS

#### STATUTORY AUDITORS

M/s.Deloitte Haskins & Sells LLP  
8th Floor, ASV N Ramana Tower,  
No. 52, Venkatnarayana Road,  
T. Nagar, Chennai,  
Tamil Nadu - 600017.

#### INTERNAL AUDITORS

M/s. S. K. RAM ASSOCIATES  
Chartered Accountants  
Old No. 57/2, New No.103,  
P.S. Sivasamy Salai,  
Mylapore, Chennai - 600004.

#### SECRETARIAL AUDITORS

KRA & ASSOCIATES  
Practising Company Secretaries  
Door No. 6A, 10th Street,  
New Colony, Adambakkam,  
Chennai - 600 088.

#### COST AUDITORS

M/s RAVICHANDRAN  
BHAGYALAKSHMI & ASSOCIATES  
Sankara Krupa, No.105, 3rd Street,  
Bhuvaneshwari Nagar, Adambakkam,  
Chennai - 600 088.

### LOCATIONS OF MANUFACTURING PLANTS

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, Tamil Nadu.
2	Solar Photovoltaic Modules Manufacturing Plant & Research and Development	No.31 to 34 & 37, KIADB Industrial Area, Phase-1, Dabaspet, Nelamangala Taluk, Bengaluru – 562111, Kamataka.

### LOCATIONS OF WIND AND SOLAR POWER PLANTS

1	1.1 MW Solar Power Plant	SF. No. 166 & 169, Sembagoundan Pudur, No. 51, Kuppepalayam Village, Coimbatore - 641107, Tamil Nadu.
2	0.5 MW Wind Mill Power Unit - 3 Nos	296,224/1 & 294, Naranapuram Village, Ponnapuram, Dharapuram Taluk, Tiruppur District - 638657, Tamil Nadu.
3	10 MW Solar Power Plant	SF. Nos. 369/4, 413/3A, 129/6, 413/2, 407/2, 408/1, 408/2, 408/3, 413/1A, 414/1, 414/2, 584/1B, 584/2, 395/2, 396/1, 396/2, 396/3A, 396/3B, 407/1B, 407/1C1, 129/7 & 414/4A Kolakudi Village, Thottiyam Taluk, Musiri, Trichy - 621208, Tamil Nadu.
4	12 MW Solar Power Plant	SF. No. 894/B1, 894/B2, 894/B3, 895/1, 895/2, 895/3, 895/4, 895/5, 895/6, 895/7, 914/1, 914/2, 914/3, 914/4, 913/1, 913/2, 913/3, 913/4, 913/5, 913/6, 902/1, 902/2, 915, 916, 929/B2, Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
5	3 MW Solar Power Plant	SF. No. 902/1 & 899/3 Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
6	2 MW Solar Power Plant	SF. No. 895/1(P), 895/2(P), 895/4(P), 896/2(P), 899/2(P), 899/3(P), 899/4(P), 899/5(P) and 899/6(P) Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
7	5 MW Solar Power Plant	SF. Nos. 1107, 1108, 1116 and 1091 Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
8	10 MW Solar Power Plant	SF. No. 1989, 2101/B1 to B3, 2107/1 to 4, 2101/A1 & 2108/2, Senthamangalam (West) Village, Aravakurichi Taluk, Karur District, Tamil Nadu.
9	2 MW Solar Power Plant	SF. Nos. 2107/1, 2107/2, 2107/3, 2107/4 and 2108/2, Senthamangalam (West) Village, Aravakurichi Taluk, Karur District, Tamil Nadu.

## BOARD'S REPORT

Our Valued Shareholders

Your Directors have pleasure in presenting the Twenty Sixth Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March 2021.

### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

S.No.	Particulars	Standalone		Consolidated	
		For the year ended 31/03/2021	For the year ended 31/03/2020	For the year ended 31/03/2021	For the year ended 31/03/2020
1	Revenue from operations	18453.22	14204.04	25253.61	25221.82
2	Finance and Other income	3279.04	3170.98	2985.18	2759.30
3	Total Income	21732.26	17375.02	28238.79	27981.12
4	Total Expenditure (Excluding Finance cost, Depreciation and Amortisation)	15813.20	13679.08	20207.37	22449.57
5	Profit Before Finance cost, Depreciation and Amortisation and Tax	5919.06	3695.94	8031.42	5531.55
6	Finance Costs	1249.12	981.15	1775.87	1725.90
7	Depreciation and Amortisation expense	1547.79	1659.43	2813.57	2985.26
8	Profit Before Exceptional Item and Tax	3122.15	1055.36	3441.98	820.39
9	Add: Exceptional items #	(691.00)	(2471.99)	(691.00)	(1522.61)
10	Profit (+) / Loss (-) Before Tax	2431.15	(1416.63)	2750.98	(702.22)
11	Income Tax Expense	-	256.53	147.39	314.66
12	Net Profit (+) / Loss(-) after Tax	2431.15	(1673.16)	2603.59	(1016.88)
13	Other Comprehensive income for the year, net of tax	(0.40)	45.29	(175.37)	911.63
14	Total comprehensive income / Loss(-) for the year, net of tax	2430.75	(1627.87)	2428.22	(105.25)
15	Interim Dividend paid on Equity Shares	-	189.48	-	189.48
16	Dividend Distribution Tax (Interim)	-	38.95	-	38.95
17	Final Dividend Proposed / Paid on Equity Shares	454.76	113.69	454.76	113.69
18	Equity Share Capital	1515.88	1515.88	1515.88	1515.88
19	Reserves (Other Equity) (excluding revaluation reserve)	66580.11	64263.04	72372.42	70053.39
20	EPS (Rs.)	16.04	(11.04)	17.18	(6.71)

# The Company had revisited the projections made in the financial year 2019-20 on the recoverability of its investments on an annual basis taking into account the probable beneficial results arising from various initiatives being undertaken with regard to restructure of the customer contracts, submission and pursuing with appropriate authorities (by legal right with TANGEDCO for release of NOC) on relevant claims and recoverability of REC sales. This was resulted in the Company considering an additional diminution in the value of its investments in subsidiary (SWELECT Green Energy Solutions Private Limited) during the previous financial year ended March 31, 2021. The same was considered as an exceptional loss in the financial results of the Company.

### STATE OF THE COMPANY'S AFFAIRS

#### MAJOR LINE OF BUSINESS

- I – Manufacturing: Solar PV Modules, Solar Inverters and Mounting structures
- II – Solar Power Systems Integration & Turnkey EPC contracts
- III – Solar Power Generation (IPP and under RESCO)
- IV – Solar Energy Storage Solutions (new vertical)
- V – Solar water pumping (new vertical)
- VI – Servo stabilizers (new vertical)

SWELECT has continued to stay as one of the most reputed companies in Indian Solar PV Industry with its high quality products, best installations standards, guaranteed uptime and energy generation as well as technical superiority. SWELECT had undertaken many activities to extend its support during the pandemic including donation of Rs.25 lakhs and Rs.1.00 Crore to Chief Minister Covid Relief fund, Tamil Nadu Government, for the financial year 2020-21 and 2021-22 respectively and distribution of groceries to municipality workers of Idappadi, Salem District etc.

#### **GENERAL REVIEW OF THE BUSINESS OF THE COMPANY:**

During the year, the Company registered a turnover (Standalone) of Rs.18,453.22 Lakhs against the previous year turnover of Rs.14,204.04 Lakhs registered a growth of 29.92% compared to previous year revenue. The company recorded an EBIDTA of Rs.5,919.06 Lakhs compared to the corresponding figure last year of Rs. 3,695.93 Lakhs and recorded a Profit of Rs.2,431.15 Lakhs against the previous year Loss of Rs.1,673.16 Lakhs (the Company had to account for "Exceptional items" amounting to Rs.2,471.99 Lakhs resulting in a Loss in the previous year and the reason for loss was explained in previous year report).

#### **DIVIDEND**

The Board of Directors have recommended a final Dividend of Rs.3/- (Rupees Three Only) per equity share [ @ 30% on the equity share capital of Rs.15,15,87,600/- (Rupees Fifteen Crore Fifteen Lakhs Eighty Seven Thousand Six Hundred Only), for the year ended 31st March 2021, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The outflow for the Company would be Rs. 454.76 Lakhs towards final dividend.

As per the Finance Act, 2020, the dividend declared on or after 1st April 2020 is taxable in the hands of shareholders, if the dividend value exceeds Rs.5,000/- in a financial year and accordingly the payment of dividend is subject to the deduction of income tax as applicable.

#### **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, 2021, it stood at Rs.15,15,87,600/- divided into 1,51,58,760 equity shares of Rs.10/- each.

#### **TRANSFER TO GENERAL RESERVE.**

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

#### **SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

The Company has Seven Wholly Owned subsidiaries, One Subsidiary and Two step down subsidiaries as on the date of this report. The Board of Directors at their meeting held on 14th June 2021, approved the consolidated accounts of subsidiaries. Pursuant to the provisions of section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, (as amended) a statement containing salient features of the financial statements of the Company's subsidiaries, in Form AOC-1 is attached to the financial statements of the Company. The Company does not have Associates or Joint Ventures as on the date of this report.

#### **SWELECT SUN ENERGY PRIVATE LIMITED:**

The Board of Directors at their meeting held on 23.12.2020 had proposed to incorporate a Wholly Owned Subsidiary namely SWELECT Sun Energy Private Limited (SSEPL) to execute the solar power project under Captive use scheme and the said Company was incorporated on 29th December 2020 as per the Certificate of Incorporation issued by the Ministry of Corporate Affairs, Government of India. After incorporation, the Power Purchasing Companies namely HATSUN Agro Product Limited and SICGILSOL Gases Private Limited had executed the Power Purchase Agreement (PPA) with SSEPL and made an investment of 19.50% and 6.51% respectively of the total Equity Share capital of the SSEPL to fulfil the Electricity Rules of the Government of India. The shares were allotted to these parties on 23.03.2021 for 26.01% as stated earlier which changed the Status of the SWELECT Sun Energy Private Limited from Wholly Owned Subsidiary to Subsidiary Company and SWELECT Energy Systems Limited is holding 73.99% of Equity Shares in SSEPL.

#### **SWELECT HHV SOLAR PHOTOVOLTAICS PRIVATE LIMITED:**

The Board of Directors at their meeting held on 26.4.2021 had proposed to incorporate a Wholly Owned Subsidiary namely SWELECT HHV Solar Photovoltaics Private Limited to engage in Manufacture and Maintain Solar Photovoltaic Cells and Modules suitable for Renewable Energy power generation using Indigenous and Imported Technology under the Make in India and Production Linked Incentive scheme. Subsequently, the said Company was incorporated on 3rd May 2021 as per the Certificate of Incorporation issued by the Ministry of Corporate Affairs, Government of India.

## **SWELECT ENERGY SYSTEMS LLC:**

The step down subsidiary namely SWELECT Energy Systems LLC incorporated at United States of America was struck off with effect from 31.12.2019.

## **DEPOSITS**

The Company did not receive deposits from the public during the year and no amount of principal or interest was outstanding as of the Balance Sheet date.

## **CHANGE IN DIRECTORS OR KEY MANAGERIAL PERSONNEL**

### **Directors**

- Mr. K. V. Nachiappan (DIN:00017182) and Mrs. V. C. Mirunalini (DIN:07860175) Whole Time Directors, are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.
- At the Annual General Meeting (AGM) held on 28th July, 2016, the shareholders of the Company had appointed Mr. G. S. Samuel (DIN: 05284689) as an Independent Director of the Company for a period of 5 years with effect from the date of AGM. The term of office of Mr. G. S. Samuel will expire on 27th July, 2021. After taking into consideration and recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 14th June 2021, recommended for re-appointment of Mr. G. S. Samuel as an Independent Director of the Company for a further period of 4 years with effect from 28th July, 2021 as per the terms and conditions as set out in the Notice of AGM.
- At the Annual General Meeting (AGM) held on 11th August, 2017, the shareholders of the Company had appointed Mr. S. Annadurai (DIN: 00137561) as an Independent Director of the Company for a period of 5 years with effect from 28th June 2017. The term of office of Mr. S. Annadurai will expire on 27th June, 2022. After taking into consideration and recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 14th June, 2021, recommended for re-appointment of Mr. S. Annadurai as an Independent Director of the Company for a further period of 5 years with effect from 28th June, 2022 as per the terms and conditions as set out in the Notice of AGM.

The Profiles of Mr. K. V. Nachiappan, Mrs. V. C. Mirunalini, Mr. G. S. Samuel and Mr. S. Annadurai are given separately in the notice of AGM.

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

### **Key Managerial Personnel**

Ms. Nikhila Ramesh, was appointed as Head- Finance & Accounts of the Company by the Board of Directors at their Meeting held on 20.08.2020 based on the recommendation of Nomination and Remuneration Committee (NRC) and Audit Committee.

After evaluating the performance and based on the recommendation of NRC and approval of Audit Committee, the Board at its meeting held on 12th November 2020 re-designated Ms. Nikhila Ramesh, as Chief Financial Officer of the Company with effect from 12.11.2020.

## **STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

There was no appointment of Independent Director during the financial year 2020-2021.

## **NUMBER OF BOARD MEETINGS**

During the Financial Year 2020-21, seven 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 complied with the provisions relating to the constitution of an Internal Complaints Committee (ICC) as required under the said Act 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:

### **Corporate Office (Chennai):**

1. Mrs. C. Shenbagapushpam, 2. Mrs. Rebecca Teresa Briggs, 3. Mr. M. Madhava and 4. Mr. R. Kalidasan

### **Plant (Idappadi):**

1. Ms. Malathi, 2. Ms. A. Kokilavani, 3. Mr. S. Namasivayam and 4. Mr. K. Karthikeyan

### **Solar Photovoltaic Plant (Bangalore)**

1. Ms. Lavanya, 2. Ms. Manjula T, 3. Ms. Roopa Shree 4. Ms. Rathnamma and 5. Ms. S. Preema

The following is a summary of sexual harassment complaints received and disposed off during the year 2020-2021

No. of complaints filed during the financial year	:	Nil
No. of complaints disposed off during the year	:	Nil
No. of complaints pending as on end of the financial year	:	Nil

## **CODE OF CONDUCT AND PREVENTION OF INSIDER TRADING**

The Company has adopted the 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 persons of the Company. The Code prohibits trading in securities of the Company by the Directors and the designated persons 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 Personnel of the Company have confirmed compliance with the code of conduct applicable to them and a declaration to this effect made by the Managing Director is attached to this report. Code of conduct of Board of Directors and Senior Management Personnel are available in Company's website [www.swelectes.com](http://www.swelectes.com) under investors' page.

Mr. Karthik Subramaniam who is falling under the category of immediate relative of "Promoters Group" has acquired 100 equity shares of the Company during the Trading Window Closure period and it was informed by him that the acquisition of shares was made inadvertently. Therefore, the Board directed him to remit the gain of Rs.1,490/- made towards such acquisition to SEBI Investor Protection and Education Fund (IPEF) and such amount was remitted to IPEF by the above shareholder.

## **STATUTORY AUDITORS**

Pursuant to the provisions of Section 139 (1) of the Companies Act, 2013, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Chennai (Firm Registration No.117366W/W - 100018) were appointed as the Statutory Auditors of the Company by the Shareholders at the 22nd Annual General Meeting (AGM) held on 11.8.2017 for a term of five consecutive years from the conclusion of the 22nd AGM up to 27th AGM of the Company.

## **STATUTORY AUDITORS REPORT**

There were no qualifications or observations or remarks made by the Statutory Auditors in their report for the financial year 2020-2021. The same is being attached to the financial statements of the Company.

## **SECRETARIAL AUDIT REPORT**

Secretarial Audit was conducted during the year by the Secretarial Auditor Mr. R. Kannan, Partner of KRA & Associates, Practicing Company Secretaries, 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 as Annexure -1. There were no qualifications made by the Secretarial Auditor in his Report.

## **COST AUDIT**

Pursuant to the provisions of the Companies (Cost Records and Audit) Rules, 2014, the Company has completed the filing of Cost Audit Report, with the Ministry of Corporate Affairs, for the financial year 2019-2020 in Xtensible Business Reporting Language (XBRL) format. M/s. Ravichandran Bhagyalakshmi & Associates, Cost Auditors of the Company will submit their report for the financial year 2020-2021 within the time limit applicable under the Companies (Cost Records and Audit) Rules, 2014.

The Board, on the recommendation of the Audit Committee, has appointed M/s. Ravichandran Bhagyalakshmi & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year 2021 - 2022. The Board also considered and approved the remuneration of Rs.1,32,000/- as 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 of the Company. Accordingly, the Board recommends necessary resolution 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

## **ANNUAL RETURN**

The Annual Return of the Company is available on the Company's website [www.swelectes.com](http://www.swelectes.com) under web link <https://swelectes.com/annual-return/>

## **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.

## **STATEMENT INDICATING DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY**

The details of development and implementation of risk management system are provided in the Corporate Governance Report which forms a part of this report.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company undertakes "Corporate Social Responsibility" (CSR) initiatives directly / through agency to the public in improving the quality of life. During the year 2020-21, 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 - 3.

Details of composition of the CSR Committee, number of meetings held during the year 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 into 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 Companies Act, 2013 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](http://www.swelectes.com) under investors page. Members may refer to the notes to the financial statements which set out related party disclosures for the current and previous financial year.



## **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.

## **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The details in respect of internal financial control and their adequacy are included in the Management Discussion and Analysis, which forms a part of this report.

## **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.

Further, during the year the Independent Directors of the Company met on February 12, 2021 to review the performance of non-independent directors, Chairman of the Board and the Board of Directors as a whole. The Independent Directors had conveyed their satisfactory opinion with regard to review and access of certain details as stated above.

The Independent Directors of the Company are being familiarized by the management and outside professional experts at frequent intervals with regard to nature of the business, business model, their roles, rights and responsibilities and other relevant information to the Company. The details of the programs attended by the Independent Directors are available on the website of the Company.

## **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 2021 and the date of the report 14th June 2021 except the impact of COVID-19 which hit the overall economy of the world as the same is explained in the Report of Management and Discussion analysis and Corporate Governance.

## **DISCLOSURE OF ACCOUNTING TREATMENT**

The Company has followed the Accounting Standards specified under Rule 3 and 4 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) to the extent applicable, in the preparation of the financial statements.

## **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, Partner of KRA & Associates, Practicing Company Secretaries, regarding compliance of conditions of Corporate Governance as stipulated under the aforesaid regulation is also annexed to this report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of section 134(5) of the Companies Act, 2013, your directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (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 (7) of the Companies Act, 2013, the Independent Directors of the Company have given a declaration to the Company that they qualify the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **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 Personnel 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 -4.

## **PARTICULARS OF EMPLOYEES**

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

## **SECRETARIAL STANDARDS**

The Company has complied with all applicable Secretarial Standards in pursuant to the directions of Ministry of Corporate Affairs, issued by the Institute of Company Secretaries of India during the year.

## **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 Agent. 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

Sd/-  
R. CHELLAPPAN  
Managing Director

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
A.BALAN  
Joint Managing Director

Place: Salem  
Date: 14th June 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### KEY HIGHLIGHTS

SWELECT has grown to become a reliable EPC (Engineering Procurement and Construction) partner and also a trusted IPP (Independent Power Producer) player over the last few years offering the best in class installations as well as guaranteed power generations. SWELECT has earned its reputation for its industry leading O&M (Operations and Maintenance) service which has assured highest uptime for its customers. Further, SWELECT has established its presence in the Channels and Distribution market with high quality Bloomberg Tier 1 Solar PV Modules and Module Mounting Structures. The current COVID-19 situation had impacted the year, especially the manufacturing units with challenges such as lockdowns, leading to machinery uptime issues, manpower availability, raw material availability, increasing prices of raw material, threefold increase in the logistics cost of imported materials, availability of logistics for import shipment, disruption in supply chain etc. Through all these challenges, SWELECT has emerged strong and its sustained efforts to overcome these hurdles has led to having a respectable performance this year. Further, SWELECT has also shown its resilience by retaining its Financial Credit rating through the pandemic situation.

#### SOLAR POWER GENERATION AND SYSTEMS INTEGRATION (NEW ADDITIONS):

1. SWELECT has successfully commissioned a solar park for a Foundry cluster.
2. SWELECT is actively developing a Solar Power Park for its IPP customers and potential EPC customers with the state of the art technology and engineering.
3. SWELECT is well on its way to reach its milestone of 100 MW energy generation and will be completed in the Financial Year 2021-2022.
4. SWELECT has done well in the Channels and Distribution market with over 150% growth in this segment.

#### BUSINESS DEVELOPMENT IN NEW MARKETS:

SWELECT is proud to announce that its once again listed in Bloomberg's Tier 1 Module Manufacturer globally through all the quarters of the year.

SWELECT is actively working on several prototypes to get into the Energy Storage Market very soon.

SWELECT is also evaluating various other sustainable technologies and international partners to collaborate on the same.

#### IRON AND STEEL FOUNDRY PRODUCTS:

AMEX Alloys Pvt. Limited, a Wholly Owned Subsidiary (WOS) of SWELECT Energy Systems Ltd, is an ISO 9001- 2015 certified Foundry located in Coimbatore sub urban area.

AMEX Alloys Pvt Ltd has the following capabilities to supply High Quality castings to the following industrial applications:

- Oil & Gas
- Transportation
- Marine
- Pharmaceuticals
- Infrastructure
- Agriculture
- Water Distribution
- Hydro Power and many Flow Control applications

AMEX has three divisions of foundry units viz.,

**Alloys Division:** Design, Manufacturing, Machining & Export of a wide range of Steel Castings (using CO2 sand Process, cake moulds and a range of intricate core assembly based complex moulds). The range of castings cover WCB / Stainless Steel / Duplex and Special alloy steel

**Iron Foundry Division:** Design, Manufacturing, Machining & Sales in domestic markets and Export of a wide range of Iron Castings in Grey Iron and spheroidal Graphite Iron (using CO2 and Green sand Process) metallurgy.

**Investment Casting Division:** Design, Manufacturing, Machining & Export of a wide range of Investment Castings (using lost Wax process and advanced Machinery).

The above capabilities make **AMEX Brand as India's first Foundry Group offering all the above under one roof and a One-Stop- Solution Foundry**

### AMEX - Green Initiatives:

The foundry uses very less quantum of new sand by adapting to sand reclamation process thus reducing use of natural resources. Also maximum Energy is consumed from Green Energy sources (Solar and Wind Power) from AMEX's own Solar plant and from SELECT Group. As a WOS of SWELECT, AMEX Foundries have the distinction of running the foundry production with more than 85% of the Energy from Renewable Energy Sources and this is yet another special status.

### AMEX - New Investments:

During the year 2020-21 a new sand automatic conveyer equipment installed for better utilization of sand and speed up the sand management @ the cost of Rs.59.79 lakhs, also established a new spacious pattern storage for handling the customer patterns @ the cost Rs.37.58 Lakhs.

A fully automated new sand plant and a high-pressure moulding line are under construction with a total budget of Rs.12 Crores approximately and this advanced facility should be fully ready and operational by end of second quarter in FY 2021-22, With this investment and a big leap in Automation, AMEX - Iron Foundry division is expected to double its capacity (up to 800 Tons of finished castings / month) in the coming quarters.

### Foundry with latest state of art facilities:

AMEX has been deploying the most advanced casting design tool (MAGMA Simulation Software). The design team has been trained in MAGMA and this has enhanced AMEX to secure new orders from the existing customers and new customers from Europe. During this Financial Year, AMEX also exhibited its special skills and produced a range of intricate castings like Diverter valves, Flame Arrestor Bodies and Special Castings of higher weight range for German customers.

The Company has earned foreign exchange of over Rs.61.63 Lakhs in Euros and US Dollars during the financial year 2020-21 from the Exports to Europe, USA and China despite the COVID-19 pandemic situation Globally.

### AWARDS / CREDENTIALS

- CII's Performance Excellence Awards 2020 for Solar & Wind
  - Leadership in Performance - Ground Mounted Solar category - SWEES Vellakoil Phase-II, Vellakoil, Karur
  - Leadership in Performance - Rooftop Solar Category - Integral Coach Factory, Chennai
  - Leadership in Performance - Ground Mounted Solar category - SWEES (KREDL) Kunigal, Karnataka
- Soft disk Awards 2020
  - SD's No.1 Company for having completed largest number of roof top installations
  - SD's No.1 Hybrid Solar PV Power Solution Provider of the Year
  - SD's No.1 Grid Sharing Solar PV Power Solution Provider of the Year
  - SD's No.2 SPCU Manufacturer of the Year
  - SD's No.5 Solar PV Panel Manufacturer of the Year
- India Leadership Awards 2020 – **Best Performing Project of the Year**
- National Awards for Excellence in Solar Energy 2020 – **Best Module Manufacturer of the Year 2020**
- RE Digital India Awards 2020 - **Company of the Year – OEM**
- PV Moduletech India Awards 2020 - **Module Manufacturer of the Year: Make In India**
- India Rooftop Solar Congress Awards 2021 - **Best Project Developer of the Year: Industrial**

### OPPORTUNITIES

While the entire global market is adapting to the new normal of the pandemic situation, world has also realized the primary need of the hour is climate change. SWELECT is already geared and ready for this cause and along with global leaders believes in addressing the climate change issue seriously by providing sustainable and affordable energy which is not only in terms of energy generation, but also in following low carbon footprint activities in sourcing, executing and maintenance. This opens up a business opportunity for SWELECT to establish its presence further with high quality, low carbon footprint services.

### THREATS

With the current pandemic crisis, the governments resources have been deployed to address the medical emergency which is currently affecting the country. This has led to a decline in the focus towards power infrastructure development and this can be seen by the fewer number of contracts and tenders being published for competitive bidding. The current geopolitical tensions amongst the participating countries in the supply chain has created a momentary strain on the raw material prices and logistics rates which have to be addressed very seriously with innovative and strategic cost engineering as well as sourcing strategies.

### 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.

The Segment-wise and product-wise performance of the Company for the financial years 2019-20 and 2020-2021 is provided below:

Rs. in Lakhs

Product Name	Revenue	
	31.3.2021	31.3.2020
Solar Photovoltaic Panels	4806.73	4495.53
Solar Power Generating Systems and accessories	5311.66	4358.49
Traded Goods	2545.38	297.75
Solar Power	3319.22	2595.19
Wind Power	100.03	110.90
Sale of Services	1875.49	1427.11
<b>Grand Total</b>	<b>17958.51</b>	<b>13284.97</b>

### OUTLOOK

The Indian Solar Industry saw a sluggish growth owing to the impact of COVID-19 and it is expected to continue in the coming year. It is anticipated that the prices of raw material and the logistics costs will be on the increasing trend, but with the Government policies such as Production Linked Incentive, imposition of Basic Customs Duty (BCD) on cells and modules, promotion of Domestically Manufactured Modules, it is expected to give a boost for the Indian manufacturers.

### 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 audit report for every quarter ended are being submitted to the Audit Committee of the Board by the Internal Auditors.

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/Management of the Company undertakes corrective action in the respective areas and thereby strengthens the controls.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

#### Standalone

During the year, the Company registered a turnover of Rs.18453.22 Lakhs against the previous year turnover of Rs.14204.04 Lakhs registered a growth of 29.92% compared to previous year revenue. The Company has reported Profit for the current year Rs.2431.15 Lakhs against the previous year Loss of Rs.1673.16 Lakhs (the Company had to account for "Exceptional items" amounting to Rs.2471.99 Lakhs resulting in a Loss in the previous year and the reason for loss was explained in previous year report) .

The Earnings per Share (Basic and Diluted) for the year 2020-2021 stood at Rs.16.04

### Consolidated

During the year, the Company registered a turnover (Consolidated) of Rs.25,253.61 Lakhs against the previous year turnover of Rs.25,221.82 Lakhs registered a growth of 0.13% compared to previous year revenue.

The Company has reported Profit for the current year Rs.2,603.59 Lakhs against the previous year Loss of Rs.1,016.88 Lakhs (the Company had to account for "Exceptional items" amounting to Rs.1,522.61 Lakhs resulting in a Loss in the previous year and the reason for loss was explained in previous year report).

### THE FINANCIAL HIGHLIGHTS OF THE COMPANY FOR THE LAST EIGHT YEARS (Standalone) (Rs. In Lakhs)

S.No	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
1	Revenue from operations	5,240.30	4,887.50	16,315.86	17,006.97	17,382.92	11,984.43	14,204.04	18,453.22
2	Other Income	2,936.00	2,478.58	3,339.12	4,615.85	3,807.93	3,494.58	3,170.98	3,279.04
3	Total income from operations	8,176.30	7,366.08	19,654.98	21,622.82	21,190.85	15,479.01	17,375.02	21,732.26
4	Employee Cost	597.69	665.75	1,112.23	1,151.30	1,140.03	1,264.19	1,194.66	1,217.53
5	Excise Duty	158.17	54.49	61.34	44.97	8.50	-	-	-
6	Other Operating Expenditure	4,363.61	4,216.20	14,232.86	14,941.83	15,031.85	10,544.70	12,484.42	14,595.67
7	Profit Before Finance cost, Depreciation and Amortisation and Tax	3,056.83	2,429.64	4,248.55	5,484.72	5,010.47	3,670.12	3,695.94	5,919.06
8	Finance cost	116.09	1,059.90	960.96	529.55	580.58	744.63	981.15	1,249.12
9	Depreciation and amortization	446.23	871.71	1,251.04	1,114.44	1,343.04	1,415.41	1,659.43	1,547.79
10	Profit before tax	2,494.51	294.91	2,118.22	3,840.73	3,086.85	1,540.08	1,055.36	3,122.15
11	Profit/(Loss) after tax	2,494.51	132.94	1,201.07	2,937.85	2,346.93	1,105.35	(1,673.16)	2,431.15
12	EPS (Rs.)	24.68	1.32	11.88	29.07	23.22	7.29	(11.04)	16.04
13	Interim Dividend paid (Rs. per share)	-	-	3.00	-	-	-	1.25	-
14	Dividend paid / proposed (Rs. per share)	9.00	2.50	1.00	4.00	4.00	2.50	0.75	*3.00

\* Proposed

### DETAILS OF KEY FINANCIAL RATIOS

S.No.	Particulars	2020-2021	2019-2020	YOY change
1.	Debtors Turnover ratio (times)	2.82	3.36	(0.54)
2.	Inventory Turnover ratio (times)	3.64	2.88	0.76
3.	Interest coverage ratio (times)	3.50	2.08	1.42
4.	Current ratio (times)	2.46	2.26	0.20
5.	Debt Equity Ratio (times)	0.40	0.19	0.21
6.	Operating profit margin (%)	23.69	14.34	9.00
7.	Net Profit margin (%)	16.92	5.62	11.00
8.	Return on Net worth (%)	3.57	(2.54)	6.10

Note:

- The company has availed term loans for purchase of captive power plant which will aid in increased revenue generation. The increase in interest coverage ratio is an effect of the increase in debt.
- Operating profit has increased as a result of increase in power sales and better price negotiations resulting in increasing Net worth.
- Exceptional item eliminated / not considered above, since it is non-recurring and part of regular / operating business.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

**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 believes in nurturing leaders among them, as far as possible and provide opportunities for growth across all levels. These continual initiatives should help the Company maintain the No.1 position in specific market verticals (Rooftop segment). The total number of people employed as on 31.3.2021 was 293.

**Welfare / Social Activities:**

The Company sponsors several team building, sports and social welfare activities to derive internal team building. SWEES EMPLOYEES WELFARE TRUST is a welfare society with its main object of working towards the welfare of its employees. The Company continued to focus on Corporate Social Responsibility related activities as prescribed by the Companies Act, 2013.

**CAUTIONARY STATEMENT**

Certain statements in this Management Discussion and Analysis Report describing the Company may be 'Forward Looking Statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws, statutes and other incidental factors.

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
A.BALAN  
Joint Managing Director

Place: Salem  
Date: 14th June 2021

## REPORT ON CORPORATE GOVERNANCE

[As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

### 1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company upholds the core values of transparency, integrity and accountability in all facets of its operations and maintains the highest standards of Corporate Governance in its conduct towards the shareholders, customers, suppliers and the Government. The Company believes that good Corporate Governance practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the goal of maximizing value for all its stakeholders. It encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons.

### 2) BOARD OF DIRECTORS

#### i) Composition and Category of Directors

Name	Category	Attendance Particulars			No. of Directorship in other companies		Committee Membership in other companies	Committee Chairmanship in other companies	Names of other Directorship of the listed Company & Category
		No. of Board Meetings held	No. of Board Meetings attended	Attendance at last Annual General Meeting	Private Limited Company	Public Limited Company			
Mr. S. Annadurai	Chairman Independent Non-Executive	7	7	Yes	4	-	-	-	-
Mr. R. Chellappan	Promoter Managing Director	7	7	Yes	9	-	-	-	-
Mr. A. Balan	Promoter Joint Managing Director	7	7	Yes	5	-	-	-	-
Mr. K. V. Nachiappan	Promoter Whole Time Director	7	5	Yes	-	-	-	-	-
Mr. V.C. Raghunath	Promoter Whole Time Director	7	5	Yes	4	-	-	-	-
Mrs. V. C. Mirunalini	Promoter Whole Time Director	7	7	Yes	1	-	-	-	-
Mrs. Jayashree Nachiappan	Promoter Non-Executive	7	6	Yes	3	-	-	-	-
Mr. G. S. Samuel	Independent Non-Executive	7	7	Yes	1	1	1	-	Butterfly Gandhimathi Appliances Limited - Independent Director
Mr. S. Krishnan	Independent Non-Executive	7	7	Yes	1	-	-	-	-
Dr. S. Iniyar	Independent Non-Executive	7	7	Yes	-	-	-	-	-

As on date, the Board of Directors consists of both Executive and Non-Executive Directors.

Executive Director : 5

Non-Executive Director : 5



**ii) Details of Board Meetings held during the year:**

08.07.2020, 20.08.2020, 12.11.2020, 23.12.2020, 22.01.2021, 12.02.2021, 12.03.2021.

**iii) Disclosure of relationships between Directors inter-se:**

- Mr. R. Chellappan is the father of Mr. V.C. Raghunath and Mrs. V.C. Mirunalini, Whole Time Directors.
- Mr. K.V. Nachiappan is the husband of Mrs. Jayashree Nachiappan.
- None of the other Directors are related to each other

**iv) Number of shares and convertible instruments held by Non-Executive Directors as on 31.03.2021**

Name of the Director	Category	Number of Equity shares	Convertible Instruments
Mr. S. Annadurai	Chairman, Non-Executive, Independent Director	262	Nil
Mr. G.S. Samuel	Non-Executive, Independent Director	15	Nil
Mr. S. Krishnan	Non-Executive, Independent Director	0	Nil
Mrs. Jayashree Nachiappan	Non-Executive, Non-Independent Director	1375	Nil
Dr. S. Iniyan	Non-Executive, Independent Director	0	Nil

**v) Web link where details of familiarization programmes imparted to independent directors is disclosed:**

Disclosed on the Company's website [www.swelectes.com](http://www.swelectes.com) under the 'Investors' web link.

**vi) The following are the skills / expertise / competence of the board of directors to be able to monitor and contribute towards the business growth effectively:**

**Systems and Practice:**

The Board has a set of systems and practices to ensure that the Company's performance is monitored periodically and guided internally for improvement of the Company's overall performance. Directors ensure best practices in all transactions and all divisions are being managed in a manner which ensures accountability, transparency and fairness in all transactions.

**Governance:**

The Board upholds the core values of transparency, integrity and accountability in all facets of its operations and maintains the highest standards of Corporate Governance in its conduct towards the shareholders, customers, suppliers and the Government. All Committees ensure that the governance areas are well addressed.

The core skills / expertise / competencies required in the Board in the context of the Company's Businesses and sectors functioning effectively as identified by the Board of Directors of the Company are tabulated below:

Name	Core skills / Competencies / expertise
Mr. S. Annadurai	Leadership experience, Financial, Regulatory, Legal and Risk Management
Mr. R. Chellappan	Leadership and operational experience, Strategic planning, Sector / Industry knowledge & Experience, Research and Development and Innovation Technology, Financial, Regulatory, Legal and Risk Management, Corporate Governance
Mr. A. Balan	Sector / Industry knowledge & Experience and Risk Management
Mr. K. V. Nachiappan	Sector / Industry knowledge & Experience and Risk Management and Development and Innovation Technology
Mr. V.C. Raghunath	Sector / Industry knowledge & Experience, Strategic planning
Mrs. V. C. Mirunalini	Sector / Industry knowledge & Experience, Research and Development and Innovation Technology
Mrs. Jayashree Nachiappan	Sector / Industry knowledge & Experience, Financial
Mr. G. S. Samuel	Sector / Industry knowledge & Experience, Financial, Strategic planning, Regulatory, Legal and Risk Management
Mr. S. Krishnan	Sector / Industry knowledge & Experience, Financial, Regulatory, Legal and Risk Management
Dr. S. Iniyan	Sector / Industry knowledge & Experience, Research and Development and Innovation Technology

**vii) Confirmation with respect to Independent Directors:**

The Board has confirmed that the independent directors have fulfilled the conditions as specified in the SEBI (LODR) Regulations and independent of the management.

**3) AUDIT COMMITTEE**

**i) Brief description of terms of reference:**

**Financials**

- Review of the quarterly/half-yearly/annual financial statements with reference to changes, if any, in accounting policies and reasons for the same.
- Major accounting entries involving estimates based on exercise of judgment by management, adjustments, if any, arising out of audit findings.
- Compliance with listing and legal requirements relating to the financial statements, qualifications if any, in the draft audit report

**Internal controls and risk management**

- Review of internal audit function and discussion on internal audit reports.
- Review of vigil mechanism and adequacy of internal control systems.
- Evaluation of internal financial controls and risk management systems.

**Compliance and other related aspects**

- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company.
- Uses/application of funds raised through an issue.
- Review and recommendation of appointment, remuneration and terms of appointment of statutory auditors.
- Review and monitor the auditor's independence, performance and effectiveness of audit process.
- Review of other services rendered by the statutory auditors.
- Review of the management discussion and analysis of the financial conditions and results of operations, significant related party transactions, management letters issued by statutory auditors, internal audit reports.
- Monitoring the end use of funds raised through public offers and related matters.
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.

**ii) Composition, name of members, chairperson, meetings and attendance during the year:**

Name of Members and Chairperson	Category	No. of Meetings held	Attendance
Mr. G.S. Samuel	Chairman, Non - Executive, Independent Director	4	4
Mr. S. Annadurai	Member, Non - Executive, Independent Director	4	4
Mrs. Jayashree Nachiappan	Member, Non - Executive, Non-Independent Director	4	4

Date of the Meetings held during the year: 8.7.2020, 20.08.2020, 12.11.2020, 12.02.2021.

**4) NOMINATION AND REMUNERATION COMMITTEE**

**i) Brief description of terms of reference:**

- Formulation of the criteria for determining the qualification, positive attributes and independence of a Director and recommend to the Board, a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on the Board diversity.
- Identifying persons who are qualified to become Directors and who may be appointed in the Senior Management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of the Independent Directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management.

**ii) Composition, name of members, chairperson, meetings and attendance during the year**

Name of Members and Chairperson	Category	No. of Meetings held	Attendance
Mr. G.S. Samuel	Chairman, Non - Executive, Independent Director	4	4
Mr. S. Krishnan	Member, Non - Executive, Independent Director	4	4
Mrs. Jayashree Nachiappan	Member, Non - Executive, Non - Independent Director	4	4

Date of the Meetings held during the year: 08.07.2020, 03.08.2020, 12.11.2020 and 12.02.2021

**iii) Performance evaluation criteria for Independent Directors**

**General Criteria:**

- Highest personal and professional ethics, integrity and values;
- Inquisitive, objective, perspective, practical wisdom and mature judgement;
- Demonstrated intelligence, maturity, wisdom and independent judgement;
- Self-confidence to contribute to board deliberations and stature such that other board members will respect their view;
- The willingness and commitment to devote the extensive time necessary to fulfill their duties;
- The ability to communicate effectively and collaborate with other board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others; and
- The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable company or organization, including, but not limited to relevant experience in manufacturing, international operations, public service, finance, accounting, strategic planning, supply chain, technology and marketing.

**Specific Criteria:**

- Participation and contribution by the Director;
- Commitment, including guidance provided to the Senior Management outside of Board/ Committee Meetings;
- Effective deployment of knowledge and expertise;
- Effective management of relationship with various stakeholders;
- Independence of behaviour and judgement;
- Maintenance of confidentiality of critical issues

**5) STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Composition, name of members and chairperson, meetings and attendance during the year.

Name of Members and Chairperson	Category	No. of Meetings held	Attendance
Mr. G. S. Samuel	Chairman, Non - Executive, Independent Director	1	1
Mr. K. V. Nachiappan	Member, Executive, Non - Independent Director	1	0
Mrs. Jayashree Nachiappan	Member, Non - Executive, Non - Independent Director	1	1

Date of the Meeting held during the year: 12.02.2021

Name and designation of Compliance officer: Mr. R. Sathishkumar, Company Secretary & Compliance Officer

Details of complaints received from Shareholders during the year are as follows:

Number of Shareholders' complaints received during the financial year	Number not solved to the satisfaction of shareholders	Number of pending complaints
Nil	Nil	Nil

## 6) REMUNERATION OF DIRECTORS

i) Pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company: NIL

ii) Criteria of making payments to Non-Executive Directors:

The Non-Executive Directors are being paid sitting fees for attending the Board and Committee meetings of the Company as detailed below.

Sl. No.	Nature of Meeting	Sitting fees for each meeting (Rs.)
1.	Board	20,000
2.	Audit Committee	10,000
3.	Stakeholders Relationship Committee	10,000

iii) a) Details of remuneration paid during the year:

**Non-Executive Directors:**

(Rupees in Lakhs)

Name	Category	Sitting fees	Commission	Total
Mr. S. Annadurai	Independent	1.80	-	1.80
Mr. G. S. Samuel	Independent	1.90	-	1.90
Mrs. Jayashree Nachiappan	Non-Independent	1.70	-	1.70
Mr. S. Krishnan	Independent	1.40	-	1.40
Dr. S. Iniyar	Independent	1.40	-	1.40
<b>Total</b>		<b>8.20</b>	<b>-</b>	<b>8.20</b>

**Executive Directors:**

The Executive Directors are paid remuneration as recommended by the Nomination and Remuneration Committee, Board of Directors and approved by the shareholders at the General Meeting. The Company has not granted stock options to any director or employee of the company or any other person.

(Rupees in Lakhs)

Name	Salary	Commission	Contribution to PF	LTA/ Bonus/ Incentive	Perquisites	Total
Mr. R. Chellappan	13.08	28.57	-	-	1.16	42.81
Mr. A. Balan	16.63	7.14	-	-	6.60	30.37
Mr. V.C. Raghunath	7.58	-	0.17	0.72	0.29	8.76
Mrs. V.C. Mirunalini	6.09	-	0.17	0.62	0.29	7.17
Mr. K. V. Nachiappan	16.63	7.14	-	-	0.42	24.19
<b>Total</b>	<b>60.01</b>	<b>42.85</b>	<b>0.34</b>	<b>1.34</b>	<b>8.76</b>	<b>113.30</b>

b) Service contracts, notice period, severance fees:

**Executive Directors**

Name	Designation	Service Contracts / Period of contract / Date of appointment
Mr. R. Chellappan	Managing Director	5 years with effect from 1st May 2020
Mr. A. Balan	Joint Managing Director	5 years with effect from 3rd October 2020
Mr. V.C. Raghunath	Whole time Director	5 years with effect from 28th July 2019
Mrs. V.C. Mirunalini	Whole time Director	5 years with effect from 28th June 2017
Mr. K.V. Nachiappan	Whole time Director	5 years with effect from 20th April 2018

**Non Executive – Non Independent**

Name	Service Contracts / Period of contract / Date of appointment
Mrs. Jayashree Nachiappan	13th August 2012

**Independent Directors**

Name	Period of contract / Date of appointment
Mr. S. Annadurai	28th June 2017 to 27th June 2022
Mr. G.S. Samuel	28th July 2016 to 27th July 2021
Mr. S. Krishnan	1st April 2019 to 31st March 2024
Dr. S. Iniyan	1st April 2019 to 31st March 2024

The notice period will be as per Company's policy and there is no separate provision for payment of severance fees. Independent Directors are not liable to retire by rotation as per the provisions of the Companies Act, 2013. The terms and conditions of appointment of Independent Directors are available in the Company's website [www.swelectes.com](http://www.swelectes.com).

The Company's Remuneration Policy is available on the website of the Company [www.swelectes.com](http://www.swelectes.com)

**7) GENERAL BODY MEETINGS**

**i) Location and time, where last three Annual General Meetings held:**

Year	Location	Date	Time
2017-18	Savera Hotel, 'Samavesh Hall', No. 146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004.	09.08.2018	3.30 P.M.
2018-19	Savera Hotel, 'Samavesh Hall', No. 146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004.	09.08.2019	3.30 P.M.
2019-20	Through Video Conferencing (VC) facility or Other Audio Visual Means ('OAVM')	10.09.2020	3.30 P.M.

**ii) Whether any special resolutions were passed in the previous three Annual General Meetings:**

At the Annual General Meeting held on August 9, 2018, two special resolutions were passed for fixing the Borrowing powers of the Board and authorization to create charge on properties of the Company both present and future.

At the Annual General Meeting held on August 9, 2019, three special resolutions were passed for the purpose of remuneration payable to Executive Directors as per SEBI Regulations, Appointment of Mr. R Chellappan as Managing Director for a term of 5 years and Appointment of Mr. V.C. Raghunath as a Whole Time Director of the Company for a period of 5 years.

At the Annual General Meeting held on September 10, 2020, Five special resolutions were passed for the purpose of altering the terms and conditions in the appointment of Executive Directors of the Company. One more resolution was also passed for Re-appointment of Mr. A. Balan, Whole Time Director (Joint Managing Director) of the Company for a period of 5 years.

**iii) Whether any special resolution was passed last year through postal ballot: No**

**iv) Whether any special resolution is proposed to be conducted through postal ballot: No**

**v) Procedure for postal ballot: Not Applicable**

**8) MEANS OF COMMUNICATION**

i) The Quarterly Unaudited financial results and the Annual Audited financial results are reviewed by the Audit Committee and approved by the Board of Directors. These results are filed with the Stock Exchanges under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Quarterly and the Annual Financial Results are available on the Stock Exchange websites : [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com) and on the Company's website [www.swelectes.com](http://www.swelectes.com).

ii) The extract of the above results are normally published in the newspapers viz. one national daily and vernacular newspaper namely "Business Line" and "The Hindu (Tamil)" respectively.

The Company's website [www.swelectes.com](http://www.swelectes.com) contains a separate dedicated section 'Investors', wherein all data related to quarterly financial results, shareholding pattern, Board of directors, Code of conduct for all Board members and senior management of the company, Compliance report on Corporate Governance, Annual Report and other mandatory information required under the listing regulations are available.

Details regarding Products & Solutions, Customer support offered, Business Associates & Partners, Official news Releases, etc., are also placed on the Company's website.

Presentations made by the Company to the institutional investors or to the analysts: Nil

Email of the Compliance Officer of the Company : [company.secy@swelectes.com](mailto:company.secy@swelectes.com)  
Telephone Number : 044-24993266  
Fax Number : 044-24995179  
E-mail ID for the purpose of registering complaints by investors : [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com)

## 9) GENERAL SHAREHOLDERS' INFORMATION

- i) **Annual General Meeting** : TWENTY SIXTH ANNUAL GENERAL MEETING  
ii) **Day, Date and time** : Monday the 26th July 2021 at 3.30 P.M. (IST)  
iii) **Venue** : Through Video Conferencing / Other Audio-Visual Means  
iv) **Financial year** : 01.04.2020 to 31.03.2021  
v) **Date of Book closure** : From Tuesday, 20th July 2021  
To Monday, 26th July 2021 [Both days inclusive]  
vi) **Dividend Payment Date** : Wednesday, 4th August 2021.

### vii) The Company's equity shares are listed on the following Stock Exchanges:

BSE Limited Floor 25, P. J. Towers, Dalal Street, Mumbai - 400 001. Stock Code: 532051.	National Stock Exchange of India Limited "Exchange Plaza", C1 Block G, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. Stock Code: SWELECTES
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### viii) Details of Annual Listing Fees paid for the year 2021-2022:

Name of Stock Exchange	Date of Payment
BSE Limited	27.04.2021
National Stock Exchange of India Limited	15.04.2021

### ix) Market Price Data: High, Low during each month in the last financial year 01.04.2020 to 31.03.2021 Nominal value of Share Rs.10/- each (Market Share Price in Rs.)

Month	BSE Limited		National Stock Exchange of India Limited	
	High	Low	High	Low
Apr-20	95.10	75.35	95.00	80.35
May-20	88.00	76.05	85.70	74.15
Jun-20	119.80	77.50	118.40	77.20
Jul-20	134.00	97.55	132.95	99.00
Aug-20	170.00	95.00	171.00	95.00
Sep-20	141.00	111.00	142.00	110.75
Oct-20	127.25	109.00	126.50	112.00
Nov-20	154.00	115.25	153.40	116.00
Dec-20	205.50	150.00	205.90	147.35
Jan-21	233.90	184.40	234.90	184.70
Feb-21	219.00	182.55	220.00	180.50
Mar-21	220.00	179.05	219.75	178.25

**x) Performance in comparison to BSE Sensex and NSE Nifty:**

Date	BSE Limited		National Stock Exchange of India Limited	
	Company's Market Price (Close) per share Rs.	Sensex points (Close)	Company's Market Price (Close) per share Rs.	Nifty points (Close)
30-Apr-20	85.40	33717.62	85.35	9859.90
29-May-20	76.85	32424.10	76.55	9580.30
30-Jun-20	111.35	34915.80	112.25	10302.10
31-Jul-20	100.05	37606.89	100.20	11073.45
31-Aug-20	137.75	38628.29	135.90	11387.50
30-Sep-20	119.05	38067.93	125.00	11247.55
30-Oct-20	118.45	39614.07	117.95	11642.40
27-Nov-20	149.80	44149.72	149.75	12968.95
31-Dec-20	205.50	47751.33	205.90	13981.75
29-Jan-21	209.30	46285.77	210.50	13634.60
26-Feb-21	182.55	49099.99	182.95	14529.15
31-Mar-21	201.10	49509.15	202.45	14690.70

**xi)** The Shares of the Company are not suspended by the Stock Exchanges from trading.

**xii) Registrar to an issue and share transfer agents:**

M/s. Cameo Corporate Services Limited  
"Subramanian Building", No.1, Club House Road, Chennai – 600 002.  
Email: investor@cameoindia.com Tel: 044-28460390

**xiii) Share transfer system:**

Effective April 1, 2019, SEBI has amended Regulation 40 of the Listing Regulations, which deals with transfer or transmission or transposition of securities. According to this amendment, the requests for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialised form with a Depository.

However, request received for transmission or transposition of securities held in physical form shall be processed.

Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. In view of the aforesaid amendment and in order to eliminate the risks associated with physical holding of shares, members who are holding shares in physical form are hereby requested to dematerialise their holdings.

**xiv) Other Committees of Board:**

**a) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee comprises of the following Members

Name of Members and Chairperson	Category
Mr. S. Annadurai	Chairman, Non-Executive, Independent
Mr. R. Chellappan	Member, Executive, Non-Independent
Mr. V. C. Raghunath	Member, Executive, Non-Independent

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. The Policy of the CSR is available on Company's website [www.swelectes.com](http://www.swelectes.com).

Date of the Meetings held during the year: 07.07.2020, 12.11.2020 and 12.02.2021.

The details of CSR activities carried out by the Company during the year are given in the Annexure – 3.

## b) 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 the Risk Management Committee to continuously monitor business and operations risk through an efficient risk management system.

The Risk management Committee comprises of the following members:

- 1) Mr. R. Chellappan - Chairman
- 2) Mr. V.C Raghunath - Member
- 3) Mrs. Jayashree Nachiappan - Member

This Risk Management Committee will go into the various matters involving transactions of the company in assessing the various issues and recommend in devolving procedure and frame work.

It is an ongoing process within the organization. The management identifies and monitors the risk and takes proper action to minimize the risk. The Committee will meet as and when situation arises.

This Committee may also invite professionals in the respective area of specialization for consultation.

### **Impact of the COVID-19 pandemic on the business:**

The widespread of COVID-19 outbreak, across borders and geographies, has severely impacted almost the whole world and triggered significant downside risks to the overall global economic outlook.

In view of the second wave of COVID -19 pandemic followed by the Lockdown announced by The Government of Tamil Nadu and Karnataka, the operations of the following units of the Company were closed from 10th May 2021 and SPV Plant located at Bengaluru was resumed its operation since 4th June 2021 and respective office employees were allowed to attend their work from home.

Sl. No.	Details of Plant	Location
1.	Manufacturing facility & Research and Development [ Mounting structures (solar modules), Transformers and Inverters]	58/3 (14D, D/1) Salem Main Road, Veerappampalayam PO, Idappadi - 637105, Salem District, Tamil Nadu.
2.	Solar Photovoltaic Modules Manufacturing Plant	No.31 to 34 & 37, KIADB Industrial Area, Phase-1, Dabaspet, Nelamangala Taluk, Bengaluru – 562111, Karnataka.

However, all Solar Power Generating Plants of the Company are constantly running with the standard operating procedures issued by Central and State Government. The Company is taking various measures to ensure the health and safety of its employees and to comply with the directions issued by the Central and State Governments from time to time.

### **Steps taken to ensure smooth functioning of operations:**

- All safety protocol related to COVID-19 as advised by the government have been implemented.
- The Company has issued safety guidelines to its employees and workers.
- Detailed shop-floor precautions & safety systems have been implemented with appropriate training to staff and workmen.
- Factory roads and entrance areas are being regularly sanitized.
- Regular Fumigation of offices and shop floors is being carried out.
- Social distancing norms are being strictly followed at factories and offices.
- Sanitization and thermal screening of employees, truck drivers, other entrants and sanitization of loading vehicles at the entry gate of factories.

### **Estimation of the future impact of CoVID-19 on its operations:**

It is difficult to estimate the definitive impact of COVID-19 on the operations of the Company beyond first quarter of the financial year 2021-2022 at this point of time. The Company has taken measures to ensure continuous operations despite regulatory restrictions and effectively considering the safety of the employees.

The Company is closely monitoring the developing situation arising out of COVID-19 and resultant restrictions imposed by the regulatory authorities.

The Company has adopted strategic decisions to combat the challenges in the profitability of the Company and has also successfully implemented them with the able support of the Senior executives and Government.



### c) Forex Management Committee

Consequent to the resignation of Mr. P. Jagan, Chief Financial Officer of the Company who was a member of the Committee, the Company re-constituted the Forex Management Committee with the following Members with effect from 11.8.2020.

- 1) Mr. G. S. Samuel - Chairman
- 2) Mr. R. Chellappan - Member
- 3) Mr. V.C. Raghunath - Member
- 4) Mrs. V. C. Mirunalini - Member
- 5) Ms. Nikhila Ramesh - Member

The Forex Management committee is reviewing the day to day forex movements and taking the necessary steps to protect the interest of the Company. No meeting was held during the financial year.

### d) Investment Committee

The Investment Committee comprises of the following members to ensure the effective investments of the Company's funds.

- 1) Mr. R. Chellappan - Chairman
- 2) Mr. S. Annadurai - Member
- 3) Mr. V. C. Raghunath - Member

There was no meeting held during the financial year.

### e) Borrowing Committee

The Borrowing Committee comprises of the following members with a power to borrow moneys by way of loan from Banks and perform other functions as delegated by the Board.

- 1) Mr. R. Chellappan - Chairman
- 2) Mr. V. C. Raghunath - Member
- 3) Mr. A. Balan - Member

Date of the meetings held during the year: 27.05.2020, 10.08.2020, 01.09.2020, 24.09.2020, 05.10.2020, 08.01.2021, 13.02.2021 and 01.03.2021.

### xv) Distribution of Shareholding as on 31.03.2021

Shareholding of Nominal Value	Shareholders		Share Amount		
	Rs.	Number	% of total	Rs.	% of total
10-5000		11701	90.1464	11433750	7.5427
5001-10000		649	5.0001	4757930	3.1388
10001-20000		309	2.3806	4470220	2.9489
20001-30000		122	0.9399	3136500	2.0692
30001- 40000		39	0.3004	1366090	0.9011
40001-50000		31	0.2388	1443150	0.9520
50001-100000		49	0.3775	3503970	2.3115
100001- and above		80	0.6163	121475990	80.1358
Total		12980	100.0000	151587600	100.0000

### xvi) Shareholding pattern as on 31.03.2021

Category of the Shareholders	No. of fully paid up equity shares held	As a % of Total Voting rights
<b>1. Promoters &amp; Promoter Group:</b>		
Individuals/Hindu undivided Family	8367873	55.20
Bodies Corporate	45	0.00
Employee Trust	176400	1.16
<b>Total (1)</b>	<b>8544318</b>	<b>56.36</b>

Category of the Shareholders	No. of fully paid up equity shares held	As a % of Total Voting rights
<b>2. Public:</b>		
Mutual Funds	-	-
Financial Institutions / Banks	-	-
Individuals –		
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	2878053	18.99
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	2441346	16.11
Bodies Corporate	239614	1.58
Clearing Members	15224	0.10
Directors or their relatives	501	0.00
HUF	201821	1.33
IEPF	20285	0.13
Unclaimed or Suspense or Escrow Account	4475	0.03
Non Resident Indians	812886	5.37
Trusts	237	0
<b>Total (2)</b>	<b>6614442</b>	<b>43.64</b>
<b>Grand Total (1+2)</b>	<b>15158760</b>	<b>100</b>

**xvii) Dematerialization of shares and liquidity:**

The Company is having connectivity with the depositories, namely, National Securities Depository Limited, Mumbai and Central Depository Services (India) Limited, Mumbai to provide facility of holding and trading shares in dematerialized form. International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE409B01013. As on March 31, 2021, 1,50,88,467 equity shares of the company, constituting 99.54% were in dematerialized form and the shareholders have to trade the securities in the market electronically.

**xviii) Outstanding Global Depository Receipts or American Depository Receipts or warrants or any Convertible instruments, conversion date and likely impact on equity: NIL**

**xix) Commodity Price Risk:**

Risk of price fluctuation on basic raw materials as well as finished goods used in the process will be dealt by the Company through mutual business relationship with vendor and suppliers.

**xx) Foreign Exchange Risk:**

The Forex Management Committee of the Company continuously monitors foreign exchange risk through an effective system.

In order to minimise the risk associated with forex trading for import of raw materials, the Company executed the necessary agreements with the Bank to provide an advise to the Company from time to time.

**xxi) Hedging activities:**

During the year the Company has not dealt with any hedging activities.

**xxii) Plant Locations:**

Locations of Manufacturing Plants		
Sl 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, Tamil Nadu.
2	Solar Photovoltaic Modules Manufacturing Plant & Research and Development	No.31 to 34 & 37, KIADB Industrial Area, Phase-1, Dabaspet, Nelamangala Taluk, Bengaluru - 562111, Karnataka.

<b>Locations of Wind and Solar Power Plants</b>		
<b>Sl No.</b>	<b>Details of Plant</b>	<b>Location</b>
1	1.1 MW Solar Power Plant	SF. No. 166 & 169, Sembagoundan Pudur, No. 51, Kuppepalayam Village, Coimbatore - 641107, Tamil Nadu.
2	0.5 MW Wind Mill Power Unit - 3 Nos	296,224/1 & 294, Naranapuram Village, Ponnapuram, Dharapuram Taluk, Tiruppur District - 638657, Tamil Nadu.
3	10 MW Solar Power Plant	SF. Nos. 369/4, 413/3A, 129/6, 413/2, 407/2, 408/1, 408/2, 408/3, 413/1A, 414/1, 414/2, 584/1B, 584/2, 395/2, 396/1, 396/2, 396/3A, 396/3B, 407/1B, 407/1C1, 129/7 & 414/4A Kolakudi Village, Thottiyam Taluk, Musiri, Trichy - 621208, Tamil Nadu.
4	12 MW Solar Power Plant	SF. No. 894/B1, 894/B2, 894/B3, 895/1, 895/2, 895/3, 895/4, 895/5, 895/6, 895/7, 914/1, 914/2, 914/3, 914/4, 913/1, 913/2, 913/3, 913/4, 913/5, 913/6, 902/1, 902/2, 915, 916, 929/B2, Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
5	3 MW Solar Power Plant	SF. No. 902/1 & 899/3 Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
6	2 MW Solar Power Plant	SF. No. 895/1(P), 895/2(P), 895/4(P), 896/2(P), 899/2(P), 899/3(P), 899/4(P), 899/5(P) and 899/6(P) Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
7	5 MW Solar Power Plant	SF. Nos. 1107, 1108, 1116 and 1091 Monjanur Village, Aravakurichi Taluk, Karur District - 630561, Tamil Nadu.
8	10 MW Solar Power Plant	SF. No. 1989, 2101/B1 to B3, 2107/1 to 4, 2101/A1 & 2108/2, Senthamangalam (West) Village, Aravakurichi Taluk, Karur District, Tamil Nadu.
9	2 MW Solar Power Plant	SF. Nos. 2107/1, 2107/2, 2107/3, 2107/4 and 2108/2, Senthamangalam (West) Village, Aravakurichi Taluk, Karur District, Tamil Nadu.
<b>Plant Locations of Wholly owned Subsidiaries</b>		
1	Amex Alloys Private Limited - Manufacturing of Iron, Alloy and Investment Casting	SF. No. 289/2, Kunnathur Pudur (PO), Sathy Road, Coimbatore - 641107, Tamil Nadu.
2	Amex Alloys Private Limited - 2 MW Solar Plant	SF. No. 890/A, 891/A and 891/B Monjanur Village, Aravakurichi Taluk, Karur District - 639206, Tamil Nadu.
3	NOEL Media & Advertising Private Limited - 1 MW Solar Plant	SF. No. 191/15, 191/17, 191/18, 191/29, 191/20, 191/22, 191/25, 191/26, 191/27, 191/28, 191/30 Thachanendal Village, Illayankudi Taluk, Sivagangai District - 630561, Tamil Nadu.
4	SWELECT Green Energy Solutions Private Limited- 10 MW Solar Plant	SF. No. 889, 890A, 887, 892, 891A & 891B, Monjanur Village, Aravakurichi Taluk, Karur District - 639206, Tamil Nadu.
5	SWELECT Green Energy Solutions Private Limited- 1 MW Solar Plant	SF. No. 929/A (P) & 930(P) Monjanur Village, Aravakurichi Taluk, Karur District - 639206, Tamil Nadu.
6	SWELECT Green Energy Solutions Private Limited- 1 MW Solar Plant	SF. No. 929/A(P) & 929/B1(P) Monjanur Village, Aravakurichi Taluk, Karur District - 639206, Tamil Nadu.
7	K J Solar Systems Private Limited - 2 MW Solar Plant	SF. No. 594/A, 598, 786 & 787 Komarapalayam Village, Dharapuram Taluk, Tiruppur District - 638106, Tamil Nadu.
8	SWELECT Power Systems Private Limited - 10 MW Solar Power Plant	Huralagere, Thuraganoor and Byaderahalli villages of Kunigal Taluk, Tumkur District - 572130, Karnataka.

**xxiii) Address for correspondence:**

SWELECT ENERGY SYSTEMS LIMITED  
Registered Office: 'SWELECT House',  
No.5, Sir P.S. Sivasamy Salai,  
Mylapore, Chennai - 600 004, Tamil Nadu.  
Tel: 044 - 24993266, Fax: 044 - 24995179,  
Email: cg.ird@swelectes.com, info@swelectes.com  
website: www.swelectes.com..

**xxiv) List of all credit ratings obtained by the company along with any revisions thereto during the financial year, for all debt instruments of the company or any fixed deposit programme or any scheme or proposal of the company involving mobilization of funds, whether in India or abroad**

The Company has not issued any debt instruments and neither accepted any fixed deposit nor involved in any scheme for mobilization of funds.

**xxv) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

The Company has not raised any funds through preferential allotment or qualified institutions placement and hence providing the details of utilization of such funds are not applicable.

**xxvi) Certificate issued by Practicing Company Secretary on Directors' Qualification:**

A certificate has been issued by Mr. R. Kannan, Partner of KRA & Associates, Practicing Company Secretaries, confirming that none of the directors on the board of the company was debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any statutory authority.

**xxvii) Details of any recommendation of any committee of the board which is mandatorily required and the same has not been accepted by the Board during the financial year:**

The Board has accepted all recommendations of the Committees of the Board during the financial year 2020-21.

**xxviii) Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) were appointed as the Statutory Auditors of the Company and its wholly owned subsidiary company namely, AMEX Alloys Private Limited. The particulars of payment of Statutory Auditors fees, on consolidated basis during the financial year 2020-2021, is given below:**

(Rupees in Lakhs)

Particulars	Amount paid by the Company	Amount paid by Amex Alloys Private Limited
Services as statutory auditors	32.45	8.50
Tax audit	2.95	1.50
Re-imbusement of out-of-pocket expenses	1.92	-
Certification fees	8.25	-
<b>Total</b>	<b>45.57</b>	<b>10.00</b>

The above fee is net of input credit for GST wherever applicable.

**10) OTHER DISCLOSURES**

**Materially significant related party transactions that may have potential conflict with the interests of the Company at large : Nil**

**Details of non-compliance by the Company, penalties and strictures imposed on the Company by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years: Nil**

**Vigil Mechanism/Whistle Blower Policy:**

The Company has established a Vigil Mechanism / Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s) / employee(s) and direct access to the Chairman of the Audit Committee in exceptional cases. The Audit Committee looks into the complaints, if any, raised by the complainant and provides reports to the Board.

The Company hereby affirms that no Director / employee have been denied access to the Audit Committee and that no complaints were received during the year.

The Vigil Mechanism / Whistle Blower Policy has been disclosed on the Company's website [www.swelectes.com](http://www.swelectes.com) under the 'Investors' web link.

**11) SEPARATE MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors had a separate meeting on 12.02.2021 to review the performance and evaluation of the Executive and non-Executive Directors, Chairman of the Board and the Board as a whole.

**12) DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS OF SEBI (LODR) REGULATIONS, 2015**

The Company has complied with all the mandatory requirements laid down under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**13) ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF SEBI (LODR) REGULATIONS, 2015**

SEBI listing regulations states that the non-mandatory requirements may be implemented as per the discretion of the Company. Details of compliance of non-mandatory requirements:

**Reporting of Internal Auditor**

The Internal auditor is reporting directly to the Audit Committee.

**14) COMPLIANCE OF REGULATION 17 TO 27 AND CLAUSES (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF SEBI (LODR) REGULATIONS**

The Company has complied with regulation 17 to 27 and clauses (a) to (m) and (q) to (s) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

**15) POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES**

Disclosed on the Company's website [www.swelectes.com](http://www.swelectes.com) under the web link <https://swelectes.com/wp-content/uploads/2018/01/policyonmaterialsubsidiaries.pdf>

**16) POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS**

Disclosed on the Company's website [www.swelectes.com](http://www.swelectes.com) under the web link <https://swelectes.com/wp-content/uploads/2018/01/RELATED-PARTY-TRANSACTION-POLICY.pdf>

**17) COMPLIANCE WITH THE REQUIREMENT OF CORPORATE GOVERNANCE REPORT**

The Company has complied with all the compliance requirement of Corporate Governance as stipulated in the regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

**18) CERTIFICATE FROM CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO)**

The CEO/CFO certification on the financial statements for the Financial Year has been submitted to the Board of Directors, in its meeting held on June 14, 2021, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**19) DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT**

In terms of SEBI (LODR) Regulations, 2015, a suspense account has been opened and all the unclaimed shares have been transferred.

Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account pursuant to the requirement of Regulation 34(3) and Schedule V Part F of the Listing the Regulations, the following table provides details in respect of the equity shares lying in the suspense account:

Details	Number of Members	Number of equity shares
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 1st April 2020	Nil	Nil
Number of Members and aggregate number of shares transferred to the unclaimed suspense account during the year	19	4475
Number of Members who approached the company for transfer of shares and shares transferred from suspense account during the year	Nil	Nil

Details	Number of Members	Number of equity shares
Aggregate number of the Members and the outstanding shares in the suspense account lying as on 31st March 2021	19	4475

- The Company has already sent three reminders to the Members for claiming those shares at their latest available address(es) with the Company or Depository, as the case may be.
- All the corporate benefits in terms of securities accruing on those shares like bonus shares, split etc., would also be credited to unclaimed suspense account of the Company.
- The voting rights on shares lying in unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

**20) DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The details have been disclosed in the Board's Report.

**21) SECRETARIAL AUDIT REPORT OF MATERIAL UNLISTED SUBSIDIARY INCORPORATED IN INDIA**

Pursuant to Regulation 24A (1) of SEBI (LODR) Regulations, 2015 (as amended from time to time), the Secretarial Audit Report (MR-3) of material subsidiary of the Company incorporated in India namely AMEX Alloys Private Limited issued by Mr. P. Eswaramoorthy, Proprietor of P. Eswaramoorthy & Company, Company Secretaries is being annexed as Annexure-6.

**22) UNCLAIMED DIVIDEND**

Pursuant to Sections 124 and 125 of the Companies Act, 2013, all dividends which remain unclaimed and unpaid for a period of seven years from the date they became due for payment were required to be transferred to the Investor Education and Protection Fund established by the Central Government.

In terms of the IEPF Rules, on 25.09.2020, the Company has transferred Rs.1,94,128/- (Rupees One Lakh Ninty Four Thousand One Hundred and Twenty Eight Only) towards unpaid / unclaimed dividend in respect of Final Dividend declared for the financial year 2012-2013 to the Investor Education and Protection Fund (IEPF) . Pursuant to Rule 5 of (Accounting, Audit, Transfer and Refund) Rules 2016, the Company has also uploaded the information in respect of unclaimed dividends as on the date of the financial year ended 31.03.2020, on the website of IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under the "Investors" section on the website of the Company.

As per the provisions of Section 124 of the Companies Act, 2013, shares in respect of which dividend has not been paid or claimed for seven consecutive years or more are also required to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The Company has sent out individual communication to the shareholders whose dividend remains unclaimed for seven consecutive years and published an advertisement in the newspapers, inviting such shareholders to claim their dividend. Since there were no communication received from the Shareholders, the Company had transferred 3125 Equity Shares to the Investor Education and Protection Fund Authority vide Corporate Action on 07.10.2020 pertaining to dividend declared for the financial years 2012-13.

The Shareholders may approach the Nodal Officer of the Company to claim the unclaimed Dividend amount and Shares which were transferred to IEPF Authority during previous years. The Contact details of the Nodal officer are furnished in the website of the Company under the Investors page.

The Members who have not claimed their dividend so far for the financial year ended 2013-2014 or any subsequent financial years are requested to lodge their claims with the Company. The due date for transfer of the unclaimed dividend is 1st September 2021. Members who have not claimed their dividend are requested to write to the company and claim their dividend, before the due date.

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Sd/-  
A.BALAN  
Joint Managing Director

Place: Coimbatore  
Date: 14th June 2021

Place: Salem  
Date: 14th June 2021

## DECLARATION – CODE OF CONDUCT

I, R. Chellappan, Managing Director of SWELECT Energy Systems Limited, declare that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of Board of Directors and Senior Management, as required under Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
R.Chellappan  
Managing Director

## CORPORATE GOVERNANCE CERTIFICATE

To  
The Members,  
SWELECT Energy Systems Limited  
"SWELECT House", No.5,  
Sir P.S. Sivasamy salai, Mylapore,  
Chennai- 600004.

We have examined the compliance of conditions of Corporate Governance by SWELECT ENERGY SYSTEMS LIMITED, for the year ended on 31st March 2021, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR KRA & ASSOCIATES  
Practising Company Secretaries

Place: Chennai  
Date: 14.06.2021

R.Kannan  
Partner  
FCS No.6718  
C P No.3363  
UDIN: F006718C000457652

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
SWELECT Energy Systems Limited  
“SWELECT House”, No.5,  
Sir P.S. Sivasamy Salai, Mylapore,  
Chennai- 600004.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of SWELECT ENERGY SYSTEMS LIMITED having CIN L93090TN1994PLC028578 and having registered office at “SWELECT House”, No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai- 600004 (hereinafter referred to as ‘the Company’), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority :

Sr. No	Name of Director	DIN	Date of appointment in Company
1	CHELLAPPAN GOUNDER RAMASAMY	00016958	12/09/1994
2	BALAN ARTHANARI	00017091	03/10/2015
3	NACHIAPPAN KONGANAPURAM VENKATESAN	00017182	20/04/2018
4	SUNDARAM ANNADURAI	00137561	28/06/2017
5	RAGHUNATH VENKATAGIRI CHELLAPPAN	00703922	11/11/2013
6	JAYASHREE NACHIAPPAN	03173327	13/08/2012
7	GNANASEKAR SUKUMAR SAMUEL	05284689	03/10/2015
8	KRISHNAN SUDARSANAM	07163629	23/07/2018
9	MIRUNALINI VENKATAGIRI CHELLAPPAN	07860175	28/06/2017
10	INIYAN SELVARAJAN	08355447	01/04/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR KRA & ASSOCIATES  
Practising Company Secretaries

R.Kannan  
Partner  
FCS No.6718  
C P No.3363  
UDIN: F006718C000457630

Place: Chennai  
Date: 14.06.2021



## **CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

(Pursuant to regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Board of Directors

SWELECT Energy Systems Limited  
“SWELECT House”,  
No.5, Sir P. S. Sivasamy Salai,  
Mylapore,  
Chennai – 600 004.

- A. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2021 and to the best of our knowledge and belief, we hereby certify that:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year April 2020 - March 2021 which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company. Based on our most recent evaluation, no deficiencies in the design or operation of internal controls were noted.
- D. We have indicated to the Auditors and the Audit Committee that:
1. There are no significant changes in internal control over financial reporting during the year.
  2. There are no significant changes in accounting policies during the year.
  3. There have been no instances of fraud.

Sd/-  
R. CHELLAPPAN  
Managing Director

Place: Coimbatore  
Date: 14.06.2021

Sd/-  
R. NIKHILA  
Chief Financial Officer

Place: Chennai  
Date: 14.06.2021

## ANNEXURES TO THE BOARD'S REPORT

### ANNEXURE - 1

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
SWELECT ENERGY SYSTEMS LIMITED  
"SWELECT House",  
No.5, Sir P.S. Sivasamy Salai,  
Mylapore, Chennai-600004.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SWELECT ENERGY SYSTEMS LIMITED** (hereinafter called the company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **March 31, 2021** complied with the statutory provisions listed thereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31/03/2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

The other laws as may be applicable specifically to the company:

- (a) Electricity Act, 2003
- (b) National Tariff Act Policy

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Under SEBI (Prohibition of Insider Trading) Regulations, 2015:

- There have been instances of violation of the Company's code of conduct by a person in promoter group and immediate relative of designated person during the period, for which the Company has taken suitable action.

We further report that -

- No specific violations in respect of Tax laws came to the notice of the undersigned from the review of the said check list. However, we report that we have not carried out the audit with reference to the applicable financial laws, such as the Direct and Indirect Tax Laws, as same falls under the review of statutory audit and other designed professionals.
- Based on the information provided by the Company, its officers, and authorized representatives during the conduct of audit, and on review of quarterly compliance reports by respective department heads / company secretary, in our opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with other applicable laws such as Labour Laws and Environmental Laws.
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- We have conducted verification of records both physically (whenever possible) and online verification of records, as facilitated by the Company due to COVID-19 and subsequent lockdown situation for the purpose of issuing this Report.

FOR KRA & ASSOCIATES  
Practising Company Secretaries

R.Kannan  
Partner

FCS No.6718

C P No.3363

UDIN: F006718C000457608

Place: Chennai

Date: 14.06.2021

### Annexure-A

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the company.
4. Wherever required, we have obtained the Management representation about compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of the corporate laws and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR KRA & ASSOCIATES  
Practising Company Secretaries

Place: Chennai  
Date: 14.06.2021

R.Kannan  
Partner  
FCS No.6718  
C P No.3363  
UDIN: F006718C000457608

**ANNEXURE-2**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND  
FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Pursuant to section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

**(A) Conservation of energy-**

- (i) The steps taken or impact on conservation of energy:
  - a. Overall reduction in energy consumption in all the facilities across India
  - b. Active process optimization measures taken at the module manufacturing factory to improve operational efficiency
  - c. Maximizing performance of the already installed rooftop Solar installations
  - d. Installation of a new water generation technology (from air and using solar power) in various solar power plants in India. This leads to lesser consumption of bottled water and availability of off grid port water in remote locations.
- (ii) The steps taken by the company for utilizing alternate sources of energy;
  - a. Amex Alloys Group (Alloys, Irons and Investment casting foundries) utilizes Renewable Power from solar & Wind Energy Generators (WEG) plants through energy wheeling scheme thus lot of cost saving plus ensuring uninterrupted productivity. AMEX is the first foundry group in India that runs with > 85% of its power needs from Renewable Sources (Solar & Wind).
  - b. The hot water requirement for canteen in Amex alloys and Balance of System (BOS) factory is now being supplied by a solar power and water hybrid system. These systems supply both solar power for the electrical equipment and hot water for canteen.
  - c. Usage of the new air and solar based water generation system to provide clean drinking water at various facilities.
- (iii) The capital investment on energy conservation equipment:
  - a. Installed solar water hybrid systems in Amex alloys and the BOS factory to reduce power consumption and provision of hot water for the canteen use.
  - b. Investment into new water generation product in various locations across India.

**(B) Technology absorption-**

- (i) The efforts made towards technology absorption & the benefits derived like product improvement, cost reduction, product development or import substitution:
  - a. Various technologies and products for Energy Storage System (ESS) are being analyzed and validated.
  - b. In line with the MNRE (Ministry of New and Renewable Energy) requirements for Government tenders / projects, the DCR (Domestic Content Requirement) based PV panel has been developed along with high efficiency PV module development. The regulatory certification is under progress.
  - c. In order to meet MMS (Module Mounting Structure) of Solar water pump specifications by MNRE, the MMS has been developed and obtained approval from Indian Institute of Technology Madras.
- (ii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):  
Nil.
- (iii) The expenditure incurred on Research and Development during the year is Rs. 66.70 lakhs and previous year it was Rs.50.00 lakh

**(C) Foreign exchange earnings and Outgo-**

The foreign exchange earnings and outgo of the Company for the period under review were Rs.50.59 Lakhs and Rs.10413.81 Lakhs respectively.

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
A.BALAN  
Joint Managing Director

Place: Salem  
Date: 14th June 2021

ANNEXURE-3

THE ANNUAL REPORT ON CSR ACTIVITIES OF THE COMPANY

1. Brief outline on CSR Policy of the Company.

The Company seeks to be a good corporate citizen wherever it does business and respects local concerns, customs and traditions. The Company gives more importance to education sector as it believes that Education is the most powerful weapon, which can be used to change the world.

2. Composition of CSR Committee:

S. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. S. Annadurai	Chairman, Non-Executive, Independent	3	3
2.	Mr. R.Chellappan	Member, Executive, Non-Independent	3	3
3.	Mr.V.C.Raghunath	Member, Executive, Non-Independent	3	2

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Web link of CSR Committee: <https://swelectes.com/wp-content/uploads/2019/04/COMPOSITION-OF-COMMITTEE-OF-BOARD1.pdf>

Web link of CSR Policy: <https://swelectes.com/wp-content/uploads/2021/07/CSR-Policy.pdf>

CSR projects : <https://swelectes.com/csr-projects/>

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

There are no projects undertaken or completed after January 22, 2021, for which the impact assessment report is applicable in FY 2020-2021.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
NIL			

6. Average net profit of the company as per section 135(5): Rs.16,99,56,985/-

7. (a) Two percent of average net profit of the company as per section 135(5): Rs.33,99,140

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL

(c) Amount required to be set off for the financial year, if any: NIL

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.33,99,140/-

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer
34,02,968	NIL	-	-	NIL	-

**(b) Details of CSR amount spent against ongoing projects for the financial year: NIL**

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(6) Project duration	(7) Amount allocated for the project (in Rs.).	(8) Amount spent in the current financial Year (in Rs.).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	NIL	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Supply of groceries worth Rs.300 per bag to sanitary workers in Idappadi Municipality area who were involved in the sanitization and cleaning work during the COVID-19 pandemic	Promoting health care including preventive health care and sanitation	Yes	Idappadi, Salem District, Tamil Nadu		56,000	Yes	NA	NA
2.	Project Shakthi - Free access and distribution of sanitary napkins to lesser privileged women during the COVID-19 pandemic	Promoting health care and sanitation	Yes	Chennai District, Tamil Nadu		5,00,000	No	Bhoomika Trust, Chennai	*Not Applicable
3.	Construction of Class Rooms and Drinking water dispensing unit to a Government Higher Secondary School located at Narasipuram Village, Coimbatore – 641109 to benefit the Children's who are studying in the above school, belonging to families with a very low standard of living in the Narasipuram Village, Coimbatore District	Promoting Education	Yes	Coimbatore District, Tamil Nadu		5,00,000	No	Rotary Texcity Trust, coimbatore	*Not Applicable
4.	Wire Mesh Fencing for Saplings planted at Senthamangalam Village, Karur District	Protection of flora and fauna,	Yes	Karur District, Tamil Nadu		1,28,543	Yes	NA	NA
5.	Montessori Project at Balwadis – Corporation schools at Chennai	Promoting education	Yes	Chennai District, Tamil Nadu		9,08,400	No	Sri Ramacharan Charitable Trust	*Not Applicable

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
6.	Project Purification - constructing a girls toilet for CSI Girls School, Coimbatore	Promoting health care	Yes	Coimbatore	District, Tamil Nadu	4,00,000	Yes	NA	NA
7.	Support with Educational tools (Tablet) for the needy students studying in Thiagarajar Polytechnic College, Salem	Promoting education	Yes	Salem District,	Tamil Nadu	5,00,025	Yes	NA	NA
8.	"Hands on Science" @ Corporation schools, Chennai	Promoting education	Yes	Chennai	District, Tamil Nadu	4,10,000	No	Samskriya Foundation	*Not Applicable
	<b>Total</b>					<b>34,02,968</b>			

\* Applicable from 1.4.2021

(d) Amount spent in Administrative Overheads - NIL

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.34,02,968

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	33,99,140
(ii)	Total amount spent for the Financial Year	34,02,968
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3,828
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3,828

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (Rs. in Lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer.	
1.	2019-20	Not Applicable	-	-	NA	-	NA
2.	2018-19	Not Applicable	-	-	NA	-	NA
3.	2017-18	Not Applicable	-	-	NA	-	NA
	<b>Total</b>		-	-	<b>NA</b>	-	<b>NA</b>

The MCA has amended the CSR Rules with effect from 22.1.2021 wherein it is stipulated that any unspent CSR lying in the company in any financial year shall transfer such amount to Unspent CSR Account to be opened by the Company with any Bank in case of ongoing project and transfer to a fund specified in the Schedule VII of the Act for other than ongoing project. Therefore, such provision is not made applicable for earlier years and accordingly, the reason for unspent amount has been provided in the Board's Report of the Company in the respective financial year.



**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL**

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in Rs.)	(7) Amount spent on the project in the reporting Financial Year (in Rs)	(8) Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	(9) Status of the project - Completed / Ongoing.
1	-	-	-	-	-	-	-	-

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.(asset-wise details):**

- Date of creation or acquisition of the capital asset(s). NIL
- Amount of CSR spent for creation or acquisition of capital asset. NIL
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NIL
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NIL

**11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable**

Sd/-  
R. CHELLAPPAN  
Managing Director

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
S. ANNADURAI  
Chairman, CSR Committee

Place: Chennai  
Date: 14th June 2021

## ANNEXURE-4

### POLICY ON NOMINATION AND REMUNERATION COMMITTEE (NRC)

(Pursuant to Section 178 (4) of the Companies Act, 2013)

#### PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Nomination and Remuneration Committee consisting of three or more non-executive Directors and out of which not less than one-half shall be independent Directors and the Chairperson of the Company (whether executive or non-executive) may be appointed as a Member of the Nomination and remuneration Committee but shall not chair such Committee.

The Nomination and Remuneration Committee and its Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

#### OBJECTIVE

The key objectives of the Committee would be:

- a) To identify persons who are qualified to become directors and guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.
- c) To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

#### DEFINITIONS

“Board” means Board of Directors of the Company.

“Company” means “**SWELECT ENERGY SYSTEMS LTD**”.

“Independent Director” means a director referred to in Section 149 (6) of the Companies Act, 2013.

“**Key Managerial Personnel**” (KMP) means

- a) Chief Executive Officer or the Managing Director
- b) Company Secretary,
- c) Whole-time Director,
- d) Chief Financial Officer and
- e) Senior management person.

“**Nomination and Remuneration Committee**” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

“Policy or This Policy” means, “Nomination and Remuneration Policy.” “Remuneration” means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

“Senior Management” shall mean officers/personnel of the Company who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the “Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the board) and shall specifically include Company Secretary and Chief Financial Office.

#### INTERPRETATION :

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

#### GUIDING PRINCIPLES

The Policy ensures that

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

## **ROLE OF THE COMMITTEE**

The role of the Committee inter alia will be the following:

- a) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- b) Formulate criteria for evaluation of Independent Directors.
- c) Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- d) To carry out evaluation of every Director's performance.
- e) To recommend to the Board the appointment and removal of Directors and Senior Management.
- f) To recommend to the Board policy relating to remuneration for Directors Key Managerial Personnel and Senior Management.
- g) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- h) To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- i) To perform such other functions as may be necessary or appropriate for the performance of its duties.
- j) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- k) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.
- l) Devising a policy on Board Policy.

## **MEMBERSHIP**

- a) The Committee shall comprise at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be independent.
- b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- c) Minimum two (2) members shall constitute a quorum for the Committee meeting.
- d) Membership of the Committee shall be disclosed in the Annual Report.
- e) Term of the Committee shall be continued unless terminated by the Board of Directors.

## **CHAIRMAN**

- a) Chairman of the Committee shall be an Independent Director.
- b) Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c) In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d) Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **FREQUENCY OF MEETINGS**

The Committee shall meet at least once in a year and such regular intervals as may be required.

## **COMMITTEE MEMBERS' INTERESTS**

- a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee

## **VOTING**

- a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**

### **Appointment criteria and qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/ Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### **Term / Tenure:**

#### **Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for reappointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he /she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in Cases such persons serving as a whole-time Director of a listed Company.

#### **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

#### **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

#### **Retirement:**

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## **PROVISIONS RELATING TO REMUNERATION OF KMP AND SENIOR MANAGEMENT**

### **General:**

1. The remuneration / compensation / commission etc. to KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Key Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board.

### **Fixed pay:**

KMP and Senior Management shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force.

The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the Shareholders of the Company and Central Government, wherever required.

#### **Remuneration to Non-Executive / Independent Director:**

##### **1. Remuneration /Commission:**

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force.

##### **2. Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. The sitting fess shall be decided by the Board from time to time after due deliberations. However the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013 or such amount as may be prescribed by the Central Government from time to time.

##### **3. Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013. The Board may however decide from time to time to pay any amount within the ceiling prescribed under the Act.

#### **MINUTES OF COMMITTEE MEETING**

Proceedings of all meetings must be recorded and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

#### **AMENDMENT TO THE POLICY**

The Board on its own and/or as per the recommendations of the respective Committee can amend this policy, as and when it deems fit.

In case of any amendment(s), clarification(s), circular(s), etc. issued by the relevant authorities not being consistent with the provisions laid down under this policy, then such amendments, clarifications, circulars etc., shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.

#### **DEVIATIONS FROM THIS POLICY**

Deviations on elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
A.BALAN  
Joint Managing Director

Place: Salem  
Date: 14th June 2021

**ANNEXURE-5**

**Particulars of Employees pursuant to Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (appointment and remuneration of managerial personnel) amendment rules, 2016.**

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	1. Mr. R. Chellappan	: 15:1
	2. Mr. A. Balan	: 10:1
	3. Mr. K. V. Nachiappan	: 8:1
	4. Mr. V.C. Raghunath	: 3:1
	5. Mr. V. C. Mirunalini	: 3:1
	6. Mr. G.S.Samuel	No remuneration was paid for the financial year 2020-2021 except sitting fees.
	7. Mrs. Jayashree Nachiappan	
	8. Mr. S. Annadurai	
	9. Mr. S. Krishnan	
	10. Dr. S. Iniyan	
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;;	1. Mr. R. Chellappan,MD	: 74.41*
	2. Mr. A. Balan,JMD	: 12.13*
	3. Mr. K. V. Nachiappan,WTD	: 10.16**
	4. Mr. V.C. Raghunath,WTD	: -19.57***
	5. Mrs.V.C. Mirunalini,WTD	: -19.87***
	6. Ms. Nikhila.R, CFO	: 0.00#
	7. Mr. R. Sathishkumar,CS	: 42.55
<p>*Due to loss (PAT) for the year ended 31.03.2020 the Commission, LTA and Furnishing allowances were not drawn by MD and JMD for the financial year ended 31.3.2020. However, for the financial year ended 31.3.2021, the provision for Commission to MD and JMD was made and hence there is an increase in the percentage of remuneration.</p> <p>**At the 25th AGM held on 10.9.2020 the payment of Commission to Mr. K. V. Nachiappan @ 0.25% on the net profits of the Company not exceeding Rs.10,00,000/- per annum with effect from financial year 2020-2021 was approved by the Shareholders. Accordingly, a provision for same has been made and hence there is an increase in the percentage of remuneration.</p> <p>***Due to Covid-19 the remuneration was not fully drawn by Mr. V. C. Raghunath and Mrs. V. C. Mirunalini, WTDs for the year ended 31.3.2021 and hence there is a decrease in the remuneration.</p> <p># Not comparable as Ms.Nikhila R has appointed as CFO w.e.f. 12.11.2020.</p>		
(iii) The percentage increase in the median remuneration of employees in the financial year	4.39%	
(iv) the number of permanent employees on the rolls of company;	293	
(v) average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>Average percentage increase already made in the salaries of employees other than the managerial personnel : 7.67%.</p> <p>Percentage increase in the managerial remuneration: 21.27%</p>	
(vi) affirmation that the remuneration is as per the remuneration policy of the company.	It is affirmed that the remuneration is as per the remuneration policy of the Company.	

**Particulars of Employees pursuant to Section 197(12) of the Companies Act, 2013 read with rule 5(2) the Companies (appointment and remuneration of managerial personnel) amendment rules, 2016:**

a) Employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees.	Nil
b) Employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month.	Nil
<p>c) Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company:</p> <p><b>Mr. R. Chellappan: Rs.42.81 Lakhs per annum</b> - There were no employees as provided in the Top Ten List who was in receipt of remuneration in excess of Mr. R. Chellappan, Managing Director</p> <p><b>Mr. A. Balan: Rs.30.37 Lakhs per annum</b> - There were no employees as provided in the Top Ten List who was in receipt of remuneration in excess of Mr. A. Balan, Joint Managing Director.</p> <p><b>Mr. K. V. Nachiappan : Rs. 24.19 Lakhs per annum</b> - There were no employees as provided in the Top Ten List who was in receipt of remuneration in excess of Mr. K. V. Nachiappan, Whole Time Director.</p> <p><b>Mr. V. C. Raghunath : Rs. 8.76 Lakhs per annum</b> - There were 7 employees as provided in the Top Ten List (Serial No.4 to 10) and another 15 employees were in receipt of remuneration in excess of Mr. V.C. Raghunath, Whole Time Director.</p> <p><b>Mrs. V.C. Mirunalini : Rs. 7.17 Lakhs per annum</b> - There were 7 employees as provided in the Top Ten List (Serial No.4 to10) and another 22 employees were in receipt of remuneration in excess of Mrs. V. C. Mirunalini, Whole Time Director</p> <p>The above said Employees are not holding two percent or more of the Equity shares in the Company either by themselves or along with their spouse and dependent children.</p>	

d) Top ten employees in terms of remuneration drawn during the financial year 2020-2021

S. No.	Employee Name & Designation	Remuneration received (Rs. in lakhs)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age	The last employment held by such employee before joining the company	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2)	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1	Mr. R Chellappan Managing Director	42.81	Regular	BE (EEE), 49 yrs	12-09-1994	68	Worked in Ashok Leyland Limited as a Senior Executive until March 1984 & founded Numeric Engineers in Nov 1984. Numeric Engineers became Public Company in 1994 as Numeric Power Systems Limited and changed its name as SWELECT Energy Systems Limited.	50.47	Father of Mr. V.C. Raghunath & Mrs. V. C. Mirunalini Whole Time Directors
2	A Balan Joint Managing Director	30.37	Regular	B.E (EEE), 50 Years	03-10-2015	68	Novateur Electrical & Digital Systems Private Limited	3.53	NO
3	Mr. K V Nachiappan Whole Time Director	24.19	Regular	B.E (EEE), 33 yrs	20-04-2018	55	Novateur Electrical & Digital Systems Private Limited	1.2	Husband of Mrs. Jayashree Nachiappan, Non-Executive Director
4	Mr. S Nataraj Senior Assistant Vice President (Renewable Energy Products)	24.17	Regular	M. Tech (Chemical Engg) 14 Years & 6 months	22-12-2014	39	Ernst & Young, Chartered Accountants	Nil	No
5	Mr. HR Vasuki Chief Operating Officer	24.02	Regular	MSc, 26 yrs 6 mths	05-08-2008	51	GE Thermometrics India Pvt Ltd	Nil	No
6	Dr. Arindam Sarker Chief Technical Officer	21.37	Regular	MSc., PhD, (Phy.) 23 yrs	01-04-2008	47	Hind High Vacuum Co. (Pvt.) Ltd.	Nil	No
7	Mr. V Ramakrishnan General Manager	21.00	Regular	BE (Power), 16 yrs	05-02-2020	37	L&T Construction	Nil	No
8	Mr. Prakash Das Assistant Vice President (Projects)	18.62	Regular	BE, PGDASD, ME, 17 yrs 3 mths	01-11-2011	44	Leonics Company Ltd	Nil	No
9	V.Srinivasan Senior Assistant Vice President	17.54	Regular	Diploma (Civil Engg), 25 yrs 6 mths	22-05-2020	44	Novateur Electrical & Digital Systems Private Limited	0.26	No
10	Mr. V Venkatesh Vice President (Operational and Special Projects)	16.58	Regular	B.E, 30 yrs 2 mths	25-12-2014	51	Novateur Electrical & Digital Systems Private Limited	0.009	No

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Sd/-  
A. BALAN  
Joint Managing Director

Place: Salem  
Date: 14th June 2021

Place: Coimbatore  
Date: 14th June 2021



**ANNEXURE-6**  
**SECRETARIAL AUDIT REPORT OF MATERIAL SUBSIDIARY**  
**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018]

To,  
The Members,  
AMEX ALLOYS PRIVATE LIMITED  
[CIN: U27310TZ2003PTC010905]  
Registered Office: SF No.289/2, Kunnathur Pudur (Po),  
Sathy Road, Coimbatore – 641 107, Tamilnadu, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Amex Alloys Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended **31st March 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

Secretarial Audit was conducted as required under 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended 31st March 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

I further report that, there were no events/ actions in pursuance of the following requiring compliance by the company during the audit period:

- a. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- b. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- c. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- f. The Securities and Exchange Board of India (Share based Employee benefits) Regulations 2014;
- g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ;
- h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client ;
- i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;
- j. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ;
- k. Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ;

I have relied on the representation made by the Company and its officers, relating to systems and mechanisms framed by the Company, for ensuring compliance with the Laws as applicable to the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Guidelines, Standards etc mentioned above.

**I further report that**

The Board of Directors of the Company is duly constituted with one independent director of the listed holding company into the Board of Directors.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I am informed that there were no dissenting members, on any of the matters, discussed at the Board Meetings during the financial year under review, whose views were required to be captured and recorded as part of the minutes.

**I further report that** based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, I am of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the period covered under the Audit, the Company has not made any specific events / actions having a major bearing on the company's affairs in pursuance of laws, rules, regulations and guidelines referred to above.

**P. ESWARAMOORTHY AND COMPANY**

Company Secretaries

**P. Eswaramoorthy**

Proprietor

FCS No.: 6510, CP No.: 7069

Place: Coimbatore

Date: 14.06.2021

UDIN: F006510C000456344

Peer review Cert. No.933/2020

*Note:*

Secretarial Audit is applicable as the Company is Material Subsidiary of SWELECT ENERGY SYSTEMS LIMITED (a Company listed at BSE & NSE) and an audit was conducted as required under 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Please refer Annexure to secretarial audit report of even date issued which is forms part of this Audit Report

**ANNEXURE TO SECRETARIAL AUDIT REPORT OF  
EVEN DATE ISSUED BY COMPANY SECRETARY IN PRACTICE**

To,  
The Members,  
AMEX ALLOYS PRIVATE LIMITED  
[CIN: U27310TZ2003PTC010905]  
Registered Office: SF No.289/2, Kunnathur Pudur (Po),  
Sathy Road, Coimbatore – 641 107, Tamilnadu, India.

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records, devising proper system to ensure compliance with the provisions of all applicable laws and regulations and ensuring that systems are adequate and operate effectively, are the responsibilities of the Management of the Company. My responsibility is to express an opinion on these Secretarial Records based on Audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness and contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**P. ESWARAMOORTHY AND COMPANY**

Company Secretaries

**P. Eswaramoorthy**

Proprietor

FCS No.: 6510, CP No.: 7069

Place: Coimbatore

Date: 14.06.2021

UDIN: F006510C000456344

Peer review Cert. No.933/2020

## **Standalone Ind AS Financial Statements**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of SWELECT ENERGY SYSTEMS LIMITED**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the accompanying standalone financial statements of SWELECT ENERGY SYSTEMS LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to Note 41 of the standalone financial statements, which describes the management's assessment of impairment of investment in two operating subsidiaries and its assessment of the carrying value of investment and loans given to those two operating subsidiaries, either on account of accumulated losses or significant reduction in revenues in those subsidiaries. This assessment also considers the uncertainties arising from COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Evaluation of impairment of investments and loans given to two operating subsidiaries of the Company which has either accumulated losses or significant reduction in revenues.</b></p> <p>Investments (net) aggregating Rs. 7,186.18 lakhs [Refer Note 6 to the standalone financial statements] in the two operating subsidiaries and Loans given</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our procedures relating to the impairment of investments and loans included the following, among others:</p> <p>a. We tested the effectiveness of internal controls over the Company's forecasting process and investment impairment review including controls relating to the valuation methodology used, the completeness and</p>

<p>aggregating Rs. 4,523.97 lakhs [Refer Note 7C to the standalone financial statements] to one of the subsidiaries of the Company, which has either accumulated losses or significant reduction in revenue, is considered good and recoverable based on Management's judgment.</p> <p>The Management's judgment includes the valuation methodology, estimating the forecasted revenues and cash flows, which includes the likely impact on account of the COVID-19 pandemic on the discount rate and growth rate used in the projection period. Any adverse changes to these two assumptions could result into reduction in the fair value determined, resulting in a potential impairment to be recognized.</p>	<p>accuracy of the input data considered, including the reasonableness of key assumptions considered in determining the future projections and the impairment calculations.</p> <p>b. We obtained the investment valuation (prepared by the external valuation specialist or as prepared by the management, as applicable) and we performed the following procedures:</p> <ol style="list-style-type: none"> <li>i. We evaluated appropriateness of the valuation methodology used and the reasonableness of the key assumptions considered by the management, such as discount rate and growth rate, in consultation with internal fair valuation specialist, duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Company's estimates in the prior periods.</li> <li>ii. Compared the actual revenues and cash flows generated by these subsidiaries during the year as to the projections and estimates considered in the previous year.</li> <li>iii. We also assessed the sensitivity of the valuation to key changes in assumptions and tested the mathematical accuracy of the impairment model.</li> </ol>
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#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including the Annexures to the Board Report and Corporate Governance report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process

## Auditor's Responsibility for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,  
  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**C Manish Muralidhar**  
Partner  
(Membership No.213649)  
(UDIN: 21213649AAAACK8917)

Place: Hyderabad  
Date: 14 June 2021



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **SWELECT ENERGY SYSTEMS LIMITED** (“the Company”) as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**C Manish Muralidhar**  
Partner  
(Membership No.213649)  
(UDIN: 21213649AAAACK8917)

Place: Hyderabad  
Date: 14 June 2021

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (b) The Property, Plant and Equipment are physically verified in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- In respect of immovable property of land and building that have been taken on lease and disclosed as Property, Plant and Equipment in the Standalone financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company has physically verified the inventory during the year in accordance with a regular programme of verification, which, in our opinion provides for physical verification of all the inventory at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
- a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- b. The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- c. There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods & Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods & Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales tax, Value Added Tax and Central Excise Act which have not been deposited as on 31 March 2021 on account of disputes are given below:

Name of the statute	Nature of dues	Amount (in Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
Kerala Sales Tax Act, 1963	Penalty	6.67	2000-2001	Deputy Commissioner,
Commercial Taxes Delhi Vat Act, 2004	Disputed turnover	5.04	2006-2007	Commissioner, Appeals

Name of the statute	Nature of dues	Amount (in Rs. lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Tax (Assam), Rules 1957	Non submission of F-Forms & C-Forms to the Department	13.77	2011-2012 & 2012-2013	Asst. Commissioner, Appeals
Central Excise Act	Levy of CVD and SAD on imports	606.26	2009-2015	2009 - 2012 –The Excise Appellate Tribunal 2012-2013 –Commissioner of Central Excise 2013-2015 – The Excise Appellate Tribunal
Income Taxes	Disallowances of items	2,810.54	2009-2010 2012-2013 2013-2014 2015-2016 2016-2017	Commissioner of Income Tax (CIT) Appeals

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures and has not borrowed any money from financial institutions.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year were applied for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and, hence, reporting under clause (xii) of the CARO 2016 Order is not applicable
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and, hence, reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiaries or persons connected with them and, hence, provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**C Manish Muralidhar**  
Partner  
(Membership No.213649)  
(UDIN: 21213649AAAACK8917)

Place: Hyderabad  
Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**

**Balance Sheet as at 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

PARTICULARS	Note No.	As at 31 March 2021	As at 31 March 2020
<b>(A) ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	3	18,998.71	15,337.45
(b) Capital Work-In-Progress		285.14	-
(c) Right of Use Assets	3(a)	178.48	6.67
(d) Investment Property	4	1,902.56	1,652.59
(e) Other Intangible Assets	5	6,186.19	6,568.95
(f) Financial Assets			
(i) Investment in Subsidiaries	6	13,933.94	12,772.93
(ii) Other Non Current Investments	7(a)	530.35	530.35
(iii) Loans	7(c)	521.56	218.49
(iv) Trade Receivables	10	930.51	1,419.36
(v) Other Financial Assets	7(d)	134.87	134.87
(vi) Bank Balances	7(e)	4,023.00	4,584.00
(g) Income Tax Asset (Net)	18	314.87	154.23
(h) Other Non-Current Assets	8	103.90	136.72
<b>Total Non-Current Assets</b>		<b>48,044.08</b>	<b>43,516.61</b>
<b>Current assets</b>			
(a) Inventories	9	4,860.67	5,448.94
(b) Financial Assets			
(i) Investments	7(b)	27,171.76	23,703.25
(ii) Loans	7(c)	10,823.65	9,361.48
(iii) Trade Receivables	10	7,509.78	3,122.11
(iv) Cash and Cash Equivalents	11	314.25	238.77
(v) Other Bank Balances	7(e)	5,774.89	3,642.05
(vi) Other Financial Assets	7(d)	788.98	780.75
(c) Other Current Assets	12	342.86	627.00
<b>Total Current assets</b>		<b>57,586.84</b>	<b>46,924.35</b>
<b>TOTAL ASSETS</b>		<b>105,630.92</b>	<b>90,440.96</b>

PARTICULARS	Note No.	As at 31 March 2021	As at 31 March 2020
<b>(B) EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	13	1,515.88	1,515.88
(b) Other Equity	14	66,580.11	64,263.04
<b>Total Equity</b>		<b>68,095.99</b>	<b>65,778.92</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	13,199.81	2,943.08
(ii) Other Financial Liabilities	17	177.48	138.71
(b) Provisions	19	490.64	452.11
(c) Other Non-Current Liabilities	17(a)	233.76	387.07
<b>Total Non-current liabilities</b>		<b>14,101.69</b>	<b>3,920.97</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	12,928.27	8,908.80
(ii) Trade Payables	20		
(A) Total outstanding dues of Micro Enterprises and Small Enterprises		4.46	-
(B) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		8,145.55	7,765.11
(iii) Lease Liabilities		185.67	7.87
(iv) Other Financial Liabilities	17	1,324.02	1,219.45
(b) Other Current Liabilities	21	727.01	2,726.43
(c) Provisions	19	118.26	113.41
<b>Total Current liabilities</b>		<b>23,433.24</b>	<b>20,741.07</b>
<b>Total Liabilities</b>		<b>37,534.93</b>	<b>24,662.04</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>105,630.92</b>	<b>90,440.96</b>

See accompanying notes forming part of the Standalone Ind AS Financial Statements.

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Sd/-  
**C Manish Muralidhar**  
Partner

Place : Hyderabad  
Date : 14th June 2021

For and on behalf of the **Board of Directors**  
**Swelect Energy Systems Limited**

Sd/-  
**R. Chellappan**  
Managing Director  
DIN:00016958  
Place : Coimbatore  
Date: 14th June 2021

Sd/-  
**A. Balan**  
Joint Managing Director  
DIN:00017091  
Place : Salem  
Date: 14th June 2021

Sd/-  
**R. Sathishkumar**  
Company Secretary  
Place: Chennai  
Date: 14th June 2021

Sd/-  
**Nikhila R**  
Chief Financial Officer  
Place: Chennai  
Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**

**Statement of Profit and Loss for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

PARTICULARS	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>INCOME</b>			
Revenue from operations	22	18,453.22	14,204.04
Other income	23	3,279.04	3,170.98
<b>Total Income</b>		<b>21,732.26</b>	<b>17,375.02</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	24	6,397.44	9,839.85
Purchase of Stock-in-Trade		3,882.10	111.66
Decrease / (Increase) in inventories of work-in-progress, traded goods and finished goods	25	1,200.48	(1,948.73)
Employee Benefits Expense	26	1,217.53	1,194.66
Depreciation and Amortisation Expense	28	1,547.79	1,659.43
Other Expenses	27	3,115.65	4,481.64
Finance Costs	29	1,249.12	981.15
<b>Total Expenses</b>		<b>18,610.11</b>	<b>16,319.66</b>
<b>Profit before exceptional items and tax</b>		<b>3,122.15</b>	<b>1,055.36</b>
Exceptional items	41	(691.00)	(2,471.99)
<b>Profit/(Loss) before tax</b>		<b>2,431.15</b>	<b>(1,416.63)</b>
<b>Tax Expense</b>			
Current tax	18	-	256.53
<b>Income tax expense</b>		<b>-</b>	<b>256.53</b>
<b>Profit/(Loss) for the year</b>		<b>2,431.15</b>	<b>(1,673.16)</b>
<b>Other Comprehensive Income (OCI)</b>			
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement (losses) / gain on defined benefit plans	32	(0.40)	54.88
Income Tax Effect	18	-	(9.59)
<b>Other comprehensive income for the year, net of tax</b>		<b>(0.40)</b>	<b>45.29</b>
<b>Total Comprehensive income/ (Loss) for the year</b>		<b>2,430.75</b>	<b>(1,627.87)</b>
<b>Earnings per share (Face value of Rs. 10/- each)</b>			
1. Basic (in INR)	30	16.04	(11.04)
2. Diluted (in INR)	30	16.04	(11.04)

See accompanying notes forming part of the Standalone Ind AS Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Sd/-

**C Manish Muralidhar**

Partner

Place : Hyderabad

Date : 14th June 2021

For and on behalf of the **Board of Directors**

**Swelect Energy Systems Limited**

Sd/-

**R. Chellappan**

Managing Director

DIN:00016958

Place : Coimbatore

Date: 14th June 2021

Sd/-

**R. Sathishkumar**

Company Secretary

Place: Chennai

Date: 14th June 2021

Sd/-

**A. Balan**

Joint Managing Director

DIN:00017091

Place : Salem

Date: 14th June 2021

Sd/-

**Nikhila R**

Chief Financial Officer

Place: Chennai

Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**  
**Cash Flow Statement for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit/(Loss) after taxation</b>	2,431.15	(1,673.16)
Adjustments to reconcile profit after tax to net cash flows:		
Tax expense	-	256.53
Depreciation/amortisation	1,547.79	1,659.43
(Gain)/Loss on investments carried at fair value through Profit and Loss	(266.30)	(237.50)
Provision for diminution in value of investment in Subsidiary ( Refer note 41)	691.00	2,471.99
Loss on investments carried at fair value through Profit and Loss	-	800.56
Net gain from the sale of current investment	(1,392.49)	(1,463.59)
Dividend income earned on Investments	-	(38.28)
Provision for bad and doubtful debts and Bad debts written off	274.98	106.69
Provision for warranties	24.51	15.61
Provision no longer required written back (Net)	-	(5.34)
Interest expense	1,249.12	936.94
Interest income	(1,258.43)	(1,197.34)
Gain on sale of Property, Plant and Equipment	-	(104.79)
Loss on retirement of Property, Plant and Equipment	18.15	4.50
Exchange Differences (net)	(259.19)	509.00
<b>Operating profit before working capital changes</b>	<b>3,060.29</b>	<b>2,041.26</b>
<b>Movement in working capital :</b>		
(Increase)/ Decrease in trade receivables	(4,103.80)	(2,870.12)
(Increase) / Decrease in current and non-current assets	316.96	(68.60)
Decrease in current and non-current Financial assets	(381.30)	448.98
(Increase) / Decrease in inventories	588.27	(907.48)
Increase/ (Decrease) in trade payables, other current and long- term liabilities	(1,422.77)	2,402.71
(Decrease)/ Increase in provisions	18.47	(249.56)
<b>Cash flow generated from / (used in) operations</b>	<b>(1,923.88)</b>	<b>797.19</b>
Taxes paid, net	(160.64)	(48.41)
<b>Net cash flow generated from / (used in) operating activities (A)</b>	<b>(2,084.52)</b>	<b>748.78</b>



PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>B. Cash flow from investing activities:</b>		
Capital expenditure	(5,353.76)	(4,348.31)
Redemption/Purchase of current investments	(1,809.72)	2,446.94
Sale of Property, Plant & Equipment	59.40	256.26
Investment in Subsidiary	(1,852.01)	-
Loan given to Subsidiaries / (Repayment Received from Subsidiaries)	(1,462.17)	(969.99)
Bank deposits placed	(1,572.49)	(485.01)
Interest received	1,258.43	960.56
Dividend received on Investments	-	38.28
<b>Net cash flow used in investing activities (B)</b>	<b>(10,732.32)</b>	<b>(2,101.27)</b>
<b>C. Cash flow from financing activities:</b>		
Borrowings availed /(repaid)	12,607.68	1977.06
Payment of lease liabilities	(97.83)	(95.18)
Interest paid	(1,173.01)	(916.22)
Dividend distributed	(105.70)	(442.13)
Tax on Dividend paid	(7.99)	(90.88)
<b>Net cash flow generated from financing activities (C)</b>	<b>11,223.15</b>	<b>432.65</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>(1,593.69)</b>	<b>(919.85)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(8,296.54)</b>	<b>(7,376.69)</b>
<b>Closing cash and cash equivalents</b>	<b>(9,890.23)</b>	<b>(8,296.54)</b>
<b>Cash and Cash equivalents (Refer Note 11(a))</b>	<b>(9,890.23)</b>	<b>(8,296.54)</b>

See accompanying notes forming part of the Standalone Ind AS Financial Statements.

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Sd/-  
**C Manish Muralidhar**  
Partner

Place : Hyderabad  
Date : 14th June 2021

For and on behalf of the **Board of Directors**

**Swelect Energy Systems Limited**

Sd/-  
**R. Chellappan**  
Managing Director  
DIN:00016958  
  
Place : Coimbatore  
Date: 14th June 2021

Sd/-  
**R. Sathishkumar**  
Company Secretary  
  
Place: Chennai  
Date: 14th June 2021

Sd/-  
**A. Balan**  
Joint Managing Director  
DIN:00017091  
  
Place : Salem  
Date: 14th June 2021

Sd/-  
**Nikhila R**  
Chief Financial Officer  
  
Place: Chennai  
Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

**a. Equity Share Capital**

As at 1 April 2019	Changes in Equity Share Capital during the year (Refer Note 13)	Balance as at 31 March 2020	Changes in Equity Share Capital during the year (Refer Note 13)	Balance as at 31 March 2021
1,010.58	505.30	1,515.88	-	1,515.88

**b. Other Equity**

Particulars	Reserves & Surplus			Total Other Equity
	Capital Reserve	Securities Premium Reserve	Retained Earnings	
<b>Balance as at 1 April 2019</b>	<b>152.64</b>	<b>4,796.48</b>	<b>43,889.06</b>	<b>66,940.32</b>
Loss for the year	-	-	(1,673.16)	(1,673.16)
Bonus shares issued	-	(505.29)	-	(505.29)
Other Comprehensive Income (Net of tax)	-	-	45.29	45.29
Distribution for the year 2018-19	-	-	(252.65)	(252.65)
Dividend Distribution Tax for the year 2018-19	-	-	(51.93)	(51.93)
Interim Distribution for the year 2019-20	-	-	(189.48)	(189.48)
Interim Tax on Dividend for the year 2019-20	-	-	(38.95)	(38.95)
Impact of Ind AS 116	-	-	(11.10)	(11.10)
<b>Balance as at 31 March 2020</b>	<b>152.64</b>	<b>4,291.19</b>	<b>41,717.08</b>	<b>64,263.05</b>
Profit for the year	-	-	2,431.15	2,431.15
Other Comprehensive Income (Net of tax)	-	-	(0.40)	(0.40)
Dividend Distribution made during the year relating to financial year 2019-20	-	-	(105.70)	(105.70)
Tax on Dividend for the year 2019-20	-	-	(7.99)	(7.99)
<b>Balance at 31 March 2021</b>	<b>152.64</b>	<b>4,291.19</b>	<b>44,034.14</b>	<b>66,580.11</b>

See accompanying notes forming part of the Standalone Ind AS Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Sd/-  
**C Manish Muralidhar**  
Partner

Place : Hyderabad  
Date: 14th June 2021

For and on behalf of the **Board of Directors**

**Swelect Energy Systems Limited**

Sd/-  
**R. Chellappan**  
Managing Director  
DIN:00016958

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
**A. Balan**  
Joint Managing Director  
DIN:00017091

Place: Salem  
Date: 14th June 2021

Sd/-  
**R. Sathishkumar**  
Company Secretary

Place: Chennai  
Date: 14th June 2021

Sd/-  
**Nikhila R**  
Chief Financial Officer

Place: Chennai  
Date: 14th June 2021

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2021

#### 1. Corporate information

SWELECT ENERGY SYSTEMS LIMITED (hereinafter referred to as 'the Parent' or 'the Company' or 'the Holding Company') was incorporated as a Public Limited Group on 12 September 1994. The Parent and its subsidiaries (together referred to as 'the Group') are engaged in the business of manufacturing and trading of Solar power projects, off-grid solar photovoltaic modules, based on crystalline silicon technology (c-Si), solar and wind power generation, contract manufacturing services, installation and maintenance services, sale of Solar Photovoltaic inverters and energy efficient lighting systems. The Parent is domiciled in India and its shares are listed on BSE and NSE. The registered office of the Group is located at Chennai.

#### 2 Basis of preparation

##### (a) Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

##### (b) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR/ Rs.), which is the Company's functional currency. All the financial information have been presented in Indian Rupees Lakhs except for share data and as otherwise stated.

##### (c) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

##### (d) Use of estimates and judgements

In preparing these financial statements, the Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

##### **Judgements**

Note 5 - Revenue from Service Concession Arrangements

##### **Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

Note 3 - Useful life of Property, Plant and Equipment

Note 22 - Revenue from Service Concession Arrangements

Note 38 - Fair valuation of Financial Assets/Liabilities

Notes 7 & 10 - Impairment of financial assets and other assets

Note 9 - Allowance for Non-moving, Slow moving inventories

Note 19 - Provision for Warranty and the underlying projections / assumptions / judgements etc.

Note 31 – Measurement of Defined Benefit Obligations: Key actuarial assumptions

##### (e) Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values whereby the valuation is obtained from an external independent valuer, which is then reviewed by the Chief Financial Officer for the underlying assumptions used in the valuation.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

The Chief Financial Officer regularly reviews the significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used by the valuer to measure fair values, then the Chief Financial Officer assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4 – Investment Property and Note 38 – Financial Instruments

**2(A) Summary of significant accounting policies**

**(a) Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification which is determined based on the operating cycle.

An asset is treated as current when it is:

- ♦ Expected to be realised or intended to sold or consumed in the normal operating cycle
- ♦ Held primarily for the purpose of trading
- ♦ Expected to be realised within twelve months after the reporting period, or
- ♦ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is treated as current when:

- ♦ It is expected to be settled in normal operating cycle
- ♦ It is held primarily for the purpose of trading
- ♦ It is due to be settled within twelve months after the reporting period, or
- ♦ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

**(b) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties collected on behalf of the Government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

**The following specific recognition criteria must also be met before revenue is recognised:**

**Sale of goods**

Revenue from sale of goods, its accessories and other traded/manufactured goods are recognised when control of ownership is passed to the buyer, which generally coincides with dispatch of goods. Revenues under composite contracts comprising supply, installation and commissioning are recognised on dispatch as such services are generally considered insignificant to the contract.

Sales Tax/Value Added Tax (VAT), Goods and Service Tax is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

**Sale of power**

Revenue from sale of power from renewable energy sources is recognised in accordance with the price agreed under the provisions of the Power Purchase Agreement entered into with Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) and other customers. Such revenue is recognised on the basis of actual units generated and transmitted.

Revenue from power distribution business is accounted on the basis of billings to the customers and includes unbilled revenues accrued up to the end of accounting year. Customers are billed as per the tariff rates issued by Electricity Regulatory Commission. Interest is accounted on accrual basis on overdue bills.

**Renewable Energy Certificate (REC) Income:**

Income arising from REC is initially recognised in respect of the number of units of power exported at the minimum expected realisable value, determined based on the rates specified under the relevant regulations duly considering the entitlements as per the policy, industry specific developments, Management assessment etc. and when there is no uncertainty in realising the same. The difference between the amount recognised initially and the amount realised on sale of such RECs at the Power Exchange are accounted for as and when such sale happens.

**Income from service**

Revenue from maintenance contracts is recognised in the Statement of Profit and Loss on a periodic basis over the period of the contract according to the terms and conditions of the agreements. Income from installation contracts is recognised when the certificate of installation is received from the customer.

**Interest income**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included in 'Other Income' in the Statement of Profit and Loss. For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividend**

Revenue is recognised when the Company's right as a shareholder/unit holder to receive payment is established by the reporting date.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

**Rental Income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in Revenue from Operations in the Statement of Profit or Loss due to its operating nature.

**(c) Service Concession Agreement**

The Company constructs Infrastructure used to provide a public service, operates and maintains that Infrastructure (operation services) for a specified period of time.

These arrangements may include Infrastructure used in a Public-to-Private service concession arrangement for its entire useful life.

Under Appendix C to Ind AS 115 - Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The Intangible asset model is used to the extent that the Company receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used when the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated with reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Company manages concession arrangements which include constructing Solar power distribution assets for distribution of electricity. The Company maintains and services the Infrastructure during the concession period. These concession arrangements set out rights and obligations related to the Infrastructure and the services to be provided.

The right to consideration gives rise to an Intangible asset and financial receivable and accordingly, both the Intangible asset and financial receivable models are applied. Income from the concession arrangements earned under the Intangible asset model consists of the value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and payments actually received from the users. The Intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Company, starting from the date when the right to operate starts to be used. Based on these principles, the Intangible asset is amortised in line with the actual usage of the specific public facility or the agreement period, whichever is less.

Financial receivable is recorded at fair value of guaranteed residual value to be received at the end of the concession period. This receivable is subsequently measured at amortised cost.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expires.

**(d) Inventories**

Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress, Finished goods	Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty (until 30 June 2017).
Traded goods	Lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

**(e) Taxes**

**Current income tax**

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the Statement of Profit and Loss except to the extent it relates to items recognised directly in Equity, in which case it is recognised in Equity. Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset, if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Company does not have convincing evidence that it will pay normal income tax during the specified period. With the introduction of the new Income tax provisions, the Company has the option to adopt lower rate of tax under Section 115BAA. Upon availing this option, MAT accruals till date of adoption will be expunged.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in Other Comprehensive Income or in Equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate.

**(f) Employee Benefits**

**Defined Contribution Plan**

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent of the pre-payment.

Employee State Insurance

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

**Defined Benefit Plan**

Gratuity

The Company makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Company accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in Retained Earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. The defined benefit obligation recognised in the Balance Sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled.

Long Term Compensated Absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Short Term Employee Benefits

Short Term Employee Benefits includes short term compensated absences which is recognised based on the eligible leave at credit on the Balance Sheet date and the estimated cost is based on the terms of the employment contract.

**(g) Foreign Currency Transactions and Translations**

Foreign Currency Transactions and Translations

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Treatment of Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or as expense in the year in which they arise.

**Forward exchange contracts entered into to hedge foreign currency risk of an existing Asset/Liability**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**(h) Earnings per share**

Basic earnings per share is computed by dividing the profit / loss after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / loss after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**(i) Property, Plant and Equipment and Intangible assets**

Property, Plant and Equipment and Other Intangible assets are stated at original cost net of tax/duty credit availed, less accumulated depreciation/amortisation and impairment losses, if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Other Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Other Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to Statement of Profit and Loss for the year during which such expenses are incurred.

Gains and losses arising from derecognition of Property, Plant and Equipment and Other Intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the Property, Plant & Equipment is recognised in the Statement of the Profit and Loss, when the Property, Plant and Equipment is derecognised.

The Company identifies and determines cost of each component/part of the Property, Plant and Equipment separately, if the component/part has a cost which is significant to the total cost of the Property, Plant and Equipment and has useful life that is materially different from that of the remaining Property, Plant and Equipment.

Capital Work-in-Progress: Projects under which Property, Plant and Equipment are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest. Once it has become available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

**(j) Depreciation and amortisation**

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the Management as follows:

Building	30 years
Plant and Machinery (other than Windmills & Solar Plant)	15 years
Windmills (included under Plant and Machinery)	22 years
Solar Plant	25 years
Office Equipment	5 years
Electrical Equipment	10 years
Computers	3 years
Furniture and Fittings	10 years
Vehicles (Motor cars/Motor Vehicles)	8 years/ 10 years

**(k) Useful lives/depreciation rates**

Considering the applicability of Schedule II, the Management has estimated the useful lives and residual values of all its fixed assets. The Management believes that the depreciation rates currently used fairly reflect its estimate of the useful life and residual values of Property, Plant and Equipment, though these rates in certain cases are different from the lives prescribed under Schedule II.

The Management has estimated, supported by independent assessment by professionals, where applicable, the useful lives of the following classes of Property, Plant and Equipment.

The useful life of certain Solar Plant and Machinery to 25 years, respectively. These lives are higher than those indicated in Schedule II.

Leasehold improvements are amortised using the straight-line method over their estimated useful lives (5 years) or the remainder of primary lease period, whichever is lower.

Other Intangible assets are amortised using the straight-line method over a period of five years.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

**(l) Impairment of Property, Plant and Equipment and Intangible assets**

The carrying amounts of Property, Plant and Equipment is reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an Property, Plant and Equipment exceeds its recoverable amount. The recoverable amount is the greater of the Property, Plant and Equipment's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the Property, Plant and Equipment. After impairment, depreciation is provided on the revised carrying amount of the Property, Plant and Equipment over its remaining useful life.

**(m) Investment Property**

The Company has elected to adopt the carrying value of Investment Property under the Indian GAAP as on 31st March 2015, as the deemed cost for the purpose of transition to Ind AS.

Investment Property represents Property (Land or a Building—or part of a Building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment Property is measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Property is stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts if the recognition criteria are met. When significant parts of the Investment Property is required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Depreciation on Building classified as Investment Property has been provided on the straight-line method based on the useful life as prescribed in Schedule II to the Companies Act, 2013. These are based on the Group's estimate of their useful lives taking into consideration technical factors.

Though the Company measures Investment Property using cost basis measurement, the fair value of Investment Property is disclosed in Note 4. Fair values are determined on an annual evaluation applying a valuation model.

Investment Property is derecognised when either they have been disposed off or when the Investment Property is permanently withdrawn from use and no future economic benefit from its disposal.

The difference between the net disposal proceeds and the carrying amount of the Investment Property is recognised in the Statement of Profit and Loss in the period of derecognition.

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(o) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Leases where, the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Property, Plant and Equipment. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

**(p) Provisions and Contingencies**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(q) Provision for Warranties**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and Management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims will arise, being typically up to twenty five years.

The estimates used for accounting of warranty liability/recoveries are reviewed periodically and revisions are made as required.

**(r) Financial instruments**

**Financial Assets:**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the Statement of Profit and Loss (i.e. fair value through profit or loss), or recognised in Other Comprehensive Income (i.e. fair value through Other Comprehensive Income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2021

- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the Balance Sheet, with value changes recognised in the Statement of Profit and Loss, except for those equity investments for which the entity has elected to present value changes in 'Other Comprehensive Income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the Statement of Profit and Loss.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
  - (a) The Company has transferred substantially all the risks and rewards of the asset, or
  - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Investment in Subsidiaries**

The Company has accounted for its investment in Subsidiaries at cost. The Company has elected to account for its equity investments in subsidiaries under Ind AS 27 on Separate Financial Statements, at cost. At the end of each reporting period the Company assesses whether there are indicators of diminution in the value of its investments and provides for impairment loss, where necessary.

#### **Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**Financial Liabilities:**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
- Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
- Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.
- Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value,

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(s) Fair value measurement**

The Company measures specific financial instruments of certain investments at fair value at each Balance Sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises the accounting policy for fair value. Other fair value related disclosures are given in relevant notes.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

**(t) Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise Cash at Banks and on hand including cheques on hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**(u) Cash dividend**

The Company recognises a liability to make cash, when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Dividends paid/payable are recognised in the year in which the related dividends are approved by the Shareholders or Board of Directors as appropriate.

**(v) Cash flow statement**

Cash flows are presented using indirect method, whereby Profit after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Company is segregated based on the available information.

**(w) Business combinations**

In accordance with Ind AS 101 provisions related to first time adoption, the Company had elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, have been carried forward.

Business combinations involving entities under the common control are accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. Any consideration in excess of the net worth of the acquire Company is adjusted against the reserves of the acquiring Company.

**(x) Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**(y) Segment Reporting**

Operating segments reflect the Company's Management structure and the way the financial information is regularly reviewed by the Company's Chief Executive Officer (CEO). The CEO considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and Management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**3 Property, Plant and Equipment**

Particulars	Land	Buildings	Plant and Machinery	Office & Electrical Equipment	Computers	Furniture and Fittings	Vehicles	Leasehold Improvements	Total
<b>Cost</b>									
<b>As at 01 April 2019</b>	<b>1,087.61</b>	<b>653.59</b>	<b>12,603.41</b>	<b>360.11</b>	<b>54.55</b>	<b>263.82</b>	<b>138.27</b>	<b>4.58</b>	<b>15,165.94</b>
Additions	74.84	26.32	4,445.18	33.98	2.03	6.35	0.93	-	4,589.63
Deletions (Refer Note (ii) below)	-	(6.59)	(490.24)	(13.89)	-	-	-	-	(510.72)
Other Transfers (Refer Note (i) below)	(148.22)	-	-	-	-	-	-	-	(148.22)
<b>As at 31 March 2020</b>	<b>1,014.23</b>	<b>673.32</b>	<b>16,558.35</b>	<b>380.20</b>	<b>56.58</b>	<b>270.17</b>	<b>139.20</b>	<b>4.58</b>	<b>19,096.63</b>
Additions	111.01	47.18	4,512.40	7.54	7.85	32.49	22.67	-	4,741.14
Deletions (Refer Note (ii) below)	-	-	-	-	-	-	(6.73)	-	(6.73)
Other Transfers (Refer Note (i) below)	(58.04)	-	-	-	-	-	-	-	(58.04)
<b>As at 31 March 2021</b>	<b>1,067.20</b>	<b>720.50</b>	<b>21,070.75</b>	<b>387.74</b>	<b>64.43</b>	<b>302.66</b>	<b>155.14</b>	<b>4.58</b>	<b>23,773.00</b>
<b>Depreciation</b>									
<b>As at 01 April 2019</b>	-	<b>112.39</b>	<b>2,400.52</b>	<b>195.78</b>	<b>42.07</b>	<b>181.25</b>	<b>62.79</b>	<b>3.71</b>	<b>2,998.51</b>
Charge for the year	-	58.52	904.47	44.88	8.40	81.84	17.27	0.04	1,115.42
Deletions	-	(2.09)	(343.54)	(9.12)	-	-	-	-	(354.75)
<b>As at 31 March 2020</b>	-	<b>168.82</b>	<b>2,961.45</b>	<b>231.54</b>	<b>50.47</b>	<b>263.09</b>	<b>80.06</b>	<b>3.75</b>	<b>3,759.18</b>
Charge for the year	-	27.16	915.80	40.65	8.48	12.28	17.43	0.04	1,021.84
Deletions	-	-	-	-	-	-	(6.73)	-	(6.73)
<b>As at 31 March 2021</b>	-	<b>195.98</b>	<b>3,877.25</b>	<b>272.19</b>	<b>58.95</b>	<b>275.37</b>	<b>90.76</b>	<b>3.79</b>	<b>4,774.29</b>
<b>Net Block</b>									
<b>As at 31 March 2020</b>	<b>1,014.23</b>	<b>504.50</b>	<b>13,596.90</b>	<b>148.66</b>	<b>6.11</b>	<b>7.08</b>	<b>59.14</b>	<b>0.83</b>	<b>15,337.45</b>
<b>As at 31 March 2021</b>	<b>1,067.20</b>	<b>524.52</b>	<b>17,193.50</b>	<b>115.55</b>	<b>5.48</b>	<b>27.29</b>	<b>64.38</b>	<b>0.79</b>	<b>18,998.71</b>

**Notes:**

- Other transfers represent assets being reclassified to other categories for use in the business operations of the Company.
- The Company's obligation under finance lease (Refer Note 16) is secured by the lessors' title to the leased asset (Vehicle), which has a carrying amount of Rs. 23.28 lakhs (31 March 2020 -Rs. 28.76 lakhs).



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**3(a)** The Company has entered into leases for Buildings.

**Right of Use Asset "ROU":**

The following are the changes in the carrying value of right of use assets for the year ended 31 March 2021

Particulars	Amount
Balance as at 01 April 2020	6.67
Additions	257.00
Depreciation*	(85.19)
<b>Balance as at 31 March 2021</b>	<b>178.48</b>

\* The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

**(b) Lease Liabilities:**

The following is the movement in lease liabilities during the year ended 31 March 2021

Particulars	Amount
Balance as at 01 April 2020	7.87
Additions	257.00
Finance cost accrued during the year	18.63
Payment of lease liabilities	(97.83)
<b>Balance as at 31 March 2021</b>	<b>185.67</b>

The following is the break-up of current and non-current lease liabilities as at 31 March 2021

Particulars	Amount
Current lease liabilities	185.67
Non-current lease liabilities	-

**(c) Amounts recognized in profit and loss were as follows:**

Particulars	For the year ended 31 March 2021
Depreciation Expenditure	85.19
Finance Cost on Lease Liabilities	18.63

**(d) The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis:**

Particulars	For the year ended 31 March 2021
Not later than 1 year	185.67
Later than 1 year and not later than 5 years	-
Later than 5 years	-

**Note:** The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**4 Investment Property**

Particulars	Buildings	
	As at 31 March 2021	As at 31 March 2020
<b>Cost</b>	<b>2,090.46</b>	<b>1,948.07</b>
Additions during the year	276.48	52.22
Deletions during the year	-	(58.05)
Other Transfers (Refer Note 3(i))	58.04	148.22
<b>Closing Balance</b>	<b>2,424.99</b>	<b>2,090.46</b>
<b>Depreciation</b>		
Opening balance	437.87	(340.68)
Charge for the year	84.54	97.19
<b>Closing Balance</b>	<b>522.43</b>	<b>437.87</b>
<b>Net Block</b>	<b>1,902.56</b>	<b>1,652.59</b>

**Other Non-Current Investments**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Rental income derived from Investment Property	372.07	396.33
(b) Direct operating expenses (including repairs and maintenance) generating rental income	-	-
(c) Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
<b>Profit arising from Investment Property before depreciation and indirect expenses</b>	<b>372.07</b>	<b>396.33</b>
Less – Depreciation	(84.54)	(97.19)
<b>Profit arising from Investment Property before indirect expenses</b>	<b>287.53</b>	<b>299.14</b>

**Measurement of fair values:**

**Description of valuation techniques used and key inputs for valuation of Investment Properties:**

As at 31 March 2021 and 31 March 2020, the fair value of the Property is Rs.16,585.45 lakhs and Rs.12,338.39 lakhs, respectively. The valuation is based on fair value assessment performed by the Management. A valuation model as recommended by the International Valuation Standards Committee has been applied. The fair value is not based on the valuation by an independent valuer.

The Company has no restrictions on the realisability of its Investment Property and has no contractual obligations to purchase, construct or develop Investment Property or has any plans for major repairs, maintenance and enhancements. Fair Value Hierarchy disclosures for Investment Property has been provided in Note 37.

This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Under the Discounted cash flow method, fair value is estimated using assumptions regarding the fair market value of the Property.

In this regard, the key assumptions used for fair value calculations are as follows:

- It is presumed that the vacancy durations of the Property will have no material impact on the cash flow projections, as they are immaterial.
- Existing rental escalation terms will continue to exist in the future without any modification.
- It is presumed that no brokerage, commission costs will be incurred on the let out of Property.

The weighted average cost of capital (WACC) is the rate that a Company is expected to pay on average to all its security holders to finance its assets. The weighted average cost of capital is calculated by Capital Asset Pricing Model (CAPM). This model

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

takes into account the asset's sensitivity to non-diversifiable risk (also known as systematic risk or market risk), represented by the quantity beta ( $\beta$ ) in the financial industry, as well as the expected return of the market and the expected return of a theoretical risk-free asset.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is characteristic of the class of real Property. Periodic cash flow is typically estimated as gross income, non-recoverable expenses, collection losses, lease incentives, maintenance cost and other operating and Management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increase (decrease) in the estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the Property. Significant increase (decrease) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by:

- i. A directionally similar change in the rent growth per annum and discount rate (and exit yield).
- ii. An opposite change in the long term vacancy rate.

**Reconciliation of fair value:**

Particulars	Amount
<b>Gross Block as at 31 March 2021</b>	2,424.99
Fair value difference (net)	14,160.46
<b>Fair Value as at 31 March 2021</b>	<b>16,585.45</b>

**5 Intangible assets**

Particulars	Certification Process	Service Concession Arrangement (Refer Note below)	Computer Software	Total
<b>Cost</b>				
<b>As at 01 April 2020</b>	<b>131.74</b>	<b>7,790.15</b>	<b>90.71</b>	<b>8,012.60</b>
Additions	21.37	-	29.63	<b>51.00</b>
Deletions	-	(93.38)	-	<b>(93.38)</b>
<b>As at 31 March 2021</b>	<b>153.11</b>	<b>7,696.77</b>	<b>120.34</b>	<b>7,970.22</b>
<b>Amortisation</b>				
<b>As at 01 April 2020</b>	<b>100.07</b>	<b>1,303.27</b>	<b>40.31</b>	<b>1,443.65</b>
Charge for the year	23.14	314.89	18.18	<b>356.21</b>
Deletions	-	(15.83)	-	<b>(15.83)</b>
<b>As at 31 March 2021</b>	<b>123.21</b>	<b>1,602.33</b>	<b>58.49</b>	<b>1,784.03</b>
<b>Net block</b>				
<b>As at 31 March 2020</b>	<b>31.67</b>	<b>6,486.88</b>	<b>50.40</b>	<b>6,568.95</b>
<b>As at 31 March 2021</b>	<b>29.90</b>	<b>6,094.44</b>	<b>61.85</b>	<b>6,186.19</b>

**Notes:**

1. The Company (Operator) has entered into the following Power Purchase Agreements (PPA) with counter parties (Grantor). The Company has assessed the same as an arrangement which needs to be accounted under the principles of Appendix C of Ind-AS 115 as the following conditions are met: The Grantor controls or regulates which services the Operator must provide to the Infrastructure (Solar Power Plant), to whom it must provide and at what price and the controls the Grantor will exercise through ownership, beneficial entitlement or other significant residual interest in the Infrastructure at the end of the term of the arrangement. Infrastructure within the scope of Appendix C of Ind-AS 115 is not recognised as Property, Plant and Equipment of the Operator because the contractual service arrangement does not convey the right to control the use of the Infrastructure to the Operator.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

Consideration for the construction services received or receivable by the Operator is recognised at its fair value. The consideration may be rights to:

- (a) a financial asset or
- (b) an Intangible asset.

The Company recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the Grantor for the construction services; the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law, even if payment is contingent on the operator ensuring that the Infrastructure meets specified quality or efficiency requirements. The tenure of the PPA represents the significant useful life of the Infrastructure. Consequently, the Company has an intangible right to receive cash through the tenure of the PPA and the same has been recognised as an Other Intangible asset. The Other Intangible asset is amortised over the agreement period.

2. Other Intangible asset with a carrying amount of Rs.756.6 lakhs (as at 31 March 2020:Rs.791.13lakhs) has been pledged to secure borrowings of the Company (Refer Note 16). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to an another entity.
3. Other Intangible asset with a carrying amount of Rs.4601.88 lakhs (as at 31 March 2020: Rs.4,840.93 lakhs) has been pledged in favour of the Grantor against the grant received and receivable from the Grantor.

## 6 Financial Assets

### Investments in Subsidiaries - Unquoted Equity Shares (At cost)

Particulars	As at 31 March 2021	As at 31 March 2020
4,44,000 (31 March 2020 : 4,44,000) Equity shares of Swelect Solar Energy Private Limited, Rs.100/- each fully paid	444.00	444.00
1,22,32,500 (31 March 2020 : 1,22,32,500) Equity shares of Swelect Energy Systems Pte. Limited, Singapore Dollar 1/- each fully paid	4,372.90	4,372.90
65,00,000 (31 March 2020 : 65,00,000) Equity shares of Amex Alloys Private Limited, Rs.10/- each fully paid	1,636.18	1,636.18
18,60,953 (31 March 2020 : 18,60,953) Equity shares of Swelect Green Energy Solutions Private Limited, Rs.100/- each fully paid	8,712.99	8,712.99
10,000 (31 March 2020 : 10,000) Equity warrants of SWELECT Inc, USA, USD 10/- each fully paid	68.85	68.85
10,000 (31 March 2020 : 10,000) Equity shares of Swelect Power Systems Private Limited, Rs.100/- each fully paid	10.00	10.00
1,85,20,000 (31 March 2020 : Nil) Equity shares of Swelect Sun Energy Private Limited, Rs.10/- each fully paid	1,852.00	-
<b>Total</b>	<b>17,096.92</b>	<b>15,244.92</b>
Less: Provision for diminution in value of investment in one of the Subsidiary (Refer note 41)	3,162.99	2,471.99
<b>Net Total</b>	<b>13,933.93</b>	<b>12,772.93</b>
Aggregate book value of unquoted investments	17,096.93	15,244.92
Aggregate book value of impairment in value of investment	3,162.99	2,471.99
Non-Current	13,933.93	12,772.93

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**7. Financial Assets**

**7(a) Other Non-current investments**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Unquoted Investment in equity shares at fair value through statement of profit and loss</b>		
3,00,000 (31 March 2020 : 3,00,000) Equity shares of Rs.10/- each fully paid in Gem Sugars Limited	30.00	30.00
3,520 (31 March 2020 : 3,520) Equity shares of Rs.10/- each fully paid in Yajur Energy Solutions Private Limited	0.35	0.35
<b>Investment in tax free bonds (unquoted) carried at amortised cost</b>		
50,000 (31 March 2020: 50,000) bonds of Rs.1,000/- each fully paid in Housing and Urban Development Corporation Limited * (Refer Note below)	500.00	500.00
<b>Total</b>	<b>530.35</b>	<b>530.35</b>
Aggregate book value of unquoted investments	530.35	530.35

**Note:**

- Investment in tax free bonds are non-derivative financial assets which generate an effective interest income of 8.51% for the Company.
- \* Investments marked have been pledged as collateral securities with Bank for the borrowings of the Company. (Refer Note 16).

**7(b) Current investments**

**Investments at fair value through profit or loss (FVTPL)**

**Quoted Mutual funds**

Particulars	As at 31 March 2021	As at 31 March 2020
2,725,901.41 (31 March 2020: 1,921,876.42) units of Aditya Birla Sunlife Banking & PSU Debt fund - Regular - Growth *	7,720.91	5,032.87
316,156.000 (31 March 2020: 651,971.35) units of ICICI Prudential Savings - Fund Growth **	1,315.22	2,525.40
Nil (31 March 2020: 667,331.345) units of Aditya Birla Sunlife Saving Fund Growth **	-	2,652.78
LIC Endowment Plus ##	12.14	7.87
Nil (31 March 2020: 1,00,00,000) units of HSBC Fixed Term Series 129 Growth	-	1,213.35
67,994.421 (31 March 2020: 67,994.421) units of UTI Liquid Cash Plan -Regular Growth*	2,279.94	2,201.26
Nil (31 March 2020: 70,000.001) units of SBI Liquid Fund Regular Growth	-	2,165.53
16,889,967.522 ( 31 March 2020-14,332,022.225) ICICI Prudential Banking and PSU Debt Fund - Growth *	4,219.35	3,319.63
22,094,457.000 ( 31 March 2020-18,780,433.949) IDFC Banking & PSU Debt Fund - Regular Plan - Growth *	4,249.80	3,332.23
Nil ( 31 March 2020-10.926) HDFC Liquid Fund- Daily Dividend Reinvest	-	0.11
30,000.348 ( 31 March 2020- 30,000.348) HDFC Money Market Fund- Regular plan - Growth *	1,325.60	1252.23
16,585,394.21 (31 March 2020-Nil) HDFC Credit Risk Debt Fund - Regular - Growth*	3,019.85	-
8,924,990.65 (31 March 2020-Nil) ICICI Prudential Medium Term Bond Fund - Growth*	3,028.93	-
<b>Total</b>	<b>27,171.76</b>	<b>23,703.26</b>
Aggregate cost of quoted investments	23,598.55	20,391.36
Aggregate market value of quoted investments	27,171.76	23,703.26
Current	27,171.76	23,703.26

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**Note:**

\* Investments marked have been pledged as collateral securities with Banks for the borrowings of the Company. (Refer Note 16).

\*\* Investments marked have been pledged as collateral securities with Banks for the borrowings of Company and its subsidiary (Refer Note 16).

## Investment in LIC Endowment Fund initially taken in the name of the Managing Director has been subsequently assigned to the Company.

**7(c) Financial assets carried at Amortised cost**

**Loans (Unsecured, considered good, unless otherwise stated) carried at amortised cost**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Security Deposits	51.04	-
Other Financial Assets (Refer Note 1 below)	470.52	218.49
<b>Total</b>	<b>521.56</b>	<b>218.49</b>
<b>(ii) Current</b>		
Loans to employees	0.18	0.58
Loans to Related parties (Refer Note 2 below and Note 33)	10,526.02	8,929.12
Other Financial Assets (Refer Note 1 below)	297.48	431.79
<b>Total</b>	<b>10,823.68</b>	<b>9,361.49</b>
<b>Total</b>	<b>11,345.24</b>	<b>9,579.98</b>

**Notes:**

1. Other financial assets are non-derivative financial assets which generate an effective interest income of 8.50 % - 9.00 % for the Company.
2. Loans to related parties are non-derivative financial assets repayable on demand which generate an average interest income of 8.5 % for the Company.

**7(d) Other financial assets (Unsecured, considered good, unless otherwise stated) carried at amortised cost**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Balance with Government authorities	415.31	415.31
Provision for doubtful advance	(280.44)	(280.44)
<b>Total</b>	<b>134.87</b>	<b>134.87</b>
<b>(ii) Current</b>		
Interest accrued on fixed deposits	130.28	206.08
Balance with Government authorities	28.77	11.94
Other Current Financial assets	784.93	647.73
Provision for doubtful advance	(155.00)	(85.00)
<b>Total</b>	<b>788.98</b>	<b>780.75</b>
<b>Total</b>	<b>923.85</b>	<b>915.62</b>
Considered good	488.41	550.18
Considered doubtful	435.44	365.44

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**7(e) Bank balances**  
(Carried at amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Deposits with original maturity more than 12 months #	4,023.00	4,584.00
<b>Total</b>	<b>4,023.00</b>	<b>4,584.00</b>
<b>(ii) Current</b>		
Deposits with original maturity more than 3 months and less than 12 months #	5,487.91	3,642.05
Earmarked balances	286.98	-
<b>Total</b>	<b>5,774.89</b>	<b>3,642.05</b>
<b>Total</b>	<b>9,797.89</b>	<b>8,226.05</b>

**Note:**

# The balance in deposit accounts bears an average interest rate of 5.00% and have been pledged as collateral securities with Banks for availing Term loan , working capital limits for the Company, Packing credit facility and Foreign Currency Non Resident Loan for its subsidiary (Refer Note 16).

**8 Other Non-current Assets (Unsecured, considered good)**

Particulars	As at 31 March 2021	As at 31 March 2020
Capital advances	38.31	-
Prepaid expenses	65.59	136.71
<b>Total</b>	<b>103.90</b>	<b>136.71</b>

**9 Inventories**

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials and components	2,205.06	1,349.81
Raw materials in transit	99.43	342.47
Work-in-progress (Refer Note below)	279.20	101.57
Finished goods	1,932.68	2,784.63
Finished goods in transit	-	21.41
Traded goods	344.30	849.05
<b>Total</b>	<b>4,860.67</b>	<b>5,448.94</b>

**Note:**

Work-in Progress comprises of Solar Photo Voltaic Panels, mechanical and electrical items.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**10 Trade receivables**

**Trade receivables ( Unsecured, unless other wise stated)**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
(a) Receivables considered good	930.51	1,419.36
	<b>930.51</b>	<b>1,419.36</b>
<b>Current</b>		
(a) Receivables considered good (Refer Note 33)	7,509.78	3,122.11
(b) Receivables which have significant increase in Credit Risk	344.19	173.32
(c) Receivables - credit impaired	158.04	153.91
	<b>8,012.01</b>	<b>3,449.34</b>
Less : Allowance for Expected Credit Loss	(502.23)	(327.23)
<b>Total</b>	<b>7,509.78</b>	<b>3,122.11</b>

**11 Cash and cash equivalents**

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with Banks:		
On current accounts	298.64	227.76
On unpaid dividend accounts	10.85	10.20
Deposits with original maturity less than 3 months	-	0.81
Cash on hand	4.76	-
<b>Total</b>	<b>314.25</b>	<b>238.77</b>

**11(a) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:**

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with Banks:		
On current accounts	298.64	227.76
Deposits with original maturity less than 3 months	-	0.81
Cash on hand	4.76	-
	<b>303.40</b>	<b>228.57</b>
Less: Bank overdrafts (Refer Note 16)	(10,193.63)	(8,525.11)
<b>Total</b>	<b>(9,890.23)</b>	<b>(8,296.54)</b>

**12 Other Current assets**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Unsecured, considered good:</b>		
Supplier advances	261.98	534.56
Prepaid expenses	72.09	44.78
Other receivables	8.79	47.66
<b>Total</b>	<b>342.86</b>	<b>627.00</b>



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**13 Equity Share Capital**

Particulars	Equity Shares of Rs. 10/- each	
	Nos.	Amount
<b>Authorised Share Capital</b>		
<b>As at 1 April 2020</b>	<b>470,00,000</b>	<b>4,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2021</b>	<b>470,00,000</b>	<b>4,700.00</b>
<b>Issued, Subscribed &amp; Fully paid up</b>		
<b>As at 1 April 2020</b>	<b>15,158,760</b>	<b>1,515.88</b>
Issue of Equity Share Capital	-	-
<b>As at 31 March 2021</b>	<b>15,158,760</b>	<b>1,515.88</b>

**a. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of the liquidation of the Company, the holder of equity share will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholders.

**b. Details of Shareholders holding more than 5% shares in the Company**

Equity shares of Rs.10/- each fully paid	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding in the class	Number of shares	% holding in the class
R. Chellappan, Managing Director	7,397,860	48.80%	7,397,860	48.80%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**14 Other Equity**

**Other Equity movement during the years 2019-20 and 2020-21:-**

Particulars	Capital Reserve	Securities Premium Reserve (Refer Note (i) below)	Retained Earnings	General Reserve (Refer Note (ii) below)	Total
<b>As at 1 April 2019</b>	<b>152.64</b>	<b>4,796.48</b>	<b>43,889.06</b>	<b>18,102.14</b>	<b>66,940.32</b>
Loss for the year	-	-	(1,673.16)	-	(1,673.16)
Bonus shares issued during the year		(505.29)			(505.29)
Distribution made during the year relating to Financial year 2018-19	-	-	(304.58)	-	(304.58)
Distribution made during the year relating to Financial year 2019-20			(228.43)		(228.43)
Other comprehensive income- Remeasurement of Defined Benefit Plans (Refer Note (iii) below)	-	-	45.29	-	45.29
Impact of adoption of Ind AS 116			(11.10)		(11.10)

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Capital Reserve	Securities Premium Reserve (Refer Note (i) below)	Retained Earnings	General Reserve (Refer Note (ii) below)	Total
<b>As at 31 March 2020</b>	<b>152.64</b>	<b>4,291.19</b>	<b>41,717.08</b>	<b>18,102.14</b>	<b>64,263.05</b>
Profit for the year	-	-	2,431.15	-	2,431.15
Distribution made during the year relating to Financial year 2019-20	-	-	(113.69)	-	(113.69)
Other comprehensive income- Remeasurement of Defined Benefit Plans (Refer Note (iii) below)	-	-	(0.40)	-	(0.40)
<b>As at 31 March 2021</b>	<b>152.64</b>	<b>4,291.19</b>	<b>44,034.14</b>	<b>18,102.14</b>	<b>66,580.11</b>

- (i) **Securities Premium** - Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium". The Company may issue fully paid-up bonus shares to its members out of the Securities Premium and the Company can use this reserve for buy-back of shares.
- (ii) **General Reserve** - General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the Statement of Profit and Loss. The Company can use this reserve for payment of dividend and issue fully paid-up and not paid-up bonus shares.
- (iii) In accordance with Notification G.S.R. 404(E), dated April 6, 2016, remeasurement of defined benefit plans is recognised as part of retained earnings.

**15 Distribution made and proposed**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended 31 March 2020 : Rs. 0.75/- per share (31 March 2019: Rs. 2.50/- per share)	105.70	252.65
Tax on final Dividend	7.99	51.93
Interim dividend for the year ended 31 March 2021 : Rs. Nil per share (31 March 2020: Rs. 1.25/- per share)	-	189.48
Dividend Distribution tax on final Dividend	-	38.95
<b>Proposed dividends on Equity shares:</b>		
Proposed Dividend for the year ended 31 March 2021: Rs.3/- per share (31 March 2020: Rs. 0.75/- per share)	454.76	113.69

Proposed Dividend of Rs. 3/- per share on the Equity shares is subject to the approval at the Annual General Meeting and are not recognised as a liability as at 31 March 2021.

**16 Borrowings**

**Financial Liabilities carried at amortised cost**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Term loan from Banks	13,199.81	2,940.38
Vehicle loan	-	2.70
<b>Total</b>	<b>13,199.81</b>	<b>2,943.08</b>
Secured Borrowings	10,607.81	2,943.08
Unsecured Borrowings	2,592.00	-

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**Details of long term borrowings are given below:**

Particulars	Amount	Effective Interest Rate	Currency	Repayment Terms	Security
Term loan 1	2,943.94	8.00%	INR	Loan obligation plus interest, is payable in 114 equal monthly instalments.	Solar Power Plant
Term loan 2	465.27	9.50%	INR	Loan obligation plus interest, is payable in 72 equal monthly instalments.	Solar Power Plant
Term loan 3	446.30	9.50%	INR	Loan obligation is payable in 23 quarterly instalments and interest is payable in 81 monthly instalments	Solar Power Plant
Term loan 4	458.30	9.35%	INR	Loan obligation is payable in 24 quarterly instalments and interest is payable in 73 monthly instalments	Solar Power Plant
Term loan 5	2,488.21	8.00%	INR	Loan obligation is payable in 51 monthly instalments and interest is payable in 61 monthly instalments	Solar Power Plant
Vehicle Loan	3.59	8.00%	INR	Loan obligation plus interest, is payable in 48 equal monthly instalments.	Vehicle
Term loan 6	2,592.00	6.75%	INR	Loan obligation is payable in 48 monthly instalments and interest is payable in 60 monthly instalments	Unsecured
Term loan 7	4,950.00	6.50%	INR	Loan obligation is payable the end of three years.	Mutual Funds
<b>Sub Total</b>	<b>14,347.61</b>				
<b>Less: Current Portion</b>	<b>1,147.80</b>				
<b>Non-Current Borrowings</b>	<b>13,199.81</b>				

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(ii) Current</b>		
Bank overdrafts	10,193.63	8,525.11
External Commercial Borrowing (ECB)	2,734.64	383.69
<b>Total Current Borrowings</b>	<b>12,928.27</b>	<b>8,908.80</b>
Secured loans	12,928.27	8,908.80

**Details of Short Term Borrowings are given below:**

Particulars	Amount	Effective Interest Rate	Currency	Repayment Terms	Security
Bank overdrafts	10,193.63	6.25%-8.5%	INR	Repayable on demand	Fixed deposits and Mutual funds of the Company
External Commercial Borrowing (ECB)	500.64	0.90%	Euro	Rollover due in April 2021	Mutual funds of the Company
External Commercial Borrowing (ECB)-II	2,234.00	0.24%	USD	Rollover due in April 2021	Mutual funds of the Company
<b>Total Short Term Borrowings</b>	<b>12,928.27</b>				

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**17 Other Financial Liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non Current</b>		
Rental deposits	177.48	138.71
<b>Total</b>	<b>177.48</b>	<b>138.71</b>
<b>(ii) Current</b>		
Current maturities of long-term debt (Refer Note 16)	1,147.80	361.10
Unpaid dividend	10.85	10.20
Interest accrued	86.39	28.91
Deferred AMC Income	6.75	0.76
Capital creditors	17.07	746.48
Rental deposits	27.27	34.03
Statutory dues payable	27.89	37.97
<b>Total</b>	<b>1,324.02</b>	<b>1,219.45</b>
<b>Total</b>	<b>1,501.50</b>	<b>1,358.16</b>

**17(a) Other non-current liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred AMC Income	24.28	21.49
Deferred Interest Income	158.44	314.54
Security deposit for Land	51.04	51.04
<b>Total</b>	<b>233.76</b>	<b>387.07</b>

**18 (a) Deferred tax liabilities (net)**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liabilities</b>		
Impact on difference between tax, depreciation and amortisation charged for the financial reporting	1,825.31	2,384.19
<b>Gross deferred tax liabilities</b>	<b>1,825.31</b>	<b>2,384.19</b>
<b>Deferred tax assets</b>		
Carry forward business loss and unabsorbed depreciation	(1,825.31)	(2,384.19)
<b>Gross deferred tax assets</b>	<b>(1,825.31)</b>	<b>(2,384.19)</b>
<b>Total Deferred tax liabilities (net)</b>	<b>-</b>	<b>-</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**(b) Income Tax**

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

**Statement of Profit or Loss:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax:</b>		
Current income tax charge (Refer Note 1 below)	-	266.12
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-	-
<b>Total</b>	<b>-</b>	<b>266.12</b>

As at 31 March 2021, the Company has total eligible deferred tax asset of Rs.1,825.31 lakhs (including on account of business loss and unabsorbed depreciation) as per Income Tax Returns filed/Income Tax workings. In this regard, based on estimated tax workings and the accounting policy followed by the Company for recognition of deferred tax assets on such losses/unabsorbed depreciation, the Company has recognised deferred tax asset to the extent of Rs.1,825.31 Lakhs towards carried forward tax losses and unabsorbed depreciation to the extent of deferred tax liabilities.

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Accounting Profit/(Loss) before income tax (including other comprehensive income)</b>	<b>2,430.75</b>	<b>(1,361.75)</b>
Less: Depreciation claim	(3,116.75)	-
Add: Provision for diminution for value of investment in subsidiary and others	686.00	-
Taxable Profit	-	-
<b>Normal tax rate under 115BAA</b>	<b>25.17%</b>	-
Minimum Alternate Tax (MAT) Adjustments:(Refer Note 1 below)		
Add: Allowance for Expected Credit Loss	-	100.00
Add: Provision for diminution for value of investment in subsidiary	-	2,471.99
<b>Less: Dividend income earned on Investments</b>	-	<b>(38.28)</b>
Book Profit for MAT Calculation	-	1,171.96
At India's statutory income tax rate- Nil (31 March 2020: 17.4725%) (Refer Note below)	-	17.4725%
<b>Derived Tax Charge for the year</b>	<b>-</b>	<b>204.78</b>
<b>Adjustments:</b>		
Tax impact on account of one fifth of the amount credited to the opening reserves as at 31 March 2016 pursuant to transition to Ind AS ( Refer Note 1 below)	-	61.34
<b>Net derived tax charge</b>	<b>-</b>	<b>266.12</b>
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>-</b>	<b>266.12</b>

**Note:**

During the current year, the Company has opted the provisions of the new tax regime section 115BAA as per Income Tax Act 1961 as amended by Finance Act 2020. Consequent to the adoption of the section 115BAA, the company does not have MAT applicability and the tax calculation as per normal provisions is Nil due to unabsorbed losses.

**(c) Income Tax Asset**

Income tax asset of Rs.314.87 lakhs as at 31 March 2021 (As at 31 March 2020 Rs. 154.23 lakhs) represents the tax deducted at source/advance tax, net of provision for income tax.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**19 Provisions**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-current</b>		
Provision for warranties (Refer Note below)	331.49	353.30
Provision for gratuity (Refer Note 31)	92.40	83.86
Provision for compensated absences	66.75	14.95
<b>Total</b>	<b>490.64</b>	<b>452.11</b>
<b>(ii) Current</b>		
Provision for warranties (Refer Note below)	100.15	56.07
Provision for gratuity (Refer Note 31)	-	3.90
Provision for compensated absences	18.11	53.44
<b>Total</b>	<b>118.26</b>	<b>113.41</b>
<b>Total</b>	<b>608.90</b>	<b>565.52</b>

**Note: Provision for warranties**

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	409.37	394.09
Arising during the year	24.51	15.28
Utilised during the year	(2.24)	-
<b>At the end of the year</b>	<b>431.64</b>	<b>409.37</b>
Non-current portion	331.49	353.30
Current portion	100.15	56.07

**20 Trade payables**

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables (Refer note below regarding dues to micro, small and medium enterprises)	2,106.82	1,938.45
Trade payables to Related parties (Refer Note 33)	6,043.19	5,826.66
<b>Total</b>	<b>8,150.01</b>	<b>7,765.11</b>

**Note:**

There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under "The Micro Small and Medium Enterprises Development Act, 2006". Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the year.

**21 Other current liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from customers	727.01	2,726.43
<b>Total</b>	<b>727.01</b>	<b>2,726.43</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**22 Revenue from operations**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from operations</b>		
Sale of products		
Manufactured goods		
Solar Photovoltaic Panels	4,806.73	4,495.53
Solar Power Generating Systems and accessories	5,311.66	4,358.49
Traded goods	2,545.38	297.75
Sale of services		
Installation	1,754.30	1,302.90
Annual Maintenance Contracts	15.06	36.84
Others	106.13	87.37
Sale of power	3,419.25	2,706.09
<b>Other operating revenue</b>		
Scrap Sales	41.34	20.16
Rental Income	372.07	439.11
Renewable Energy Certificate Income (net)	81.30	459.80
<b>Total</b>	<b>18,453.22</b>	<b>14,204.04</b>

**Revenue from operations**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Sale of Products (Refer Note 22.1(i) below)	12,663.77	9,151.77
(b) Sale of Services (Refer Note 22.1(ii) below)	1,875.49	1,427.11
(c) Sale of Power	3,419.25	2,706.09
(d) Revenue from Service Concession Arrangements		
(e) Other Operating Revenue (Refer Note 22.1(iii) below)	494.71	919.07
<b>Total</b>	<b>18,453.22</b>	<b>14,204.04</b>

**22.1 Disaggregation of the revenue information**

The tables below presents disaggregated revenues from contracts with customers for the year ended 31 March 2021 by offerings. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

**(i) Sale of Products comprises the following:-**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Manufactured goods		
Solar Photovoltaic Panels	4,806.73	4,495.53
Solar Power Generating Systems and accessories"	5,311.66	4,358.49
Traded goods	2,545.38	297.75
<b>Total</b>	<b>12,663.77</b>	<b>9,151.77</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**(ii) Sale of Services comprises the following:-**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Installation	1,754.30	1,302.90
Annual Maintenance Contracts	15.06	36.84
Others	106.13	87.37
<b>Total</b>	<b>1,875.49</b>	<b>1,427.11</b>

**(iii) Other operating revenue comprises the following:-**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Scrap Sales	41.34	20.16
Rental Income	372.07	439.11
Renewable Energy Certificate Income (net)	81.30	459.80
<b>Total</b>	<b>494.71</b>	<b>919.07</b>

No other single customers contributed 10% or more to the Company's revenue during the financial years 2020-21 and 2019-20, other than Swelect Sun Energy Private Limited.

**22.2 Trade Receivables and Contract Balances**

The Company classifies the right to consideration in exchange for deliverables as receivable.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue is recognised as and when the related goods are delivered to the customer.

Trade receivables are presented net of impairment in the Balance Sheet.

Contract liabilities include payments received in advance of performance under the contract, and are realised with the associated revenue recognised under the contract.

**22.3 Performance Obligations and remaining performance obligations**

The remaining performance obligations disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise these amounts in revenue. Applying the practical expedient as given in Ind AS-115, the Company has not disclosed information about remaining performance obligations in contracts, where the original contract duration is one year or less or where the entity has the right to consideration that corresponds directly with the value of entity's performance completed to date.

**23 Other Income**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Gain on sale of investments (net)	1,392.49	1,463.59
Gain on investments carried at fair value through Profit and Loss	266.30	237.50
Dividend income on investments carried at fair value through Profit and Loss	-	38.28
Dividend income on equity investments carried at cost	-	1.50
Provision no longer required written back (Net)	-	5.34
Exchange differences (net)	141.73	-
Other non-operating income	34.10	104.79
Finance Income from Related parties (Refer Note 33)	674.76	612.39
Interest income from deposits	769.66	707.59
<b>Total</b>	<b>3,279.04</b>	<b>3,170.98</b>



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**24 Cost of raw material and components consumed**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Inventories at the beginning of the year	1,692.28	2,733.53
Add: Purchases	7,009.65	8,798.60
	<b>8,701.93</b>	<b>11,532.13</b>
Less: Inventories at the end of the year	2,304.49	1,692.28
<b>Total</b>	<b>6,397.44</b>	<b>9,839.85</b>

**25 Increase in inventories of work-in-progress, traded goods and finished goods**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
<b>Inventories at the end of the year</b>		
Traded goods	344.30	849.05
Work-in-progress	279.20	101.57
Finished goods	1,932.68	2,806.04
	<b>2,556.18</b>	<b>3,756.66</b>
<b>Inventories at the beginning of the year</b>		
Traded goods	849.05	735.98
Work-in-progress	101.57	27.07
Finished goods	2,806.04	1,044.88
	<b>3,756.66</b>	<b>1,807.93</b>
<b>Total</b>	<b>1,200.48</b>	<b>(1,948.73)</b>

**26 Employee benefits expense**

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
Salaries, wages and bonus	1,045.91	1,056.69
Contribution to provident and other funds	48.74	55.08
Gratuity expense (Refer Note 31)	29.24	36.45
Staff welfare expenses	93.64	46.44
<b>Total</b>	<b>1,217.53</b>	<b>1,194.66</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**27 Other expenses**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sub-contracting and processing expenses	927.57	1,127.67
Consumption of stores and spares	9.11	2.65
Service and maintenance charges	1.32	11.69
Power and fuel	200.18	225.82
Wheeling charges	264.32	122.93
Freight and forwarding charges	108.65	127.21
Rent	66.24	68.45
Rates and taxes	31.98	74.41
Insurance	43.52	42.63
Repairs and maintenance		
- Plant & Machinery	134.06	62.34
- Buildings	9.60	4.74
- Others	182.63	192.32
Corporate Social Responsibility (Refer Note (i) below)	34.03	34.02
Sales promotion	18.81	62.98
Advertisement	33.73	100.11
Security charges	98.09	79.12
Travelling and conveyance	104.54	155.79
Communication costs	37.66	40.49
Printing and stationery	9.75	18.12
Legal and professional fees	240.48	210.62
Payment to auditor (Refer Note (ii) below)	45.57	43.01
Exchange differences (net)	-	529.57
Liquidated damages	29.98	26.07
Provision for Doubtful/Trade/Other receivables	175.00	100.00
Bad debts/advances written off	70.00	6.69
Net loss on retirement of Property, Plant and Equipment	18.15	4.50
Provision for warranties (net of reversals) (Refer Note 19)	24.51	15.61
Directors' sitting fees	8.20	7.40
Loss on investments carried at fair value through Profit and Loss	-	800.57
Miscellaneous expenses	187.97	184.11
<b>Total</b>	<b>3,115.65</b>	<b>4,481.64</b>

**Notes:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>(i) Corporate Social Responsibility</b>		
Gross amount required to be spent by the Company during the year	33.99	34.02
Amount spent during the year	34.03	34.02

In pursuance of Section 135 of the Companies Act, 2013, the Company has spent towards various activities as enumerated in the CSR Policy of the Company which covers promoting education, promoting health and preventive health care to underprivileged people and conservation of natural resources and maintaining quality of soil, air and water.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**(ii) Payment to auditor**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Audit fee	21.83	21.83
Limited review	10.62	10.62
Tax Audit Fee	2.95	2.95
Certification	8.25	5.69
Reimbursement of expenses	1.92	1.92
	<b>45.57</b>	<b>43.01</b>

The above fee is inclusive of input credit for GST wherever applicable

**28 Depreciation and amortisation expense**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of Property, Plant and Equipment	1,021.89	1,115.41
Depreciation of Investment Property	84.49	97.19
Amortisation of Other Intangible assets	441.41	446.83
<b>Total</b>	<b>1,547.79</b>	<b>1,659.43</b>

**29 Finance costs**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on borrowings	1,186.67	936.94
Bank and other charges	62.45	44.21
<b>Total</b>	<b>1,249.12</b>	<b>981.15</b>

**30 Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(Loss) attributable to equity shareholders of the Company (A)	2,431.15	(1,673.16)
Weighted average number of Equity shares for basic and diluted EPS (B)	15,158,760	15,158,760
Basic Earnings per share (A/B) Rs.	16.04	(11.04)
Diluted Earnings per share (A/B) Rs.	16.04	(11.04)

**31A Defined Contribution Plan**

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits. The Company provides benefits such as provident fund plans to its employees which are treated as defined contribution plans.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Employer's Contribution to Provident Fund and other funds	48.74	55.08

**31B Defined Benefits Plan - Gratuity Plan (funded)**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Reconciliation of opening and closing balances of obligation</b>		
Defined Benefit obligation as at the beginning of the year	210.13	226.56
Current Service Cost	24.61	28.17
Interest Cost	13.92	16.23
Past Service Cost	-	-
Actuarial (gain)/loss	4.43	(55.13)
Benefits paid	(8.05)	(5.70)
<b>Defined Benefit obligation as at the end of the year</b>	<b>245.04</b>	<b>210.13</b>
<b>Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets as at the beginning of the year	106.45	105.46
Expected return on plan assets	8.52	(7.95)
Actuarial gain	4.83	(0.25)
Employer's contribution	24.97	14.91
Benefits paid	(8.05)	(5.70)
<b>Fair value of plan assets as at the end of the year</b>	<b>152.64</b>	<b>106.45</b>
<b>Reconciliation of fair value of assets and obligations</b>		
Fair value of plan assets	152.64	106.45
Present value of obligation	245.04	210.13
Net Obligation disclosed as :		
- Current	-	3.90
- Non - Current	92.40	83.86

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Recognised in profit or loss</b>		
Current Service Cost	24.61	28.17
Interest Cost (Net)	5.40	8.28
	<b>30.01</b>	<b>36.45</b>
<b>Recognised in other comprehensive income:</b>		
Actuarial loss / (gain)	(0.40)	(54.88)
Net Cost	<b>29.61</b>	<b>(18.43)</b>

The major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	Gratuity	
	As at 31 March 2021	As at 31 March 2020
<b>Investments details:</b>		
Fund with LIC	152.64	106.45
<b>Total</b>	<b>152.64</b>	<b>106.45</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

The principal assumptions used in determining provision for gratuity and compensated absences are shown below:

Particulars	2020-21	2019-20
	<b>Gratuity</b>	
Discount rate	6.40%	6.95%
Future salary increases	7.50%	7.50%
Expected Return on Plan Assets	8.52	(7.95)
Employee Turnover	8.00%	8.00%
Contribution Expected to be paid during the next year	0.00	3.90
	<b>Compensated Absences</b>	
Discount rate	6.40%	6.95%
Future salary increases	7.50%	7.50%
Employee turnover	8.00%	8.00%

A quantitative sensitivity analysis for significant assumptions as at 31 March 2021 is as shown below:

**Gratuity plan:**

Assumptions - Sensitivity Level	For the year ended 31 March 2021			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate	7.40%	5.40%	226.40	266.36
Future salary increases	8.50%	6.50%	265.91	226.41

Assumptions - Sensitivity Level	For the year ended 31 March 2020			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate	7.95%	5.95%	194.53	227.93
Future salary increases	8.50%	6.50%	227.66	194.47

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The average duration of the defined benefit plan obligations at the end of the reporting period is 8.14 years (31 March 2020: 10 years).

**32 Commitments**

- (i) The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.65.94 lakhs (31 March 2020: Rs. 22.67 lakhs)
- (ii) Investments given as security for loans availed by the subsidiaries of the Company:

Particulars	Subsidiaries which have availed the loans	As at 31 March 2021	As at 31 March 2020
<b>Loan amount outstanding to Banks in Subsidiaries funded by Security of the Company</b>			
(i) Fixed Deposits	Amex Alloys Private Limited	1,947.09	2,045.50
(ii) Mutual Funds	Swelect Power Systems Private Limited	1,783.27	4,536.02
<b>Value of the security offered by the Company for the loan outstanding in Subsidiaries</b>			
(i) Fixed Deposits	Amex Alloys Private Limited	1,251.80	2,250.06
(ii) Mutual Funds	Swelect Power Systems Private Limited	2,151.39	5,379.54

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**33 Related party transactions**

**Names of Related parties**

Subsidiaries	Swelect Energy Systems Pte. Limited, Singapore SWELECT Inc , USA SWELECT Energy Systems LLC , USA Swelect Solar Energy Private Limited Amex Alloys Private Limited Noel Media & Advertising Private Limited Swelect Green Energy Solutions Private Limited K J Solar Systems Private Limited Swelect Power Systems Private Limited Swelect Sun Energy Private Limited
Key Management Personnel (KMP)	Mr. R. Chellappan - Managing Director Mr.A.Balan - Joint Managing Director Mr. V.C.Raghunath - Whole Time Director Mrs. V.C.Mirunalini - Whole Time Director Mr. K. V. Nachiappan Whole Time Director Mr. G.S.Samuel - Independent Director Mr. S.Annadurai - Independent Director Mr.S.Krishnan - Independent Director Mrs. Jayashree Nachiappan - Non Executive Director Mr.S.Iniyan - Independent Director Mr. P.Jagan - Chief Financial Officer (upto 3 August 2020) Ms.Nikhila R-Chief Financial Officer (w.e.f 12 November 2020) Mr. R. Sathishkumar - Company Secretary
Relatives of Key Management Personnel	Mrs. Gunasundari Chellappan Mrs. Aarthi Balan Ms. Preetha Balan Mrs. Vasantha Balan Mr. K. N. Rishii Nandhan
Enterprises owned or significantly influenced by Key Management Personnel or their relatives	Arken Solutions Private Limited Swelect Electronics Private Limited
Entity in which the Company has Control	SWEES Employees Welfare Trust

**Terms and conditions of transactions with Related parties:**

The transactions with related parties are made on terms equivalent to those that prevail at arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: Nil). This assessment is undertaken at the end each financial year through examining the financial position of the related parties and the market in which the related parties operate.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

**33 Related party transactions**

Particulars	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Sale of goods</b>	<b>4,442.55</b>	<b>138.32</b>	<b>0.41</b>	<b>17.25</b>	-	-	<b>1.26</b>	<b>9.79</b>	<b>4,444.22</b>	<b>165.36</b>
Amex Alloys Private Limited	38.13	26.65	-	-	-	-	-	-	38.13	26.65
K J Solar Systems Private Limited	0.43	0.05	-	-	-	-	-	-	0.43	0.05
Noel Media & Advertising Private Limited	106.99	3.61	-	-	-	-	-	-	106.99	3.61
Swelect Green Energy Solutions Private Limited	0.13	-	-	-	-	-	-	-	0.13	-
Swelect Electronics Private Limited	-	-	-	-	-	-	-	0.21	-	0.21
Swelect Power Systems Private Limited	0.60	0.31	-	-	-	-	-	-	0.60	0.31
Swelect Solar Energy Private Limited	-	4.28	-	-	-	-	-	-	-	4.28
Swelect Sun Energy Private Limited	4,245.90	-	-	-	-	-	-	-	4,245.90	-
SWELECT Inc, USA	50.38	103.42	-	-	-	-	-	-	50.38	103.42
Mr. R. Chellappan	-	-	0.02	13.01	-	-	-	-	0.02	13.01
Mr. A. Balan	-	-	0.36	-	-	-	-	-	0.36	-
Mrs. Mirunalini	-	-	-	1.18	-	-	-	-	-	1.18
Mr. K.V. Nachiappan	-	-	0.02	3.06	-	-	-	-	0.02	3.06
Arken Solutions Private Limited	-	-	-	-	-	-	1.26	9.58	1.26	9.58
<b>Sale of capital goods</b>	<b>-</b>	<b>151.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151.47</b>
Amex Alloys Private Limited	-	151.47	-	-	-	-	-	-	-	151.47
<b>Purchases of traded goods</b>	<b>6,463.75</b>	<b>8,116.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189.01</b>	<b>94.99</b>	<b>6,652.76</b>	<b>8,211.48</b>
Swelect Energy Systems Pte. Limited, Singapore	6,463.75	8,116.48	-	-	-	-	-	-	6,463.75	8,116.48
Arken Solutions Private Limited	-	-	-	-	-	-	189.01	94.99	189.01	94.99
<b>Receipt of services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>134.72</b>	<b>35.36</b>	<b>134.72</b>	<b>35.36</b>
Arken Solutions Private Limited	-	-	-	-	-	-	134.72	35.36	134.72	35.36
<b>Purchase of capital goods</b>	<b>-</b>	<b>244.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244.48</b>
Swelect Energy Systems Pte. Limited, Singapore	-	-	-	-	-	-	-	-	-	-
Swelect Power Systems Private Limited	-	244.48	-	-	-	-	-	-	-	244.48
<b>Sale of Power</b>	<b>163.06</b>	<b>200.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163.06</b>	<b>200.50</b>
Amex Alloys Private Limited	163.06	200.50	-	-	-	-	-	-	163.06	200.50
<b>Reimbursement of expenses</b>	<b>28.21</b>	<b>26.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28.21</b>	<b>26.81</b>
Amex Alloys Private Limited	28.21	26.81	-	-	-	-	-	-	28.21	26.81

Particulars	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Others			Total	
	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2020
	26.70	25.20	-	-	-	-	-	-	-	-	25.20
<b>Management fees</b>											
Amex Alloys Private Limited	2.04	2.04	-	-	-	-	-	-	-	-	2.04
Swelect Solar Energy Private Limited	3.12	3.12	-	-	-	-	-	-	-	-	3.12
Noel Media & Advertising Private Limited	4.92	4.92	-	-	-	-	-	-	-	-	4.92
Swelect Green Energy Solutions Private Limited	6.00	6.00	-	-	-	-	-	-	-	-	6.00
K J Solar Systems Private Limited	4.80	4.80	-	-	-	-	-	-	-	-	4.80
Swelect Power Systems Private Limited	4.32	4.32	-	-	-	-	-	-	-	-	4.32
Swelect Sun Energy Private Limited	1.50	-	-	-	-	-	-	-	-	-	1.50
<b>Rental income</b>											
Amex Alloys Private Limited	2.33	44.09	-	-	-	-	-	-	-	-	2.33
Swelect Solar Energy Private Limited	0.30	42.78	-	-	-	-	-	-	-	-	42.78
Noel Media & Advertising Private Limited	0.32	0.30	-	-	-	-	-	-	-	-	0.30
Swelect Green Energy Solutions Private Limited	0.32	0.30	-	-	-	-	-	-	-	-	0.32
K J Solar Systems Private Limited	0.32	0.30	-	-	-	-	-	-	-	-	0.32
Swelect Power Systems Private Limited	0.32	0.30	-	-	-	-	-	-	-	-	0.32
Swelect Sun Energy Private Limited	0.75	-	-	-	-	-	-	-	-	-	0.75
<b>Interest income</b>											
Amex Alloys Private Limited	674.76	612.39	-	-	-	-	-	-	-	-	674.76
Swelect Solar Energy Private Limited	309.36	331.83	-	-	-	-	-	-	-	-	309.36
Noel Media & Advertising Private Limited	67.19	14.93	-	-	-	-	-	-	-	-	67.19
Swelect Green Energy Solutions Private Limited	0.09	1.88	-	-	-	-	-	-	-	-	0.09
K J Solar Systems Private Limited	93.66	34.05	-	-	-	-	-	-	-	-	93.66
Swelect Power Systems Private Limited	189.45	141.30	-	-	-	-	-	-	-	-	189.45
SWELECT Inc, USA	-	20.96	-	-	-	-	-	-	-	-	20.96
Swelect Sun Energy Private Limited	12.75	-	-	-	-	-	-	-	-	-	12.75
<b>Rent expense</b>											
Mr. R. Chellappan	7.89	6.86	2.41	2.39	-	-	0.26	0.24	-	-	10.55
Swelect Electronics Private Limited	-	-	2.41	2.39	-	-	-	-	-	-	2.41
Swelect Green Energy Solutions Private Limited	-	-	-	-	-	-	0.26	0.24	-	-	0.26
<b>Sitting fees</b>											
Mr. G.S.Samuel	-	-	-	-	8.20	7.40	-	-	-	-	8.20
Mr. S. Annadurai	-	-	-	-	1.90	1.75	-	-	-	-	1.90
Mr. S. Krishnan	-	-	-	-	1.80	1.65	-	-	-	-	1.80
Mr. S. Iniyar	-	-	-	-	1.40	1.30	-	-	-	-	1.40
Mrs. Jayashree Nachiappan	-	-	-	-	1.40	1.30	-	-	-	-	1.40
	-	-	-	-	1.70	1.40	-	-	-	-	1.70
<b>Remuneration</b>											
Mr. R. Chellappan	-	-	93.87	131.60	7.96	9.88	-	-	-	-	102.77
Mr. A. Balan	-	-	14.24	24.55	-	-	-	-	-	-	14.24
Mr. K.V. Nachiappan	-	-	23.23	27.08	-	-	-	-	-	-	23.23
	-	-	17.05	21.96	-	-	-	-	-	-	17.05



**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
Mr. V.C.Raghunath	-	-	8.76	10.89	-	-	-	-	8.76	10.89
Mrs V.C.Mirunalini	-	-	7.17	8.95	-	-	-	-	7.17	8.95
Mr. R.Sathishkumar	-	-	10.39	8.63	-	-	-	-	10.39	8.63
Mr. P.Jagan	-	-	8.68	29.53	-	-	-	-	8.68	29.53
Ms. Nikhila R	-	-	4.35	-	-	-	-	-	4.35	-
Miss Aarthi Balan	-	-	-	-	8.90	9.88	-	-	7.96	9.88
<b>Consultancy Charges</b>	-	-	-	-	-	-	-	-	-	-
Miss Preetha Balan	-	-	-	-	4.96	5.93	-	-	4.96	5.93
<b>Commission</b>	-	-	42.85	-	-	-	-	-	42.85	-
Mr. R. Chellappan	-	-	28.57	-	-	-	-	-	28.57	-
Mr. A.Balan	-	-	7.14	-	-	-	-	-	7.14	-
Mr. K.V. Nachiappan	-	-	7.14	-	-	-	-	-	7.14	-
<b>Dividend paid</b>	-	-	61.22	237.63	1.54	5.97	1.32	5.15	64.08	248.76
Mr. R Chellappan	-	-	55.48	215.46	-	-	-	-	55.48	215.46
Mr. A.Balan	-	-	3.52	13.68	-	-	-	-	3.52	13.68
Mr. K.V. Nachiappan	-	-	1.24	4.82	-	-	-	-	1.24	4.82
Mr. V.C.Raghunath	-	-	0.44	1.71	-	-	-	-	0.44	1.71
Mrs V.C.Mirunalini	-	-	0.53	1.97	-	-	-	-	0.53	1.97
Others	-	-	-	-	1.54	5.97	1.32	5.15	2.86	11.12
<b>Non-current investments made</b>	<b>1,852.00</b>	-	-	-	-	-	-	-	<b>1,852.00</b>	-
Swelect Sun Energy Private Limited - Equity shares	1,852.00	-	-	-	-	-	-	-	1,852.00	-
<b>Loans given</b>	<b>6,048.86</b>	<b>4,448.50</b>	-	-	-	-	-	-	<b>6,048.86</b>	<b>4,448.50</b>
Swelect Solar Energy Private Limited	12.28	27.88	-	-	-	-	-	-	12.28	27.88
Amex Alloys Private Limited	589.60	1,841.47	-	-	-	-	-	-	589.60	1,841.47
Swelect Green Energy Solutions Private Limited	92.13	545.36	-	-	-	-	-	-	92.13	545.36
Noel Media & Advertising Private Limited	70.40	274.84	-	-	-	-	-	-	70.40	274.84
K J Solar Systems Private Limited	102.25	1,125.71	-	-	-	-	-	-	102.25	1,125.71
SWELECT Inc, USA	0.08	20.98	-	-	-	-	-	-	0.08	20.98
Swelect Power Systems Private Limited	2,849.36	612.26	-	-	-	-	-	-	2,849.36	612.26
Swelect Sun Energy Private Limited	2,332.76	-	-	-	-	-	-	-	2,332.76	-
<b>Repayment of loans</b>	<b>4,441.71</b>	<b>3,192.35</b>	-	-	-	-	-	-	<b>4,441.71</b>	<b>3,192.35</b>
Amex Alloys Private Limited	549.03	1,906.13	-	-	-	-	-	-	549.03	1,906.13
Swelect Green Energy Solutions Private Limited	93.13	669.46	-	-	-	-	-	-	93.13	669.46
Noel Media & Advertising Private Limited	125.46	65.77	-	-	-	-	-	-	125.46	65.77
K J Solar Systems Private Limited	295.94	12.90	-	-	-	-	-	-	295.94	12.90
Swelect Power Systems Private Limited	1,184.15	72.37	-	-	-	-	-	-	1,184.15	72.37
Swelect Solar Energy Private Limited	-	465.71	-	-	-	-	-	-	-	465.71
Swelect Sun Energy Private Limited	2,194.01	-	-	-	-	-	-	-	2,194.01	-

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

**33 Related party transactions**

Particulars	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Total	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>Balance outstanding as at the year end:</b>										
<b>Trade payables</b>	<b>6,443.11</b>	<b>5,660.94</b>	-	-	-	-	<b>37.93</b>	<b>165.70</b>	<b>6,481.04</b>	<b>5,826.65</b>
Swelect Energy Systems Pte. Limited., Singapore	6,443.11	5,656.88	-	-	-	-	-	-	6,443.11	5,656.88
Swelect Green Energy Solutions Private Limited	0.00	4.07	-	-	-	-	-	-	0.00	4.07
Arken Solutions Private Limited	-	-	-	-	-	-	37.34	165.42	37.34	165.42
Swelect Electronics Private Limited	-	-	-	-	-	-	0.59	0.29	0.59	0.29
<b>Capital Creditors</b>	<b>17.07</b>	<b>746.48</b>	-	-	-	-	-	-	<b>17.07</b>	<b>746.48</b>
Swelect Energy Systems Pte. Limited., Singapore	17.07	518.65	-	-	-	-	-	-	17.07	518.65
Swelect Power Systems Private Limited	-	227.82	-	-	-	-	-	-	-	227.82
<b>Amounts receivable from related parties</b>										
<b>Trade receivables</b>	<b>4,497.32</b>	<b>794.75</b>	-	<b>3.34</b>	-	-	-	-	<b>4,497.31</b>	<b>798.09</b>
Amex Alloys Private Limited	662.53	676.82	-	-	-	-	-	-	662.53	676.82
Swelect Energy Systems Pte. Limited., Singapore	-	0.82	-	-	-	-	-	-	-	0.82
Swelect Inc	50.38	109.35	-	-	-	-	-	-	50.38	109.35
Noel Media & Advertising Private Limited	117.14	1.39	-	-	-	-	-	-	117.14	1.39
Swelect Green Energy Solutions Private Limited	0.14	1.71	-	-	-	-	-	-	0.14	1.71
K J Solar Systems Private Limited	0.05	1.42	-	-	-	-	-	-	0.05	1.42
Swelect Power Systems Private Limited	-	-	-	-	-	-	-	-	-	-

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Total	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
	0.86	3.25	-	-	-	-	-	-	0.86	3.25
Swelect Solar Energy Private Limited										
Mrs V.C.Mirunalini			3.34							3.34
Swelect Sun Energy Private Limited	3666.22	-							3,666.22	-
<b>Reimbursement</b>	<b>0.56</b>	-	-	-	-	-	-	-	<b>0.56</b>	-
Swelect Green Energy Solutions Private Limited	0.56	-	-	-	-	-	-	-	0.56	-
<b>Loans to Related parties</b>	<b>10,526.02</b>	<b>8,928.58</b>	-	-	-	-	-	-	<b>10,526.02</b>	<b>8,929.12</b>
Swelect Solar Energy Private Limited	34.91	22.63	-	-	-	-	-	-	34.91	22.63
Noel Media & Advertising Private Limited	810.75	865.81	-	-	-	-	-	-	810.75	865.81
Amex Alloys Private Limited	4,523.97	4,485.20	-	-	-	-	-	-	4,523.97	4,485.20
K J Solar Systems Private Limited	1,112.98	1,306.66	-	-	-	-	-	-	1,112.98	1,306.66
Swelect Power Systems Private Limited	3,639.70	1,974.50	-	-	-	-	-	-	3,639.70	1,974.50
SWELECT Inc, USA	264.95	272.77	-	-	-	-	-	-	264.95	272.77
Swelect Electronics Private Limited	-	-	-	-	-	-	-	0.55	-	0.55
Swelect Green Energy Solutions Private Limited	-	1.00	-	-	-	-	-	-	-	1.00
Swelect Sun Energy Private Limited	138.75	-	-	-	-	-	-	-	138.75	-

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**34 Directors' remuneration**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries	70.45	93.43
Commission	42.85	-
<b>Total</b>	<b>113.30</b>	<b>93.43</b>

**35 Contingent liabilities**

**(a) Contingencies**

The details of claims against the company not acknowledged as debts are given below:

Particulars	As at 31 March 2021	As at 31 March 2020
a) Excise related matters ##	671.94	671.94
b) Sales tax related matters **	35.77	35.77
c) Income tax related matters #	2,951.30	2,951.30
<b>Total Contingencies</b>	<b>3,659.01</b>	<b>3,659.01</b>

\*\* Rs. 10.30 lakhs deposited under dispute (2020 -Rs. 10.30 lakhs)

# Rs. 140.76 lakhs deposited under dispute (2020 - Rs. 140.76 lakhs)

## Rs.65.68 lakhs deposited under dispute (2020 - Rs. 65.68 lakhs)

Note: Subsequent to year end, the company has received demand of Rs 748.48 lakhs from customs department on 24 April 2021. Based on professional advise and favorable orders received in the past for a similar instance, the Company is confident of getting favorable outcome and hence no provision is required on account of the above at this point of time.

**Management Assesment:**

The amount shown under Contingent Liabilities and disputed claims represent the best possible estimates arrived at on the basis of available information. Further, various Government authorities raise issues/clarifications in the normal course of business and the Company has provided its responses to the same and no formal demands/claims has been made by the authorities in respect of the same other than those pending before various judicial/regulatory forums as disclosed above. The uncertainties and possible reimbursement in respect of the above are dependent on the outcome of the various legal proceedings, which have been initiated by the Company or the Claimants, as the case may be and therefore cannot be predicted accurately. The Company has reviewed all the proceedings and has adequately provided for wherever provisions are required and disclosed contingent liabilities wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on the financial statements.

**36 Net equity dividend remitted in foreign exchange**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Final equity dividend</b>		
Period to which it relates	<b>2019-20</b>	<b>2018-19</b>
Number of non-resident shareholders	5	5
Number of equity shares of Rs. 10/- each held on which dividend was due	344,850	229,900
Dividend per share	0.75	2.50
Amount remitted	2.59	5.75
<b>Interim equity dividend</b>		
Period to which it relates	<b>2019-20</b>	<b>2019-20</b>
Number of non-resident shareholders	-	5
Number of equity shares of Rs.10/- each held on which dividend was due	-	344,850.00
Dividend per share	-	1.25
Amount remitted	-	4.31

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**37 Financial Instruments**

**Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**Financial instruments by category**

	As at 31 March 2021			As at 31 March 2020		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
<b>Financial assets</b>						
Investment in equity instruments (Other than in Subsidiaries)	13,964.29	-	13,964.29	12803.28	-	12803.28
Investments	27,171.76	500.00	27,671.76	23,703.26	500.00	24,203.26
Loans to Related Parties	-	10,526.02	10,526.02	-	8,929.12	8,929.12
Trade receivables	-	8,440.29	8,440.29	-	4541.47	4541.47
Cash and cash equivalents	-	314.25	314.25	-	238.77	238.77
Other Bank balances	-	9,797.89	9,797.89	-	8,226.05	8,226.05
Balance with Government Authorities	-	8.64	8.64	-	61.81	61.81
Security deposits and Grant Receivable (Refer Note 5)	-	767.97	767.97	-	650.28	650.28
Interest accrued on fixed deposits	-	130.28	130.28	-	206.08	206.08
Advance to employees	-	0.18	0.18	-	0.58	0.58
Statutory and other financial assets	-	784.93	784.93	-	647.73	647.73
<b>Total financial assets</b>	<b>41,136.05</b>	<b>31,270.45</b>	<b>72,406.50</b>	<b>38,978.53</b>	<b>22,582.53</b>	<b>61,561.06</b>
<b>Financial liabilities</b>						
Borrowings - Term loans	-	14,347.61	14,347.61	-	3,301.48	3,301.48
Borrowings - Others	-	12,928.27	12,928.27	-	8,911.50	8,911.50
Interest accrued	-	86.39	86.39	-	28.91	28.91
Trade payables	-	8,150.01	8,150.01	-	7,765.11	7,765.11
Capital creditors	-	17.07	17.07	-	746.48	746.48
Unpaid Dividend	-	10.85	10.85	-	10.20	10.20
Rental Deposit	-	204.75	204.75	-	172.74	172.74
Statutory dues payable	-	27.89	27.89	-	37.97	37.97
Lease liability	-	185.67	185.67	-	7.87	-
<b>Total financial liabilities</b>	<b>-</b>	<b>35,574.37</b>	<b>35,574.37</b>	<b>-</b>	<b>20,982.26</b>	<b>20,974.39</b>

**Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**(a) Financial assets and liabilities valued at fair value.**

	As at 31 March 2021			As at 31 March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investment in equity instruments (Other than in Subsidiaries)	-	-	13,964.29	-	-	12803.28
Other Investments	27,171.76	-	-	23,703.26	-	-
Investment Property	-	-	16,585.45	-	-	12338.39
	<b>27,171.76</b>	<b>-</b>	<b>30,549.74</b>	<b>23,703.26</b>	<b>-</b>	<b>25,141.67</b>

**(b) Financial assets and liabilities measured at amortised cost**

The Company has not disclosed fair values of financial instruments such as trade receivables, cash and cash equivalents, other Bank balances, security deposits, loans and advances to related parties, lease rental receivables, interest accrued on fixed deposits, certain advances to employees, trade payables and employee benefits payables (that are short term in nature), because their carrying amounts are reasonable approximations of their fair values. (Refer Note 4).

**(c) Offsetting**

The Company has not offset financial assets and financial liabilities as at 31 March 2021 and 31 March 2020. The Company's borrowing are secured by Fixed deposits/Mutual funds, the details of which are more fully described in Note 16.

**38 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, accompanying disclosures, and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgements**

In the process of applying the Company's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

**Service concession arrangements**

Management has assessed applicability of Appendix C of Ind AS 115: Service Concession Arrangements to power distribution arrangements entered into by the Company. In assessing the applicability, Management has exercised significant judgment in relation to the underlying ownership of the assets, terms of the power distribution arrangements entered with the grantor, ability to determine prices, value of construction service, assessment of right to guaranteed cash etc."

**Operating lease commitments – Company as lessor**

The Company has entered into commercial property leases on its Investment Property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Taxes**

Significant Management judgement is required to determine the amount of deferred tax assets (including MAT credit) that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**Allowance for uncollectible trade receivables**

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experiences. Individual trade receivables are written off when Management deems them not collectible. The Company has evaluated the receivable balances and has made allowances for the estimated irrecoverable amounts and no further allowance/write-off is expected on the receivables by the Company.

**Warranties**

Provision for warranties involves a significant amount of estimation. The provision is based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate is determined based on the Company's past experience of warranty claims and future expectations. These estimates are revised periodically.

**Impairment of Financial Assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Impairment of Non- Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

**Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment compensated absences and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about defined benefit obligations are given in Note 31.

**38A Recent Accounting Pronouncements**

Impact of the initial application of new and amended Ind ASs that are effective for the current year:

**Amendments to Ind AS 116 - Covid-19 Related Rent Concessions**

The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

- (c) There is no substantive change to other terms and conditions of the lease. The Company has evaluated the effect of this amendment and concluded that the amendment did not have any material impact on the financial statements of the Company.

#### Amendments to Ind AS 103 - Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 April 2020.

The Company has evaluated the effect of this amendment on financial statements.

#### Amendments to Ind AS 1 and Ind AS 8 -

Definition of "material" The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain the definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### Amendments to Ind AS 109 and 107 -

##### Interest Rate Benchmark Reform

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms. The Company has evaluated the effect of this amendment on financial statements and concluded that it is currently not applicable.

## 39 Financial Risk Management Objectives & Policies

The Company's principal financial liabilities comprise of short tenured borrowings, trade and other payables. Most of these liabilities relate to the Company's working capital cycle. The Company has trade and other receivables, loans and advances that arise directly from its operations.

The Company is accordingly exposed to market risk, credit risk and liquidity risk.

The Company's senior Management oversees Management of these risks. The senior professionals working to manage the financial risks for the Company are accountable to the Board of Directors and the Audit Committee. This process provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and overall risk appetite. All foreign currency hedging activities for risk Management purposes are carried out by a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

The Audit Committee reviews and agree policies for managing each of these risks which are summarised below:

**(a) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits and advances.

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rate movement.

Particulars	As at	As at
	31 March 2021	31 March 2020
Variable rate borrowings	27,275.88	12,210.28
Fixed rate borrowings	-	2.70
<b>Total</b>	<b>27,275.88</b>	<b>12,212.98</b>

**(i) Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all the other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/ decrease in basis points	Effect on Profit before tax
31 March 2021	+ 76 basis points	207.30
	- 76 basis points	(207.30)
31 March 2020	+ 52 basis points	63.49
	- 52 basis points	(63.49)

**(ii) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily US Dollars and Euro. The Company has foreign currency trade payables and receivables and is therefore, exposed to foreign currency risk.

The Company manages its foreign currency risk by way of a periodical assessment for hedging appropriate percentage of its foreign currency exposure, as per its established risk Management policy duly considering the nature of the foreign currency receivable/payables, the fluctuation in the foreign currencies etc.

**Foreign Currency Sensitivity**

The Company does not have outstanding derivatives as at 31 March 2021 and 31 March 2020 and all of its foreign currency exposure is unhedged. The following table demonstrates the sensitivity in the USD, Euro and other currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's Profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the Year Ended	For the Year Ended	For the Year Ended	For the Year Ended
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
US Dollars	+5%	(425.32)	(302.13)	(425.32)	(302.13)
	-5%	425.32	302.13	425.32	302.13
Euro	+5%	(20.83)	(30.85)	(20.83)	(30.85)
	-5%	20.83	30.85	20.83	30.85

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**(b) Credit Risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with Banks, foreign exchange transactions and other financial instruments.

**(i) Trade and other receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk Management. Trade receivables are non-interest bearing and are generally on credit terms in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses based on historical trends and other factors. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue. Further, Management believes that the unimpaired amounts that are past due by more than 360 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

In addition, an impairment analysis is performed at each reporting date on an individual basis for all the major individual customers. The maximum exposure to credit risk as at the reporting date is the carrying value of each class of financial assets that are not secured by security deposits. The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as at 31 March 2021	4,193.90	2,892.59	1,353.81	8,440.30
Trade Receivables as at 31 March 2020	1,374.12	2,628.85	538.50	4,541.47

The requirement for impairment is analysed at each reporting date and provision is based on the Expected Credit Loss Method by following a provision matrix which results in provision percentages in the range of 10% to 100% based on the age bucket of receivables ranging from 1.5 years to 5 years and more.

**Lease rent receivable**

The Company's leasing arrangements represent the Buildings and Land let out to various customers which have been classified as Operating Lease. The creditworthiness of the customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk. The Company does not expect any losses from non-performance by these customers.

**Cash and Bank balances**

The Company holds cash and cash equivalents with credit worthy Banks and financial institutions as at the reporting date. The credit worthiness of such Banks and financial institutions are evaluated by the Management on an ongoing basis and is considered to be good.

**Other financial assets including investments**

The Company does not expect any losses from non-performance by the counter-parties.

**(ii) Financial instruments and cash deposits**

Credit risk from balances with Banks is managed by Company's treasury team in accordance with the policy approved by the Board. Investments of surplus funds are made temporarily with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**(c) Liquidity Risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash Management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international banks at an optimised cost.

The table below summarise the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	As at 31 March 2021				Total	Carrying Value
	Less than 1 year	1- 5 years	More than 5 years			
Borrowings	14,076.07	12,355.87	843.95		27,275.89	27,275.89
Trade Payables	8,145.55	-	-		8,145.55	8,145.55
Lease liability	-	185.67	-		185.67	185.67
Other financial liabilities	176.22	177.48	-		353.70	353.70
<b>Total</b>	<b>22,397.84</b>	<b>12,719.02</b>	<b>843.95</b>		<b>35,960.81</b>	<b>35,960.81</b>

Particulars	As at 31 March 2020				Total	Carrying Value
	Less than 1 year	1- 5 years	More than 5 years			
Borrowings	747.49	1,749.99	9,715.49		12,212.97	12,212.97
Trade Payables	7,765.11	-	-		7,765.11	7,765.11
Lease liability	-	7.87	-		7.87	7.87
Other financial liabilities	1,219.45	138.71	-		1,358.16	1,358.16
<b>Total</b>	<b>9,732.05</b>	<b>1,896.57</b>	<b>9,715.49</b>		<b>21,344.11</b>	<b>21,344.11</b>

**40 Capital Management**

Capital includes equity attributable to the equity holders of the Company and net debt. Primary objective of Company's capital Management is to ensure that it maintains an optimum financing structure and healthy returns in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments, in light of the changes in economic conditions or business requirements. The Company monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

**Gearing Ratio:**

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings	27,275.88	12,212.98
Less: Cash and cash equivalents	(10,112.14)	(8,464.82)
<b>Net Debt</b>	<b>17,163.74</b>	<b>3,748.16</b>
Equity	68,095.99	65,778.92
<b>Total Capital</b>	<b>68,095.99</b>	<b>65,778.92</b>
<b>Capital and Net Debt</b>	<b>85,259.73</b>	<b>69,527.08</b>
<b>Gearing Ratio</b>	<b>20.13%</b>	<b>5.39%</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**41** The Company has investments (net) aggregating Rs. 7,186.18 lakhs (As at March 2020 Rs.7877.18 lakhs) and loans & advances aggregating Rs.4,523.97 lakhs (As at 31 March 2020 Rs. 4,486.20 lakhs) relating to two operating subsidiaries of the Company who has accumulated losses and/or revenues have significantly reduced, as per the audited financial statements as at 31 March 2021. During the year ended 31 March 2021, the Company had carried out a detailed assessment of the recoverability of its investments and loans & advances duly considering revenue projections of the subsidiaries based on the most recent long-term forecasts, resultant cash flows using an appropriate discount rate as well as significant estimates and judgements involving certain new projects and expected clearances and approvals from relevant authorities. All of these estimates and judgements have inherent uncertainties and the actual results may differ from that estimated as at the date of the Balance sheet. The estimation of revenue projections is based on the Management's assessment of probability of securing new businesses in the future, duly considering adverse business impact and uncertainties arising on account of the COVID-19 pandemic to the extent known. The impact of COVID-19 on the Company's financial statements is not material as on date.

During the current year, the Company based on the assessment, made a provision for diminution in the value of investment relating to one of the subsidiaries for Rs.691 lakhs (previous year ended 31 March 2020 Rs 2,471.99 lakhs) and disclosed the same as an exceptional item in the standalone financial statements of the Company for the quarter and year ended 31 March 2021. The Management has concluded that the carrying value of the investments, net of the above provision, and Loans & Advances are recoverable duly considering the expected future business projections as at 31 March 2021.

**42** A nation-wide lockdown was announced by the Government of India as a result of the outbreak of COVID 19 pandemic. Due to the lockdown announced by the Government of India, the operations of the Company came to a temporary-halt. As per MNRE guidelines, Solar Power Generating plants continued in operation with the plant staff after obtaining permission from the local authorities. In assessing the recoverability of receivables, property plant and equipments, other intangible assets and certain investments, the Company has considered internal and external information up to the date of approval of these audited financials including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these audited financials and the Company will continue to closely monitor any material changes to future economic conditions.

**43** The Board duly taking into account all the relevant disclosures made, has approved these standalone financial statements in its meeting held on 14 June 2021 in accordance with the provisions of Companies Act, 2013.

See accompanying notes forming part of the Standalone Ind AS Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Sd/-

**C Manish Muralidhar**

Partner

Place : Hyderabad

Date : 14th June 2021

For and on behalf of **the Board of Directors**

**Swelect Energy Systems Limited**

Sd/-

**R. Chellappan**

Managing Director

DIN:00016958

Place: Coimbatore

Date: 14th June 2021

Sd/-

**A. Balan**

Joint Managing Director

DIN:00017091

Place: Salem

Date: 14th June 2021

Sd/-

**R. Sathishkumar**

Company Secretary

Place: Chennai

Date: 14th June 2021

Sd/-

**Nikhila R**

Chief Financial Officer

Place: Chennai

Date: 14th June 2021

## **Consolidated Ind AS Financial Statements**

## INDEPENDENT AUDITOR'S REPORT

### To the Members of SWELECT ENERGY SYSTEMS LIMITED

#### Report on the Audit of the Consolidated Financial Statements

##### Opinion

We have audited the accompanying consolidated financial statements of **SWELECT ENERGY SYSTEMS LIMITED** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group" which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements / financial information of the subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated profit, their consolidated total comprehensive Income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

##### Emphasis of Matter

We draw attention to Note 44 of the consolidated financial statements, which describes the management's assessment of impairment of Property, plant and equipment in two operating subsidiaries, either on account of accumulated losses or significant reduction in revenues in those subsidiaries. This assessment also considers the uncertainties arising from COVID 19 pandemic. Such estimates are based on current facts and circumstances and may not necessarily reflect the future uncertainties and events arising from the full impact of the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Impairment of Property, Plant &amp; Equipment of two operating subsidiaries which has either accumulated losses or significant reduction in revenues.</b></p> <p>Property, Plant &amp; Equipment (net) aggregating Rs. 8,526.40 lakhs as at 31 March 2021 relating to two operating subsidiaries, which has either accumulated losses or significant reduction in revenues [Refer Note 3 to the Consolidated Financial Statements], whose recoverable value is greater than the carrying value in the books based on Management's judgment.</p> <p>The Management has carried out detailed evaluation considering various factors and concluded that the carrying value of property, plant and equipment are good and recoverable.</p> <p>The Management's judgment includes the valuation methodology, estimating the forecasted revenues and cash flows, which includes the likely impact on account of the COVID-19 pandemic on the discount rate and growth rate used in the projection period. Any adverse changes to these two assumptions could result into reduction, in the fair value determined, resulting in a potential impairment to be recognised.</p>	<p><b>Principal audit procedure performed:</b></p> <p>Our procedures relating to impairment of property, plant and equipment included the following, among others:</p> <ol style="list-style-type: none"> <li>a. We understood and tested the effectiveness of internal controls over the Company's review of impairment assessment of property, plant and equipment performed by the two subsidiaries covering the valuation methodology used, the completeness and accuracy of the input data considered, the reasonableness of key assumptions considered in determining the future projections and the impairment calculations.</li> <li>b. We had discussions with the component auditors in regard to the impairment evaluation of property, plant and equipment pertaining to two operating subsidiaries. Also, we have sent out referral instructions to the component auditors and evaluated the responses received from them. The procedures performed by the component auditors and which were evaluated by us are as follows: <ol style="list-style-type: none"> <li>i. Obtained the valuation report (prepared by the external valuation specialist or as prepared by the management, as applicable) and considered as part of their impairment testing over the property, plant and equipment.</li> <li>ii. Evaluated appropriateness of the valuation methodology used and the reasonableness of the key assumptions considered by the management, such as discount rate and growth rate, duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Company's estimates in the prior periods.</li> <li>iii. Compared the actual revenues and cash flows generated by these subsidiaries during the year as to the projections and estimates considered in the previous year.</li> <li>iv. Assessed the sensitivity of the valuation to key changes in assumptions and tested the mathematical accuracy of the impairment model.</li> </ol> </li> </ol>

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the Consolidated financial statements, Standalone financial statements and our auditor's report thereon.
- Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information, compare with the Ind AS financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their Ind AS financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated cash flows and Consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated financial statements by the Directors of the Parent as aforesaid.

In preparing the Consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

(a) We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of Rs. 39,900.33 lakhs as at 31 March 2021, total revenues of Rs. 9,732.58 lakhs and net cash (outflows) amounting to Rs. (420.80) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our report is not modified in respect of this matter.

(b) We did not audit the financial statements of 1 subsidiary, whose financial statements reflect total assets of Rs. 206.11 lakhs as at 31 March, 2021, total revenues of Rs. 10.74 lakhs and net cash flows amounting to Rs. 45.49 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and the financial information certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditors and other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

- e) On the basis of the written representations received from the directors of the Parent as on 31 March 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**C Manish Muralidhar**  
Partner  
(Membership No.213649)  
(UDIN: 21213649AAAACM6276)

Place: Hyderabad  
Date: 14th June 2021

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the Consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of **SWELECT ENERGY SYSTEMS LIMITED** (hereinafter referred to as “Parent”), as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Parent, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Parent’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk

that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its Subsidiary Companies, which are Companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, based on the criteria for internal financial controls over financial reporting established by the respective Companies considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 5 Subsidiary Companies, which are Companies incorporated in India, is based solely on the corresponding reports of the auditors of such Companies incorporated in India.

Our opinion is not modified in respect of the above matters.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**C Manish Muralidhar**  
Partner  
(Membership No.213649)  
(UDIN: 21213649AAAACM6276)

Place: Hyderabad  
Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**  
**Consolidated Balance Sheet as at 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

PARTICULARS	Note No.	As at 31 March 2021	As at 31 March 2020
<b>(A) ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	3	29,534.15	26,763.67
(b) Capital work-in-progress		7,158.13	1,085.79
(c) Right of use Assets		483.26	474.73
(d) Investment Property	4	2,340.33	2,084.32
(e) Goodwill on Consolidation		789.74	789.74
(f) Other Intangible assets	5	13,169.00	13,992.89
(g) Financial Assets			
(i) Investments	6 (a)	530.35	530.35
(ii) Loans	6 (c)	668.57	348.34
(iii) Trade receivables	9	930.51	1,419.36
(iv) Other financial assets	6 (d)	600.86	620.79
(v) Bank balances	6 (e)	4,023.00	4,584.00
(h) Income Tax Asset (Net)	17(b)	434.77	234.52
(i) Deferred Tax Asset (Net)	17(a)	295.47	273.51
(j) Other non-current assets	7	825.20	734.38
<b>Total Non-Current Assets</b>		<b>61,783.34</b>	<b>53,936.39</b>
<b>Current assets</b>			
(a) Inventories	8	6,653.44	7,082.04
(b) Financial Assets			
(i) Investments	6 (b)	27,171.74	23,703.25
(ii) Loans	6 (c)	356.83	447.41
(iii) Trade receivables	9	6,676.96	5,400.72
(iv) Cash and cash equivalents	10	1,214.66	1,194.52
(v) Other bank balances	6 (e)	13,928.75	10,942.42
(vi) Other financial assets	6 (d)	1,157.28	1,212.46
(c) Other Current assets	11	504.31	777.59
<b>Total Current assets</b>		<b>57,663.97</b>	<b>50,760.41</b>
<b>TOTAL ASSETS</b>		<b>119,447.31</b>	<b>104,696.80</b>

PARTICULARS	Note No.	As at 31 March 2021	As at 31 March 2020
<b>(B) EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	1,515.88	1,515.88
(b) Other Equity	13	72,745.73	70,432.74
(c) Non-Controlling interests		646.49	-
<b>Total Equity</b>		<b>74,908.10</b>	<b>71,948.62</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15(a)	14,898.13	3,949.33
(ii) Other financial liabilities	15(b)	177.48	138.71
(iii) Lease liabilities		143.12	306.51
(b) Deferred tax liabilities (net)	17 b	338.47	326.73
(c) Provisions	18	511.80	452.11
(d) Other non-current liabilities		233.76	387.07
<b>Total Non-Current liabilities</b>		<b>16,302.76</b>	<b>5,560.46</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15(b)	18,679.96	17,405.11
(ii) Trade payables	19		
(A) Total outstanding dues of micro enterprises and small enterprises		351.64	259.35
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,278.15	5,140.21
(iii) Lease liabilities		349.04	157.22
(iv) Other financial liabilities	16	2,442.40	1,188.65
(b) Other current liabilities	20	921.93	2,846.72
(c) Provisions	18	213.33	190.46
<b>Total Current Liabilities</b>		<b>28,236.45</b>	<b>27,187.72</b>
<b>Total Liabilities</b>		<b>44,539.21</b>	<b>32,748.18</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>119,447.31</b>	<b>104,696.80</b>

See accompanying notes forming part of the Consolidated Ind AS Financial Statements.

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Sd/-  
**C Manish Muralidhar**  
Partner

Place : Hyderabad  
Date : 14th June 2021

For and on behalf of the Board of Directors  
**Swelect Energy Systems Limited**

Sd/-  
**R. Chellappan**  
Managing Director  
DIN:00016958  
Place: Coimbatore  
Date: 14th June 2021

Sd/-  
**R. Sathishkumar**  
Company Secretary  
Place: Chennai  
Date: 14th June 2021

Sd/-  
**A. Balan**  
Joint Managing Director  
DIN:00017091  
Place: Salem  
Date: 14th June 2021

Sd/-  
**Nikhila R**  
Chief Financial Officer  
Place: Chennai  
Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**  
**Consolidated Statement of Profit and Loss for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

PARTICULARS	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>INCOME</b>			
Revenue from operations	21	25,253.61	25,221.82
Other Income	22	2,985.18	2,759.30
<b>Total Income</b>		<b>28,238.79</b>	<b>27,981.12</b>
<b>EXPENSES</b>			
Cost of raw materials and components consumed	23	9,078.99	13,212.88
Purchase of traded goods		1,430.15	1,382.47
Decrease / (Increase) in inventories of work-in-progress, traded goods and finished goods	24	1,028.41	(2,250.28)
Employee benefits expense	25	2,526.20	2,415.12
Depreciation and amortisation expense	27	2,813.57	2,985.26
Finance costs	28	1,775.87	1,725.90
Other expenses	26	6,143.62	7,689.38
<b>Total expenses</b>		<b>24,796.81</b>	<b>27,160.73</b>
<b>Profit before Exceptional Item and Tax</b>		<b>3,441.98</b>	<b>820.39</b>
Exceptional item	44	(691.00)	(1,522.61)
<b>Profit/(Loss) before tax</b>		<b>2,750.98</b>	<b>(702.22)</b>
<b>Tax Expense</b>			
Current tax	17 b	198.96	410.81
MAT credit (entitlement)		(66.54)	(26.56)
Deferred Tax (Net)		14.97	(69.59)
<b>Income tax expense</b>		<b>147.39</b>	<b>314.66</b>
<b>Profit/(Loss) for the year</b>		<b>2,603.59</b>	<b>(1,016.88)</b>
<b>Other Comprehensive Income (OCI)</b>			
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
Exchange differences on translation of foreign operations		(185.36)	866.52
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains / (losses) / income on defined benefit plans	30	12.35	54.88
Income Tax Effect	17 b	(2.36)	(9.77)
<b>Other comprehensive income for the year, net of tax</b>		<b>(175.37)</b>	<b>911.63</b>
<b>Total Comprehensive income/ (Loss) for the year</b>		<b>2,428.22</b>	<b>(105.25)</b>

PARTICULARS	Note No.	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Profit/(Loss) for the year</b>			
<b>Attributable to :</b>			
Owners of the Parent		2,608.09	(1,016.88)
Non-Controlling interests		(4.50)	
<b>Total Comprehensive (Loss)/Income for the year</b>			
<b>Attributable to :</b>			
Owners of the Parent		2,432.72	(105.25)
Non-Controlling interests		(4.50)	
<b>Earnings per share (Face value of Rs. 10/- each)</b>			
1. Basic (in INR)	29	17.18	(6.71)
2. Diluted (in INR)	29	17.18	(6.71)

See accompanying notes forming part of the Consolidated Ind AS Financial Statements.  
In terms of our report attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Sd/-  
**C Manish Muralidhar**  
Partner

Place : Hyderabad  
Date : 14th June 2021

For and on behalf of the **Board of Directors**  
**Swelect Energy Systems Limited**

Sd/-  
**R. Chellappan**  
Managing Director  
DIN:00016958

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
**R. Sathishkumar**  
Company Secretary

Place: Chennai  
Date: 14th June 2021

Sd/-  
**A. Balan**  
Joint Managing Director  
DIN:00017091

Place: Salem  
Date: 14th June 2021

Sd/-  
**Nikhila R**  
Chief Financial Officer

Place: Chennai  
Date: 14th June 2021



**SWELECT ENERGY SYSTEMS LIMITED**  
**Consolidated Cash flow statement for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit/(Loss) after taxation</b>	2,603.59	(1,016.88)
Adjustments to reconcile profit after tax to net cash flows:	-	
Tax expense	147.39	324.43
Depreciation/amortisation	2,813.57	2,985.26
(Profit)/Loss on Investments carried at fair value through Profit and Loss	(266.30)	563.06
Net gain from the sale of current investment	(1,392.49)	(1,463.59)
Dividend income on investments carried at fair value through Profit and Loss	-	(38.28)
Dividend Income - on equity Investments	(1.22)	(6.65)
Provision for bad and doubtful debts and Bad debts written off	243.99	355.22
Liabilities no longer required, written back	(41.10)	(11.28)
Interest expense	1,775.87	1,725.90
Interest income	(900.86)	(883.32)
Provision for warranties	24.51	15.61
Provision for impairment of Property, Plant and Equipment	691.00	1,522.61
Exchange gains/Losses	(440.91)	568.51
Loss on retirement of Property, Plant and Equipment	18.15	4.56
<b>Operating profit before working capital / other changes</b>	<b>5,275.19</b>	<b>4,645.16</b>
<b>Movement in working capital / Others :</b>		
(Increase) / Decrease in trade receivables	(590.47)	(3,189.44)
(Increase) / Decrease in current and non-current assets	182.46	(95.64)
(Increase)/ Decrease in inventories	428.60	(1,358.31)
Increase in trade payables, other current and long term liabilities	(699.61)	2,799.46
(Decrease)/ Increase in provisions	(759.88)	(29.41)
Increase / (Decrease) in current and non-current financial assets	(154.54)	402.77
<b>Cash flow generated from operations</b>	<b>3,681.75</b>	<b>3,174.59</b>
Taxes paid, net	(357.86)	(333.56)
<b>Net cash flow generated from operating activities (A)</b>	<b>3,323.89</b>	<b>2,841.03</b>

PARTICULARS	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>B. Cash flow from investing activities:</b>		
Net Capital expenditure	(11,552.95)	(4,738.94)
(Investment)/ redemption of current investments	(1,809.70)	2,446.94
Bank deposits (placed) / redeemed (having original maturity of more than three months)	(2,425.99)	(1,503.40)
Interest received	900.86	754.93
Infusion of Minority interest share capital	650.99	-
Dividend income on investments carried at fair value through Profit and Loss	-	38.28
Dividend Income on equity Investments	1.22	6.65
<b>Net cash flow used in investing activities (B)</b>	<b>(14,235.57)</b>	<b>(2,995.54)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds / (Repayment) of short term borrowings	(226.30)	888.25
Receipts of long term borrowings	11,735.50	1,068.74
Payment of Lease liabilities	(282.15)	(151.78)
Interest paid	(1,683.35)	(1,692.23)
Dividend paid	(105.70)	(442.13)
Tax on Dividend paid	(7.99)	(90.88)
<b>Net cash flow used in financing activities (C)</b>	<b>9,430.01</b>	<b>(420.03)</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>(1,481.67)</b>	<b>(574.54)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(8,375.56)</b>	<b>(7,801.02)</b>
<b>Closing cash and cash equivalents</b>	<b>(9,857.23)</b>	<b>(8,375.56)</b>
<b>Cash and Cash equivalents (Refer Note 10(a))</b>	<b>(9,857.23)</b>	<b>(8,375.56)</b>

See accompanying notes forming part of the Consolidated Ind AS Financial Statements.  
In terms of our report attached

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Sd/-  
**C Manish Muralidhar**  
Partner

Place : Hyderabad  
Date : 14th June 2021

For and on behalf of the **Board of Directors**  
**Swelect Energy Systems Limited**

Sd/-  
**R. Chellappan**  
Managing Director  
DIN:00016958  
Place: Coimbatore  
Date: 14th June 2021

Sd/-  
**R. Sathishkumar**  
Company Secretary  
Place: Chennai  
Date: 14th June 2021

Sd/-  
**A. Balan**  
Joint Managing Director  
DIN:00017091  
Place: Salem  
Date: 14th June 2021

Sd/-  
**Nikhila R**  
Chief Financial Officer  
Place: Chennai  
Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

**a. Equity Share Capital**

As at 1 April 2019	Changes in Equity Share Capital during the year (Refer Note 12)	Balance as at 31 March 2020	Changes in Equity Share Capital during the year (Refer Note 12)	Balance as at 31 March 2021
1,010.58	505.30	1,515.88	-	1,515.88

**b. Other Equity**

Particulars	Reserves & Surplus							Total Other Equity	
	Capital Reserve	Securities Premium Reserve	Retained Earnings	Capital Redemption Reserve	Revaluation Reserve	General Reserve	Others		Foreign Currency Translation Reserve
<b>As at 1 April 2019</b>	<b>304.10</b>	<b>182.68</b>	<b>49,565.41</b>	<b>375.00</b>	<b>385.29</b>	<b>18,102.14</b>	<b>26.18</b>	<b>2,652.54</b>	<b>71,593.34</b>
Loss for the year	-	-	(1,016.88)	-	-	-	-	-	(1,016.88)
Other Comprehensive Income (Net of tax)	-	-	45.11	-	-	-	-	-	45.11
<b>Total comprehensive income</b>	<b>304.10</b>	<b>182.68</b>	<b>48,593.64</b>	<b>375.00</b>	<b>385.29</b>	<b>18,102.14</b>	<b>26.18</b>	<b>2,652.54</b>	<b>70,621.57</b>
Movement in Revaluation Reserve	-	(182.68)	-	-	(5.94)	-	-	-	(5.94)
Bonus shares issued	-	-	(322.61)	-	-	-	-	-	(505.29)
Dividend for the year 2018-19	-	-	(252.65)	-	-	-	-	-	(252.65)
Dividend Distribution Tax for the year 2018-19	-	-	(51.93)	-	-	-	-	-	(51.93)
Interim Dividend for the year 2019-20	-	-	(189.48)	-	-	-	-	-	(189.48)
Tax on Dividend for the year 2019-20	-	-	(38.95)	-	-	-	-	-	(38.95)
Others	-	-	(11.10)	-	-	-	-	866.52	855.41
<b>At 31 March 2020</b>	<b>304.10</b>	<b>-</b>	<b>47,726.91</b>	<b>375.00</b>	<b>379.35</b>	<b>18,102.14</b>	<b>26.18</b>	<b>3,519.06</b>	<b>70,432.74</b>
Profit for the year	-	-	2,608.09	-	-	-	-	-	2,608.09
Other Comprehensive Income (Net of tax)	-	-	9.99	-	-	-	-	-	9.99
<b>Total comprehensive income</b>	<b>304.10</b>	<b>-</b>	<b>50,344.99</b>	<b>375.00</b>	<b>379.35</b>	<b>18,102.14</b>	<b>26.18</b>	<b>3,519.06</b>	<b>73,050.82</b>
Movement in Revaluation Reserve	-	-	-	-	(6.04)	-	-	-	(6.04)
Dividend distribution made during the year relating to financial year 2019-20	-	-	(105.70)	-	-	-	-	-	(105.70)
Tax on Dividend relating to financial year 2019-20	-	-	(7.99)	-	-	-	-	-	(7.99)
Movement in Foreign Currency Translation Reserve	-	-	-	-	-	-	-	(185.36)	(185.36)
<b>As at 31 March 2021</b>	<b>304.10</b>	<b>-</b>	<b>50,231.30</b>	<b>375.00</b>	<b>373.31</b>	<b>18,102.14</b>	<b>26.18</b>	<b>3,333.70</b>	<b>72,745.73</b>

See accompanying notes forming part of the Consolidated Ind AS Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Sd/-  
**C Manish Muralidhar**  
Partner

Place : Hyderabad  
Date: 14th June 2021

For and on behalf of the Board of Directors

**Swelect Energy Systems Limited**

Sd/-  
**R. Chellappan**  
Managing Director  
DIN:00016958

Place: Coimbatore  
Date: 14th June 2021

Sd/-  
**A. Balan**  
Joint Managing Director  
DIN:00017091

Place: Salem  
Date: 14th June 2021

Sd/-  
**R. Sathishkumar**  
Company Secretary

Place: Chennai  
Date: 14th June 2021

Sd/-  
**Nikhila R**  
Chief Financial Officer

Place: Chennai  
Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**1 Corporate information**

SWELECT ENERGY SYSTEMS LIMITED (hereinafter referred to as 'the Parent' or 'the Company' or 'the Holding Company') was incorporated as a Public Limited Group on 12 September 1994. The Parent and its subsidiaries (together referred to as 'the Group') are engaged in the business of manufacturing and trading of Solar power projects, off-grid solar photovoltaic modules, based on crystalline silicon technology (c-Si), solar and wind power generation, contract manufacturing services, installation and maintenance services, sale of Solar Photovoltaic inverters and energy efficient lighting systems. The Parent is domiciled in India and its shares are listed on BSE and NSE. The registered office of the Group is located at Chennai.

**2 Basis of preparation**

**(a) Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

**(b) Functional and presentation currency**

Currency of the primary economic environment in which the Group operates ("the functional currency") is Indian Rupee (INR). Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).

**(c) Basis of measurement**

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**(d) Use of estimates and judgements**

In preparing these financial statements, the Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Judgements**

Note 5 - Revenue from Service Concession Arrangements

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

Note 3 - Useful life of Property, Plant and Equipment

Note 21 - Revenue from Service Concession Arrangements

Note 36 - Fair valuation of Financial Assets/Liabilities

Notes 6 and 9 - Impairment of financial assets and other assets

Note 8 - Allowance for Non-moving, Slow moving inventories

Note 18 - Provision for Warranty and the underlying projections / assumptions / judgements etc.

Note 31 - Measurement of Defined Benefit Obligations: Key actuarial assumptions

**(e) Measurement of fair values**

A number of Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values whereby the valuation is obtained from an external independent valuer, which is then reviewed by the Chief Financial Officer for the underlying assumptions used in the valuation.

The Chief Financial Officer regularly reviews the significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used by the valuer to measure fair values, then the Chief Financial Officer assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4 – Investment Property and Note 36 – Financial Instruments

**2(A) Summary of significant accounting policies**

**Principles of Consolidation:**

The consolidated financial statements relate to the Company and its Subsidiaries. The consolidated financial statements have been prepared on the following basis:

The financial statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating material intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the Company's separate financial statements.

The details of the Subsidiaries considered in the preparation of the consolidated financial statements are given below:

SI No.	Name of the Subsidiary	Country of Incorporation	Relationship	Effective Ownership Interest as at the Balance Sheet Date (%)	
				2020-21	2019-20
1	Swelect Energy Systems Pte. Limited., Singapore	Singapore	Subsidiary	100	100
2	SWELECT Inc. USA	USA	Subsidiary	100	100
Subsidiary of SWELECT Inc. USA:					
3	SWELECT Energy Systems LLC, USA #	USA	Subsidiary	100	100
4	Swelect Solar Energy Private Limited	India	Subsidiary	100	100
Subsidiaries of Swelect Solar Energy Private Limited:					
5	Noel Media & Advertising Private Limited	India	Subsidiary	100	100
6	K J Solar Systems Private Limited	India	Subsidiary	100	100
7	Swelect Power Systems Private Limited	India	Subsidiary	100	100
8	Amex Alloys Private Limited	India	Subsidiary	100	100
9	Swelect Green Energy Solutions Private Limited	India	Subsidiary	100	100
10	Swelect Sun Energy Private Limited	India	Subsidiary	73.99	-
11	SWEES Employees' Welfare Trust *	India	Subsidiary	*	*

\*No shareholding and the entity is a trust in which the Company has Control. Two of the Company's directors are also the trustees in the Trust and the trust holds 117,600 shares of the Company. The main object of the trust is for the welfare of the employees of the Group.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

# The Company Swelect Energy Systems LLC, USA has filed its final return as on 31st December 2019 for FY 2019-20.

**(a) Current versus non-current classification**

The Group presents assets and liabilities in the Balance sheet based on current/ non-current classification which is determined based on the operating cycle.

An asset is treated as current when it is:

- ♦ Expected to be realised or intended to sold or consumed in the normal operating cycle
- ♦ Held primarily for the purpose of trading
- ♦ Expected to be realised within twelve months after the reporting period, or
- ♦ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.

A liability is treated as current when:

- ♦ It is expected to be settled in normal operating cycle
- ♦ It is held primarily for the purpose of trading
- ♦ It is due to be settled within twelve months after the reporting period, or
- ♦ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**(b) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties collected on behalf of the Government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The following specific recognition criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from sale of goods, its accessories and other traded/manufactured goods are recognised when significant risks and rewards of ownership are passed to the buyer, which generally coincides with dispatch of goods. Revenues under composite contracts comprising supply, installation and commissioning are recognised on dispatch as such services are generally considered insignificant to the contract.

Sales Tax/Value Added Tax (VAT), Goods and Service Tax is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the Government. Accordingly, it is excluded from revenue.

**Sale of power**

Revenue from sale of power from renewable energy sources is recognised in accordance with the price agreed under the provisions of the Power Purchase Agreement entered into with Tamilnadu Generation and Distribution Corporation Limited (TANGEDCO) and other customers. Such revenue is recognised on the basis of actual units generated and transmitted.

Revenue from power distribution business is accounted on the basis of billings to the customers and includes unbilled revenues accrued up to the end of accounting year. Customers are billed as per the tariff rates issued by Electricity Regulatory Commission. Interest is accounted on accrual basis on overdue bills.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**Renewable Energy Certificate (REC) Income:**

Income arising from REC is initially recognised in respect of the number of units of power exported at the minimum expected realisable value, determined based on the rates specified under the relevant regulations duly considering the entitlements as per the policy, industry specific developments, Management assessment etc and when there is no uncertainty in realising the same. The difference between the amount recognised initially and the amount realised on sale of such RECs at the Power Exchange are accounted for as and when such sale happens.

**Income from service**

Revenue from maintenance contracts is recognised in the Statement of Profit and Loss on a periodic basis over the period of the contract according to the terms and conditions of the agreements. Income from installation contracts is recognised when the certificate of installation is received from the customer.

**Interest income**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included in 'Other Income' in the Consolidated Statement of Profit and Loss. For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**Dividend**

Revenue is recognised when the Group's right as a shareholder/unit holder to receive payment is established by the reporting date.

**Rental Income**

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in Revenue from Operations in the Statement of Profit and Loss due to its operating nature.

**(c) Service Concession Agreement**

The Group constructs Infrastructure used to provide a public service, operates and maintains that Infrastructure (operation services) for a specified period of time.

These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix C to Ind AS 115 - Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The Intangible asset model is used to the extent that the Group receives a right (i.e. a franchisee) to charge users of the public service. The financial asset model is used when the Group has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Group performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated with reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

The Group manages concession arrangements which include constructing Solar power distribution assets for distribution of electricity. The Group maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the Infrastructure and the services to be provided.

The right to consideration gives rise to an Intangible asset and financial receivable and accordingly, both the Intangible asset and financial receivable models are applied. Income from the concession arrangements earned under the Intangible asset model consists of the value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and payments actually received from the users. The Intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the Group, starting from the date when the right to operate starts to be used. Based on these principles, the Intangible asset is amortised in line with the actual usage of the specific public facility or the agreement period, whichever is less

Financial receivable is recorded at fair value of guaranteed residual value to be received at the end of the concession period. This receivable is subsequently measured at amortised cost.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expires.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**(d) Inventories**

Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress, Finished goods	Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty (until 30 June 2017).
Traded goods	Lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

**(e) Taxes**

**Current income tax**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in Equity, in which case it is recognised in Equity.

Current Tax is the amount of tax payable on the taxable income for the year and is determined in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in Other Comprehensive Income or in Equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is considered as an asset, if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group. The carrying amount of MAT is reviewed at each reporting date and the asset is written down to the extent the Group does not have convincing evidence that it will pay normal income tax during the specified period. With the introduction of the new Income tax provisions, the Group has the option to adopt lower rate of tax under Section 115BAA. Upon availing this option, MAT accruals till date of adoption will be expunged for the respective companies.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and written off to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in Other Comprehensive Income or in Equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in Equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**(f) Employee Benefits**

**Defined Contribution Plan**

Provident Fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the Balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance sheet date, then excess is recognised as an asset to the extent of the pre-payment.

Employee State Insurance

Contributions to Employees State Insurance Scheme are recognised as expense in the year in which the services are rendered.

**Defined Benefit Plan**

Gratuity

The Group makes annual contribution to a Gratuity Fund administered by trustees and managed by LIC. The Group accounts its liability for future gratuity benefits based on actuarial valuation, as at the Balance Sheet date, determined every year using the Projected Unit Credit method. Actuarial gains/losses are immediately recognised in Retained Earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not re-classified to profit or loss in subsequent periods. The defined benefit obligation recognised in the balance sheet represents the present value of the Defined Benefit Obligation less the Fair Value of Plan Assets out of which the obligations are expected to be settled.

Long Term Compensated Absences

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Short Term Employee Benefits

Short Term Employee Benefits includes short term compensated absences which is recognized based on the eligible leave at credit on the Balance Sheet date, and the estimated cost is based on the terms of the employment contract.

**(g) Foreign Currency Transactions and Translations**

The Group's financial statements are presented in INR, which is also the Group's functional currency.

Initial Recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at the average rates that closely approximate the rate at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Treatment of Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements are recognised as income or as expense in the year in which they arise.

Translation of foreign subsidiaries

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian rupees using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**Forward exchange contracts entered into to hedge foreign currency risk of an existing Asset/Liability**

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

**(h) Earnings per share (EPS)**

Basic earnings per share is computed by dividing the profit / loss after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / loss after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**(i) Property, Plant and Equipment and Other Intangible assets**

The Group has elected to adopt the carrying value of Property, Plant and Equipment and Other Intangible assets under the Indian GAAP as on 31st March 2015, as the deemed cost for the purpose of transition to IND AS.

Property, Plant and Equipment and Other Intangible assets are stated at original cost net of tax/duty credit availed, less accumulated depreciation/amortisation and impairment losses, if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Other Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Other Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant & Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

Gains and losses arising from derecognition of Property, Plant and Equipment and Other Intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of the Profit and Loss when the asset is derecognised.

The Group identifies and determines cost of each component/part of the Property, Plant and Equipment separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Capital Work-in-Progress: Projects under which Property, Plant and Equipment is not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and attributable interest. Once it has become available for use, their cost is re-classified to appropriate caption and subjected to depreciation.

**(j) Depreciation and amortization**

Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the Management as follows:

Building	30 years
Plant and Machinery (other than Windmills & Solar Plant)	15 years
Windmills (included under Plant and Machinery)	22 years
Solar Plant	25 years
Office Equipment	5 years
Electrical Equipment	10 years
Computers	3 years
Furniture and Fittings	10 years
Vehicles (Motor cars/Motor Vehicles)	8 years/ 10 years

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**(k) Useful lives/depreciation rates**

Considering the applicability of Schedule II, the Management has estimated the useful lives and residual values of all its Property, Plant & Equipment. The Management believes that the depreciation rates currently used fairly reflect its estimate of the useful life and residual values of Property, Plant & Equipment, though these rates in certain cases are different from the lives prescribed under Schedule II.

The Management has estimated, supported by independent assessment by professionals, the useful lives of the following classes of Property, Plant & Equipment.

The useful life of certain Solar Plant and Machinery to 25 years, respectively. These lives are higher than those indicated in Schedule II.

Leasehold improvements are amortised using the straight-line method over their estimated useful lives (5 years) or the remainder of primary lease period, whichever is lower.

Other Intangible assets are amortised using the straight-line method over a period of five years.

**(l) Impairment of Property, Plant and Equipment and Other Intangible assets**

The carrying amounts of Property, Plant and Machinery is reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**(m) Investment Property**

The Group has elected to adopt the carrying value of Investment Property under the Indian GAAP as on 31st March 2015, as the deemed cost for the purpose of transition to Ind AS.

Investment Property represents Property (Land or a Building or part of a Building or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both.

Investment Property is measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Property is stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts if the recognition criteria are met. When significant parts of the Investment Property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in Statement of Profit and Loss as incurred.

Depreciation on Building classified as Investment Property has been provided on the straight-line method based on the useful life as prescribed in Schedule II to the Companies Act, 2013. These are based on the Group's estimate of their useful lives taking into consideration technical factors.

Though the Group measures Investment Property using cost basis measurement, the fair value of Investment Property is disclosed in Note 4. Fair values are determined on an annual evaluation performed by applying a valuation model.

Investment Property is derecognised when either they have been disposed off or when the Investment Property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the Investment Property is recognised in the Statement of Profit and Loss in the period of derecognition.

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of Property, Plant and Equipment that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of Property, Plant and Equipment. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(o) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

For arrangements entered into prior to April 1, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Leases where, the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Property, Plant and Equipment. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

**(p) Provisions and Contingencies**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

**(q) Provision for Warranty**

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and Management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claims will arise, being typically up to twenty five years.

The estimates used for accounting of warranty liability/recoveries are reviewed periodically and revisions are made as required.

**(r) Financial instruments**

**Financial Assets:**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the Statement of Profit and Loss (i.e. fair value through profit or loss), or recognised in Other Comprehensive Income (i.e. fair value through Other Comprehensive Income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the Statement of Profit and Loss, except for those equity investments for which the entity has elected to present value changes in 'Other Comprehensive Income'

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the Statement of Profit and Loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;
  - (a) The Group has transferred substantially all the risks and rewards of the asset, or
  - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognising impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

**Financial Liabilities:**

**Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
- Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
- Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.
- Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

**(s) Fair value measurement**

The Group measures specific financial instruments of certain investments at fair value at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises the accounting policy for fair value. Other fair value related disclosures are given in relevant notes.

**(t) Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at Banks and on hand including cheques on hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**(u) Cash dividend**

The Group recognises a liability to make cash, when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Dividends paid/payable are recognised in the year in which the related dividends are approved by the Shareholders or Board of Directors as appropriate.

**(v) Cash flow statement**

Cash flows are presented using indirect method, whereby Profit after tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operating, investing and financing activities of the Group is segregated based on the available information.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

**(w) Business combinations**

In accordance with Ind AS 101 provisions related to first time adoption, the Group had elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, have been carried forward.

Business combinations involving entities under the common control are accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies.

The identity of the reserves shall be preserved and shall appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. Any consideration in excess of the net worth of the acquire Group is adjusted against the reserves of the acquiring Group.

**(x) Exceptional item**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**(y) Segment Reporting**

Operating segments reflect the Group's Management structure and the way the financial information is regularly reviewed by the Group's Chief Executive Officer (CEO). The CEO considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and Management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.



**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)  
**3 Property, Plant and Equipment**

Particulars	Land	Buildings	Plant and Machinery	Office & Electrical Equipment	Computers	Furniture and Fittings	Vehicles	Leasehold Improvements	Total
<b>Cost</b>									
<b>As at 1 April 2019</b>	1,922.96	3,998.82	24,431.47	588.55	98.66	349.78	230.44	5.98	31,626.66
Additions	107.00	85.66	4,896.16	38.90	6.04	6.74	0.93	-	5,141.43
Deletions (Refer Note (i) below)	-	(6.59)	(490.24)	(14.55)	-	-	(5.05)	-	(516.43)
Others Transfers (Refer Note (ii) below)	(148.22)	168.94	-	0.19	0.15	6.37	-	-	27.43
<b>As at 31 March 2020</b>	<b>1,881.74</b>	<b>4,246.83</b>	<b>28,837.39</b>	<b>613.10</b>	<b>104.83</b>	<b>362.89</b>	<b>226.32</b>	<b>5.98</b>	<b>36,279.09</b>
Additions	111.01	93.80	4,960.43	8.72	11.22	32.79	32.90	-	5,250.87
Deletions (Refer Note (i) below)	-	-	-	-	-	-	(6.73)	-	(6.73)
Other Transfers (Refer Note (ii) below)	(58.04)	-	-	-	-	-	-	-	(58.04)
<b>As at 31 March 2021</b>	<b>1,934.71</b>	<b>4,340.63</b>	<b>33,797.82</b>	<b>621.82</b>	<b>116.05</b>	<b>395.68</b>	<b>252.49</b>	<b>5.98</b>	<b>41,465.18</b>
<b>Depreciation</b>									
<b>As at 1 April 2019</b>	-	<b>403.18</b>	<b>5,219.57</b>	<b>326.71</b>	<b>71.17</b>	<b>229.99</b>	<b>117.15</b>	<b>5.11</b>	<b>6,372.88</b>
Charge for the year	-	137.72	1,615.35	80.72	12.39	85.65	29.10	0.04	1,960.97
Deletions (Refer Note (i) below)	-	(2.09)	(343.54)	(9.78)	-	-	(4.10)	-	(359.51)
Others Transfers (Refer Note (ii) below)	-	11.83	-	0.14	0.12	6.37	-	-	18.46
<b>As at 31 March 2020</b>	<b>-</b>	<b>550.64</b>	<b>6,491.38</b>	<b>397.80</b>	<b>83.68</b>	<b>322.01</b>	<b>142.15</b>	<b>5.15</b>	<b>7,992.80</b>
Charge for the year	-	87.88	1,514.37	73.98	12.88	15.89	26.30	0.04	1,731.34
Deletions (Refer Note (i) below)	-	-	-	-	-	-	(6.73)	-	(6.73)
Others Transfers (Refer Note (ii) below)	-	-	-	0.01	-	-	-	-	0.01
<b>As at 31 March 2021</b>	<b>-</b>	<b>638.52</b>	<b>8,005.75</b>	<b>471.79</b>	<b>96.56</b>	<b>337.90</b>	<b>161.72</b>	<b>5.19</b>	<b>9,717.43</b>
<b>Impairment</b>									
<b>As at 31 March 2020</b>	-	-	<b>1,522.60</b>	-	-	-	-	-	<b>1,522.60</b>
Charge for the year	-	-	691.00	-	-	-	-	-	691.00
<b>As at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>2,213.60</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,213.60</b>
<b>Net Block</b>									
<b>As at 31 March 2020</b>	<b>1,881.74</b>	<b>3,696.19</b>	<b>20,823.41</b>	<b>215.30</b>	<b>21.15</b>	<b>40.88</b>	<b>84.17</b>	<b>0.83</b>	<b>26,763.67</b>
<b>As at 31 March 2021</b>	<b>1,934.71</b>	<b>3,702.11</b>	<b>23,578.47</b>	<b>150.03</b>	<b>19.49</b>	<b>57.78</b>	<b>90.77</b>	<b>0.79</b>	<b>29,534.15</b>

**Notes:**

- (i) Other transfers represent Land and Buildings that are transferred to / from Investment Property to/from Property, Plant and Equipment for use in the business operations of the Company.
- (ii) The Company's obligation under finance leases (See Note 15(a)) are secured by the lessors' title to the leased assets ( Vehicles), which have a carrying amount is Rs23.28 Lakhs (31 March 2020 Rs. 45.70lacs).

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

3(a) The Company has entered into leases for Buildings.

**Right of Use Asset “ROU”:**

The following are the changes in the carrying value of right of use assets for the year ended 31 March 2021

Particulars	Building	Machinery	Total
Balance as at 01 April 2019	86.74	-	86.74
Additions	-	571.48	<b>571.48</b>
Depreciation*	80.07	103.42	183.49
<b>Balance as at 31 March 2020</b>	<b>6.67</b>	<b>468.06</b>	<b>474.73</b>
Additions	257.00	-	<b>257.00</b>
Depreciation*	85.19	163.28	248.47
<b>Balance as at 31 March 2021</b>	<b>178.48</b>	<b>304.78</b>	<b>483.26</b>

\* The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

(b) **Lease Liabilities:**

The following is the movement in lease liabilities during the year ended 31 March 2021

Particulars	Building	Machinery	Total
Balance as at 01 April 2019	97.84	-	97.84
Additions	-	485.24	485.24
Finance Cost accrued during the year	5.21	27.20	32.41
Payment of Lease liabilities	95.18	56.60	151.78
Balance as at 31 March 2020	7.87	455.84	463.71
Additions	257.00	-	257.00
Finance Cost accrued during the year	18.63	34.96	53.59
Payment of Lease liabilities	97.83	184.32	282.15
<b>Balance as at 31 March 2021</b>	<b>185.67</b>	<b>306.49</b>	<b>492.16</b>

The following is the break-up of current and non-current lease liabilities as at 31 March 2021

Particulars	As at 31 March 2021	As at 31 March 2020
Current lease liabilities	349.03	157.22
Non Current lease liabilities	143.12	306.51

(c) **Amounts recognized in profit and loss were as follows:**

Particulars	As at 31 March 2021	As at 31 March 2020
Depreciation Expenditure	248.47	183.49
Finance cost on Lease liabilities	53.59	32.41

(d) **The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis:**

Particulars	As at 31 March 2021	As at 31 March 2020
Not later than 1 year	369.99	192.19
Later than 1 year and not later than 5 years	333.46	333.46
Later than 5 years	-	-

**Note:** The company does not face a significant liquidity risk with regards to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**4 Investment Property**

Particulars	Land and Buildings	
	As at 31 March 2021	As at 31 March 2020
<b>Cost</b>	<b>2,593.97</b>	<b>2,451.58</b>
Additions during the year	276.48	52.22
Deletions during the year	-	(58.05)
Other Transfers (Refer Note 3(ii))	58.04	148.22
<b>Closing balance</b>	<b>2,928.49</b>	<b>2,593.97</b>
<b>Depreciation</b>		
Opening balance	509.65	394.15
Depreciation during the year	97.26	115.51
<b>Closing balance</b>	<b>588.16</b>	<b>509.65</b>
<b>Net Block</b>	<b>2,340.33</b>	<b>2,084.32</b>

**Information regarding Income and Expenditure of Investment Property**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a) Rental income derived from Investment Property	365.76	480.94
(b) Direct operating expenses (including repairs and maintenance) generating rental income	-	-
(c) Direct operating expenses (including repairs and maintenance) that did not generate rental income	11.97	11.79
<b>Profit arising from investment property before depreciation and indirect expenses</b>	<b>353.79</b>	<b>469.15</b>
Less – Depreciation	97.26	115.51
<b>Profit arising from Investment Property before indirect expenses</b>	<b>256.53</b>	<b>353.65</b>

**Measurement of fair values:**

**Description of valuation techniques used and key inputs for valuation of Investment Property:**

As at 31 March 2021 and 31 March 2020, the fair value of the Property is Rs. 18,942.30 lakhs and Rs. 14,270.27 lakhs respectively. The valuation is based on fair value assessment done. A valuation model in accordance with the one recommended by the International Valuation Standards Committee has been applied. The fair value is not based on the valuation by an independent valuer.

The Company has no restrictions on the realisability of its Investment Property and has no contractual obligations to purchase, construct or develop Investment Property or has any plans for major repairs, maintenance and enhancements. Fair Value Hierarchy disclosures for Investment Property have been provided in Note 36.

This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

Under the Discounted cash flow method, fair value is estimated using assumptions regarding the fair market value of the Property.

In this regard, the key assumptions used for fair value calculations are as follows:-

It is presumed that the vacancy durations of the Property will have no material impact on the cash flow projections, as they are immaterial.

- Existing rental escalation terms will continue to exist in the future without any modification.
- It is presumed that no brokerage, commission costs will be incurred on the let out of Property.

The weighted average cost of capital (WACC) is the rate that the Group is expected to pay on average to all its security holders to finance its assets. The weighted average cost of capital is calculated by Capital Asset Pricing Model (CAPM). This model

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

takes into account the asset's sensitivity to non-diversifiable risk (also known as systematic risk or market risk), represented by the quantity beta ( $\beta$ ) in the financial industry, as well as the expected return of the market and the expected return of a theoretical risk-free asset.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment or refurbishment. The appropriate duration is typically driven by market behaviour that is characteristic of the class of real Property. Periodic cash flow is typically estimated as gross income, non-recoverable expenses, collection losses, lease incentives, maintenance cost, and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increase (decrease) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the Property. Significant increase (decrease) in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by:

- i. A directionally similar change in the rent growth per annum and discount rate (and exit yield).
- ii. An opposite change in the long term vacancy rate.

#### Reconciliation of fair value:

	Amount
<b>Gross Block as on 31 March 2021</b>	2,928.49
Fair value difference	16,013.81
<b>Fair Value as at 31 March 2021</b>	<b>18,942.30</b>

## 5 Other Intangible assets

Particulars	Certification Process	Service Concession Arrangement (Refer Note below)	Computer Software	Total
<b>Cost</b>				
<b>As at 1 April 2019</b>	<b>103.49</b>	<b>16,175.56</b>	<b>152.79</b>	<b>16,431.84</b>
Additions	28.25	-	57.90	86.15
<b>As at 31 March 2020</b>	<b>134.40</b>	<b>16,175.56</b>	<b>210.69</b>	<b>16,520.65</b>
Additions	21.37	2.36	29.64	53.37
Deletions	-	(93.38)	-	(93.38)
<b>As at 31 March 2021</b>	<b>155.77</b>	<b>16,084.54</b>	<b>240.33</b>	<b>16,480.64</b>
<b>Amortisation</b>				
<b>As at 1 April 2019</b>	<b>62.78</b>	<b>1,649.46</b>	<b>88.82</b>	<b>1,801.06</b>
Charge for the year	37.32	657.26	32.12	726.70
Deletions	-	-	-	-
Other Transfers (Refer Note 3 (i))	-	-	-	-
<b>As at 31 March 2020</b>	<b>100.10</b>	<b>2,306.72</b>	<b>120.94</b>	<b>2,527.76</b>
Charge for the year	23.14	757.91	18.66	799.71
Deletions	-	(15.83)	-	(15.83)
Other Transfers (Refer Note 3 (i))	-	-	-	-
<b>As at 31 March 2021</b>	<b>123.24</b>	<b>3,048.80</b>	<b>139.60</b>	<b>3,311.64</b>
<b>Net block</b>				
<b>As at 31 March 2020</b>	<b>34.30</b>	<b>13,868.84</b>	<b>89.75</b>	<b>13,992.89</b>
<b>As at 31 March 2021</b>	<b>32.53</b>	<b>13,035.74</b>	<b>100.73</b>	<b>13,169.00</b>

Notes:

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

- The Group (Operator) has entered into the following Power Purchase Agreements (PPA) with counter parties (Grantor). The Group has assessed the same as an arrangement which needs to be accounted under the principles of Appendix C of Ind-AS 115 as the following conditions are met: The Grantor controls or regulates which services the Operator must provide to the Infrastructure (Solar Power Plant), to whom it must provide and at what price and the controls, the Grantor will exercise through ownership, beneficial entitlement or other significant residual interest in the Infrastructure at the end of the term of the arrangement. Infrastructure within the scope of Appendix C of Ind-AS 115 is not recognised as Property, Plant and Equipment of the Operator because the contractual service arrangement does not convey the right to control the use of the Infrastructure to the Operator.

Consideration for the construction services received or receivable by the Operator is recognised at its fair value. The consideration may be rights to:

- a financial asset, or
- an Intangible asset.

The Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the Grantor for the construction services; the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law, even if payment is contingent on the operator ensuring that the Infrastructure meets specified quality or efficiency requirements. The tenure of the PPA represents the significant useful life of the Infrastructure. Consequently, the Group has an intangible right to receive cash through the tenure of the PPA and the same has been recognised as an Other Intangible asset. The Other Intangible asset is amortised over the agreement period.

- Other Intangible asset with a carrying amount of Rs.756.6 lakhs (As at 31 March 2020: Rs. 791.13 lakhs) has been pledged to secure borrowings of the Company (Refer Note 16). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.
- Other Intangible asset with a carrying amount of Rs.4601.88 lakhs (As at 31 March 2020: Rs. 4,840.93 lakhs) has been pledged in favour of the Grantor against the grant received and receivable from the Grantor.

**6 Financial Assets**

**6 (a) Non-current investments**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Unquoted Investment in equity shares at fair value through Statement of Profit and Loss</b>		
3,00,000 (31 March 2020 : 3,00,000) Equity shares of Rs.10/- each fully paid in Gem Sugars Limited	30.00	30.00
3,520 (31 March 2020 : 3,520) Equity shares of Rs.10/- each fully paid in Yajur Energy Solutions Private Limited	0.35	0.35
<b>Investment in tax free bonds (unquoted) carried at amortised cost</b>		
50,000 (31 March 2020: 50,000) bonds of Rs.1,000/- each fully paid in Housing and Urban Development Corporation Limited *(Refer Note below)	500.00	500.00
	<b>530.35</b>	<b>530.35</b>
Aggregate value of unquoted investments	530.35	530.35

**Note:**

Investment in tax free bonds are non-derivative financial assets which generate an effective interest income of 8.51% for the Company.

\* Investments marked have been pledged as collateral securities with Bank for the borrowings of the Company. (Refer Note 15).

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**6 (b) Current investments**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Investments at fair value through profit or loss (FVTPL)</b>		
<b>Quoted Mutual funds</b>		
2,725,901.41 (31 March 2020: 1,921,876.42) units of Aditya Birla Sunlife Banking & PSU Debt fund - Regular - Growth *	7,720.91	5,032.87
316,156.000 (31 March 2020: 651,971.35) units of ICICI Prudential Savings - Fund Growth **	1,315.22	2,525.40
Nil (31 March 2020: 667,331.345) units of Aditya Birla Sunlife Saving Fund Growth **	-	2,652.78
LIC Endowment Plus ##	12.14	7.87
Nil (31 March 2020: 1,00,00,000) units of HSBC Fixed Term Series 129 Growth	-	1,213.35
67,994.421 (31 March 2020: 67,994.421) units of UTI Liquid Cash Plan -Regular Growth*	2,279.94	2,201.26
Nil (31 March 2020: 70,000.001) units of SBI Liquid Fund Regular Growth	-	2,165.53
16,889,967.522 ( 31 March 2020-14,332,022.225) ICICI Prudential Banking and PSU Debt Fund - Growth *	4,219.35	3,319.63
22,094,457.000 ( 31 March 2020-18,780,433.949) IDFC Banking & PSU Debt Fund - Regular Plan - Growth *	4,249.80	3,332.23
Nil ( 31 March 2020-10.926) HDFC Liquid Fund- Daily Dividend Reinvest	-	0.11
30,000.348 ( 31 March 2020- 30,000.348) HDFC Money Market Fund- Regular plan - Growth *	1,325.60	1,252.22
16,585,394.21 (31st March 2020-Nil) HDFC Credit Risk Debt Fund - Regular - Growth*	3,019.85	-
8,924,990.65 (31st March 2020-Nil) ICICI Prudential Medium Term Bond Fund - Growth*	3,028.93	-
	<b>27,171.74</b>	<b>23,703.25</b>
Aggregate cost of Quoted investments	23,598.55	20,391.36
Aggregate market value of Quoted investments	27,171.74	23,703.25
Current	27,171.74	23,703.25

**Note:**

\* Investments marked have been pledged as collateral securities with Banks for the borrowings of the Company. (Refer Note 15).

\*\* Investments marked have been pledged as collateral securities with Banks for the borrowings of Company and its subsidiary (Refer Note 15).

## Investment in LIC Endowment Fund initially taken in the name of the Managing Director has been subsequently assigned to the Company.

**6(c) Financial assets carried at Amortised cost**

**Loans (Unsecured, considered good, unless otherwise stated) carried at amortised cost**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Other Financial Assets**	470.52	218.49
Advances	23.66	11.95
Security deposit	174.39	117.90
<b>Total</b>	<b>668.57</b>	<b>348.34</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Loans to employees	9.13	8.89
Loans to related parties	-	0.55
Earnest money deposit	-	-
Advances	3.76	3.76
Security deposit	0.15	0.15
Other Financial Assets**	343.79	434.06
<b>Total</b>	<b>356.83</b>	<b>447.41</b>
<b>Total</b>	<b>1,025.40</b>	<b>795.75</b>

\*\* Other financial assets are non-derivative financial assets which generate an effective interest income of 8.50% - 9.00 % for the Group.

**6 (d) Other financial assets (Unsecured, considered good, unless otherwise stated) carried at amortised cost**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Balance with Government authorities	881.30	901.23
Provision for doubtful advance	(280.44)	(280.44)
<b>Total</b>	<b>600.86</b>	<b>620.79</b>
<b>(ii) Current</b>		
Interest accrued on fixed deposits	142.10	277.24
Balances with Government authorities	33.64	17.28
Other Current Financial assets	1,136.54	1,002.94
	<b>1,312.28</b>	<b>1,297.46</b>
Provision for doubtful advance	(155.00)	(85.00)
<b>Total</b>	<b>1,157.28</b>	<b>1,212.46</b>
<b>Total</b>	<b>1,758.14</b>	<b>1,833.25</b>
Considered good	1,322.70	1,467.81
Considered doubtful	435.44	365.44

**6 (e) Bank balances (Carried at amortised cost)**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
Deposits with original maturity more than 12 months #	4,023.00	4,584.00
<b>Total</b>	<b>4,023.00</b>	<b>4,584.00</b>
<b>(ii) Current</b>		
Deposits with original maturity more than 3 months and less than 12 months #	13,641.77	10,942.42
Earmarked balances	286.98	-
<b>Total</b>	<b>13,928.75</b>	<b>10,942.42</b>
<b>Total</b>	<b>17,951.75</b>	<b>15,526.42</b>

# The balance on deposit accounts bears an average interest rate of 5% and have been pledged as collateral securities with Banks for availing Term loan, working capital limits, Packing credit facility, Foreign Currency Non-resident Loan for the Group. (Refer Note 15).

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**7 Other Non-current assets (Unsecured, considered good)**

Particulars	As at 31 March 2021	As at 31 March 2020
Capital advances	653.70	505.87
Prepaid expenses	152.03	227.83
Others	19.47	0.68
<b>Total</b>	<b>825.20</b>	<b>734.38</b>

**8 Inventories**

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials and components	2,633.64	1,790.79
Raw materials In Transit	99.43	342.47
Work-in-progress	1,505.73	1,080.44
Finished goods	1,875.09	2,710.21
Finished goods in transit	-	21.40
Traded goods	539.55	1,136.73
<b>Total</b>	<b>6,653.44</b>	<b>7,082.04</b>

**Note**

Work-in Progress comprises of Solar Photo Voltaic Panels, mechanical and electrical items and Alloys, Castings and Test Bars.

**9 Trade receivables**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
(a) Receivables considered good	930.51	1,419.36
	<b>930.51</b>	<b>1,419.36</b>
<b>Current</b>		
(a) Receivables considered good	6,676.97	5,400.71
(b) Receivables which have significant increase in Credit Risk	363.25	368.21
(c) Receivables - credit impaired	311.19	278.19
	<b>7,351.41</b>	<b>6,047.11</b>
Less: Allowance for Expected Credit Loss	(674.45)	(646.39)
<b>Total</b>	<b>6,676.96</b>	<b>5,400.72</b>

**Note:**

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

Trade Receivables are unsecured and are derived from revenue earned from sale of Solar Photo Voltaic Panels, Solar Power Generating Systems and accessories, sale of power and other services such as installation and maintenance and sale of patterns and castings. Trade receivables are non-interest bearing and are generally on terms of 60 -150 days.No interest is charged on the balance regardless the age of the balance. The Group uses judgements in making certain assumptions and selecting inputs to determine the impairment of these trade receivables, based on the Group's historical experience towards potential billing adjustments, delays and defaults at the end of the reporting period.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**10 Cash and cash equivalents**

Particulars	As at 31 March 2021	As at 31 March 2020
On unpaid dividend accounts	10.86	10.20
Deposits with original maturity less than 3 months	36.88	422.45
Cash on hand	5.89	3.12
<b>Total</b>	<b>1,214.66</b>	<b>1,194.52</b>

10(a) For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with Banks:		
On current accounts	1,161.03	758.75
Deposits with original maturity less than 3 months	36.88	422.45
Cash on hand	5.89	3.12
	<b>1,203.80</b>	<b>1,184.32</b>
Less : Bank overdrafts (Refer Note 15 (b))	(11,061.03)	(9,559.88)
<b>Total</b>	<b>(9,857.23)</b>	<b>(8,375.56)</b>

**11 Other Current assets**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Unsecured and considered good:</b>		
Supplier advances	380.59	649.93
Prepaid expenses	93.69	55.59
Others	30.03	72.07
<b>Total</b>	<b>504.31</b>	<b>777.59</b>

**12 Equity Share Capital**

Particulars	Equity Shares of Rs. 10/- each	
	Nos.	Amount
<b>Authorised Share Capital</b>		
<b>As at 1 April 2020</b>	<b>470,00,000</b>	<b>4,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2021</b>	<b>470,00,000</b>	<b>4,700.00</b>
<b>Issued, Subscribed &amp; Fully paid up</b>		
<b>As at 1 April 2020</b>	<b>15,158,760</b>	<b>1,515.88</b>
Issue of Equity Share Capital	-	-
<b>As at 31 March 2021</b>	<b>15,158,760</b>	<b>1,515.88</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**a. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of the liquidation of the Company, the holder of equity share will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportionate to the number of equity shares held by the shareholders.

**b. Details of Shareholders holding more than 5% shares in the Company**

Equity shares of Rs.10/- each fully paid	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% holding in the class	Number of shares	% holding in the class
R. Chellappan, Managing Director	7,397,860	48.80%	7,397,860	48.80%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

**13 Other Equity**

Particulars	Capital Reserve	Capital Redemption Reserve	Revaluation Reserve	Retained earnings	General Reserve (Refer Note (ii) below)	Others	Foreign Currency Translation Reserve	Total
<b>Balance at the beginning of the reporting period</b>	304.10	375.00	379.35	47,726.91	18,102.14	26.18	3,519.06	70,432.74
Profit for the year	-	-	-	2,608.09	-	-	-	2,608.09
Other comprehensive income for the year	-	-	-	9.99	-	-	-	9.99
Dividend distribution made during the year relating to financial year 2019-20	-	-	-	(113.69)	-	-	-	(113.69)
Movement in Revaluation reserve	-	-	(6.04)	-	-	-	-	(6.04)
Movement in Foreign Currency Translation Reserve	-	-	-	-	-	-	(185.36)	(185.36)
<b>Closing Balance as on 31 March 2021</b>	<b>304.10</b>	<b>375.00</b>	<b>373.31</b>	<b>50,231.30</b>	<b>18,102.14</b>	<b>26.18</b>	<b>3,333.70</b>	<b>72,745.73</b>

- (i) **General Reserve** - General Reserve is created out of the profits earned by the Company by way of transfer from surplus in the consolidated statement of profit and loss. The Company can use this reserve for payment of dividend and issue fully paid-up and not paid-up bonus shares.
- (ii) In accordance with Notification G.S.R. 404(E), dated April 6, 2016, remeasurement of defined benefit plans is recognised as part of retained earnings.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**14 a. Distribution made and proposed**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended 31 March 2020 : Rs.0 .75/- per share (31 March 2019: Rs. 2.50/- per share)	105.70	304.58
Tax on final dividend	7.99	228.43
<b>Proposed dividends on Equity shares:</b>		
Proposed Dividend for the year ended 31 March 2021: Rs.3/- per share (31 March 2020: Rs. 0.75/- per share)	454.76	113.69
Proposed Dividend of Rs.3/- per share on Equity shares are subject to the approval at the Annual General Meeting and are not recognised as a liability as at 31 March 2021.		

**14 b. Net dividend remitted in foreign exchange**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Final equity dividend</b>		
Period to which it relates	2019-20	2018-19
Number of non-resident shareholders	5.00	5.00
Number of equity shares of Rs 10/- each held on which dividend was due	229,900	229,900
Dividend per share	0.75	2.50
Amount remitted	1.72	5.75
<b>Final equity dividend</b>		
Period to which it relates	2019-20	2018-20
Number of non-resident shareholders	-	5.00
Number of equity shares of Rs. 10/- each held on which dividend was due	-	344,850
Dividend per share	-	1.25
Amount remitted	-	4.31

**15 Borrowings**

**Financial Liabilities carried at amortized cost**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(a) Non-Current</b>		
Term loan from Banks	14,898.13	3,946.63
Vehicle Loan	-	2.70
<b>Total</b>	<b>14,898.13</b>	<b>3,949.33</b>
Secured Borrowings	11,821.15	3,949.33
Unsecured borrowings	3,076.98	

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**Details of long term borrowings are given below:**

Particulars	Amount	Effective Interest Rate	Currency	Repayment Terms	Security
Term loan 1	2,943.94	8.00%	INR	Loan obligation plus interest, is payable in 114 equal monthly instalments.	Solar Power Plant
Term loan 2	465.27	9.50%	INR	Loan obligation plus interest, is payable in 72 equal monthly instalments.	Solar Power Plant
Term loan 3	446.30	9.50%	INR	Loan obligation is payable in 23 quarterly instalments and interest is payable in 81 monthly installments	Solar Power Plant
Term loan 4	458.30	9.35%	INR	Loan obligation is payable in 24 quarterly instalments and interest is payable in 73 monthly installments	Solar Power Plant
Term loan 5	2,488.21	8.00%	INR	Loan obligation is payable in 51 monthly instalments and interest is payable in 61 monthly installments	Solar Power Plant
Vehicle Loan	3.59	8.00%	INR	Loan obligation plus interest, is payable in 48 equal monthly instalments.	Vehicle
Term loan 6	2,592.00	6.75%	INR	Loan obligation is payable in 48 monthly instalments and interest is payable in 60 monthly installments	Unsecured
Term loan 7	4,950.00	6.50%	INR	Loan obligation is payable the end of three years.	Mutual Funds
Term loan 8	262.50	8.20%	INR	16 equal quarterly installments of Rs.43.75 lacs each starting from 1 December 2018 and ending on 1 September 2022 after 1 year moratorium.	Mutual funds of the Group
Term loan 9	262.50	8.20%	INR	16 equal quarterly installments of Rs.43.75 lacs each starting from 14 December 2018 and ending on 14 September 2022 after 1 year moratorium.	Mutual funds of the Group
Term loan 10	262.50	8.20%	INR	16 equal quarterly installments of Rs.31.25 lacs each starting from 4 January 2019 and ending on 4 October 2022 after 1 year moratorium.	Mutual funds of the Group
Term loan 11	218.75	8.20%	INR	16 Equal quarterly installments of Rs.37.50 lacs each starting from 4 February 2019 and ending on 4 November 2022 after 1 year moratorium.	Mutual funds of the Group
Term loan 12	832.09	7.70%	INR	Loan obligation plus interest, is payable in 48 equal monthly instalments.	Plant and Machinery
Term loan 13	484.98	8.25%	INR	Loan obligation plus interest, is payable in 36 equal monthly instalments.	Unsecured
Sub Total	16,670.93				
<b>Less: Current Portion</b>	<b>1,772.80</b>				
<b>Non-Current Borrowings</b>	<b>14,898.13</b>				

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(b) Current</b>		
Term loan from Banks	-	1,869.99
Bank overdrafts	11,061.03	9,559.88
Foreign Currency Non-Resident Loan ( FCNR)	-	1,073.82
Packing Credit Foreign Currency (PCFC)	947.09	971.68
Working Capital Loan	3,937.20	3,546.04
External Commercial Borrowing (ECB)	2,734.64	383.69
Inter Corporate Borrowings	0.00	0.01
<b>Total Current Borrowings</b>	<b>18,679.96</b>	<b>17,405.11</b>
Secured loans	18,679.96	17,405.11

Details of Short Term Borrowings are given below:

Particulars	As at 31 March 2021	Effective Interest Rate	Currency	Repayment Terms	Security
Bank overdrafts	11,061.03	6.80% - 8.15%	INR	Repayable on demand	Fixed Deposits and Mutual funds of the Holding Group
Working capital demand loan -1	4,884.29	9.25% and 1.60%-2.80%	INR	On demand	Fixed Deposits of the Holding Group
External Commercial Borrowing (ECB)	2,734.64	0.9% and 1.24%	Euro	Rollover due in April 2020	Mutual funds of the Holding Group
<b>Total Short term Borrowings</b>	<b>18,679.96</b>				

**16 Other Financial Liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non Current</b>		
Rental Deposit	177.48	138.71
<b>Total</b>	<b>177.48</b>	<b>138.71</b>
<b>(ii) Current</b>		
Current maturities of long-term debt (Refer Note 15(a))	1,772.80	986.10
Unpaid dividend	10.87	10.21
Interest accrued	91.19	52.25
Deferred AMC Income	6.75	0.76
Capital creditors	456.44	26.40
Rental deposits	34.44	41.37
Statutory dues payable	69.91	71.56
<b>Total</b>	<b>2,442.40</b>	<b>1,188.65</b>
<b>Total</b>	<b>2,619.88</b>	<b>1,327.36</b>

**16(a) Other non-current liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Security deposit for Land	51.04	51.04
Deferred AMC Income	24.28	21.49
Deferred Interest Income	158.44	314.54
<b>Total</b>	<b>233.76</b>	<b>387.07</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**17 (A) Deferred Tax Asset (Net)**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non-Current</b>		
MAT credit entitlement	295.47	273.51
<b>Total</b>	<b>295.47</b>	<b>273.51</b>

**17(B) (a) Deferred tax liabilities (net)**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>Deferred tax liabilities</b>		
Impact on difference between tax, depreciation and amortisation charged for the financial reporting	(3,111.89)	(3,639.48)
<b>Gross deferred tax liabilities</b>	<b>(3,111.89)</b>	<b>(3,639.48)</b>
<b>Deferred tax assets</b>		
Carry forward business loss and unabsorbed depreciation	2,773.43	3,312.75
<b>Gross deferred tax assets</b>	<b>2,773.43</b>	<b>3,312.75</b>
<b>Total Deferred tax liabilities (net) *</b>	<b>338.47</b>	<b>326.73</b>

\* Deferred tax liabilities as at 31 March 2021 comprises of deferred tax asset of Rs. 2,773.43 lakhs and deferred tax liabilities of Rs. 3,111.89 lakhs.

**(b) Income Tax**

The major components of income tax expense for the years ended 31 March 2021 and 31 March 2020 are:

**Consolidated Ind AS Statement of Profit or Loss:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax:</b>		
Current income tax charge	198.96	410.81
MAT credit (entitlement) / availed	(66.54)	(26.56)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	14.97	(69.59)
<b>Total</b>	<b>147.39</b>	<b>314.66</b>

As at 31 March 2021, the Group has total eligible deferred tax asset of Rs.3,068.90 Lakhs (including on account of business loss, unabsorbed depreciation and MAT Credit entitlement) as per Income Tax Returns filed/Income Tax workings. In this regard, based on estimated tax workings and the accounting policy followed by the Company for recognition of deferred tax assets on such losses/unabsorbed depreciation, the Company has recognised deferred tax asset to the extent of Rs.2,773.43 Lakhs towards carried forward tax losses and unabsorbed depreciation to the extent of deferred tax liabilities.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Accounting Profit before income tax (including other comprehensive income)	3,454.33	875.27
<b>Minimum Alternate Tax (MAT) Adjustments:</b>		
Add: Allowance for Expected Credit Loss	243.99	224.28
Less: Dividend income earned on Investments	-	(43.42)
Less: Depreciation	(2,451.33)	-
<b>Book Profit for MAT Calculation</b>	<b>1,246.99</b>	<b>1,056.13</b>
At India's statutory Minimum Alternate Tax rate of 15.6% (31 March 2020:19.664 %)**	15.600%	19.664%
<b>Derived Tax Charge for the year</b>	<b>194.53</b>	<b>207.67</b>
Tax impact on account of one fifth of the amount credited to the opening reserves as at 31 March 2016 pursuant to transition to Ind AS	4.43	72.57
Effect of deferred taxes created on depreciation differences	14.97	(69.59)
Others	(66.54)	103.99
<b>Net derived tax charge</b>	<b>147.39</b>	<b>314.64</b>
Income tax expense reported in the Consolidated Statement of Profit and Loss	147.39	314.66

\*\* During the current year, the group with the exception of foreign and loss making subsidiaries, is required to pay tax as per the provisions of Minimum Alternate tax under the provisions of Section 115JB of the Income Tax Act, 1961, tax applicable for computation of income under regular method in India and tax laws applicable in Singapore. Accordingly, the effective rate of tax has been considered as 15.6%.

**18 Provisions**

Particulars	As at 31 March 2021	As at 31 March 2020
<b>(i) Non- current</b>		
Provision for warranties (Refer Note below)	331.49	353.30
Provision for gratuity (Refer Note 31)	92.40	83.86
Provision for compensated absences	87.91	14.95
<b>Total</b>	<b>511.80</b>	<b>452.11</b>
<b>(ii) Current</b>		
Provision for warranties (Refer Note below)	129.81	86.59
Provision for gratuity (Refer Note 31)	-	3.90
Provision for compensated absences	27.99	74.18
Provision for Income tax (net of advance tax)	55.53	25.79
<b>Total</b>	<b>213.33</b>	<b>190.46</b>
<b>Total Provisions [(i)+(ii)]</b>	<b>725.13</b>	<b>642.57</b>

**Note:**

**Provision for warranties**

Particulars	As at 31 March 2021	As at 31 March 2020
At the beginning of the year	439.89	422.09
Arising during the year	23.65	17.80
Utilisation of warranties	(2.24)	-
<b>At the end of the year</b>	<b>461.30</b>	<b>439.89</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**19 Trade payables**

Particulars	As at 31 March 2021	As at 31 March 2020
Trade payables	5,591.86	5,226.09
(Refer note below regarding dues to micro, small and medium enterprises)		
Trade payables to related parties (Refer Note 33)	37.93	173.47
<b>Total</b>	<b>5,629.79</b>	<b>5,399.56</b>

**Note:**

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	351.64	259.35
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	4.78
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	4.78
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	6.51	7.45
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**20 Other current liabilities**

Particulars	As at 31 March 2021	As at 31 March 2020
Advance from customers	767.22	2,736.72
Others	154.71	110.00
<b>Total</b>	<b>921.93</b>	<b>2,846.72</b>



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**21 Revenue from operations**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Revenue from operations</b>		
Sale of products		
Manufactured goods		
Solar Photovoltaic Panels	3,154.83	4,392.11
Solar Power Generating Systems and accessories	4,957.02	4,327.88
Alloys and castings	5,960.70	5,573.67
Grey Iron and Ductile Iron Castings	3,097.11	2,682.17
Traded goods	335.22	923.85
Sale of services		
Installation	1,754.30	1,302.90
Annual Maintenance Contracts	15.06	36.84
Others	113.57	94.81
Sale of power	4,851.27	4,129.73
<b>Other operating revenue</b>		
Scrap Sales	229.71	169.71
Rental Income	365.76	436.85
Renewable Energy Certificate Income (net)	143.84	917.25
Export Benefits	274.98	233.98
Others	0.24	0.07
<b>Revenue from operations</b>	<b>25,253.61</b>	<b>25,221.82</b>

**22 Other income**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Dividend Income on equity investments carried at cost	1.22	6.65
Gain on sale of investments (net)	1,392.49	1,463.59
Exchange gains	305.88	-
Gain on investments carried at fair value through Profit and Loss	266.30	237.50
Dividend income on investments carried at fair value through Profit and Loss	-	38.28
Provision no longer required written back (Net)	41.10	11.28
Liabilities no longer required, written back	7.48	0.01
Other non-operating income	69.85	118.67
Interest income on financial assets carried at amortised cost	900.86	883.32
	<b>2,985.18</b>	<b>2,759.30</b>

**23 Cost of raw material and components consumed**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Inventories at the beginning of the year	2,133.26	3,125.86
Add: Purchases	9,678.80	12,198.20
	<b>11,812.06</b>	<b>15,324.06</b>
Less: Inventories at the end of the year	2,733.07	2,111.18
<b>Total</b>	<b>9,078.99</b>	<b>13,212.88</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**24 Decrease / (Increase) in Inventories of work-in-progress, traded goods and finished goods**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Decrease / (Increase) in Inventories of work-in-progress, traded goods and finished goods</b>		
Traded goods	597.18	(113.07)
Work-in-progress	(425.29)	(505.94)
Finished goods	856.52	(1,631.27)
<b>Total</b>	<b>1,028.41</b>	<b>(2,250.28)</b>

**25 Employee benefits expense**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	2,146.00	2,103.10
Contribution to provident and other funds	120.63	135.53
Gratuity expense (Refer note 31)	64.27	51.15
Staff welfare expenses	195.30	125.34
<b>Total</b>	<b>2,526.20</b>	<b>2,415.12</b>

**26 Other expenses**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sub-contracting and processing expenses	2,530.94	2,690.33
Consumption of stores and spares	9.11	2.65
Service and maintenance charges	1.32	11.69
Power and fuel	775.77	781.07
Wheeling charges	258.98	62.30
Freight and forwarding charges	213.91	243.81
Lease rental		
Rent	39.81	135.12
Rates and taxes	84.46	123.57
Insurance	77.54	65.18
Repairs and maintenance		
- Plant & Machinery	290.03	188.67
- Buildings	29.78	24.61
- Others	213.85	221.48
Corporate Social Responsibility (Refer Note (i) below)	34.03	34.02
Sales promotion	23.43	68.06
Advertisement	33.73	100.11
Security charges	140.37	121.85
Travelling and conveyance	144.29	215.21
Communication costs	46.26	52.31
Printing and stationery	17.68	26.98
Exchange differences (net)	155.15	746.82
Legal and professional fees	337.32	295.32

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Payment to auditor (Refer Note (ii) below)	61.67	58.89
Liquidated damages	29.98	26.07
Provision for Doubtful/Trade/Other receivables	243.99	348.53
Bad debts/advances written off	70.00	6.69
Net loss on retirement of Property, Plant and Equipment	18.15	4.56
Provision for warranties (net of reversals)(Refer Note 18)	24.51	15.61
Directors' sitting fees	8.20	7.40
Loss on investments carried at fair value through Profit and Loss	-	800.56
Miscellaneous expenses	229.36	209.91
<b>Total</b>	<b>6,143.62</b>	<b>7,689.38</b>

**(i) Corporate Social Responsibility**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(i) Gross amount required to be spent by the Group during the year	33.99	34.02
(ii) Amount spent during the year	34.03	40.73

In pursuance of Section 135 of the Companies Act, 2013, the Group has spent towards various activities as enumerated in the CSR Policy of the Group, which covers promoting education, providing drinking water, promoting health and preventive health care to underprivileged people.

**(ii) Payment to auditor**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Audit fee	36.43	36.20
Limited review	10.62	10.62
Tax Audit Fee	4.45	4.45
Certification	8.25	5.69
Reimbursement of expenses	1.92	1.92
	<b>61.67</b>	<b>58.88</b>

**27 Depreciation and amortisation expense**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of Property, Plant and Equipment	1,932.43	2,062.98
Depreciation of Investment Property	97.26	115.50
Amortisation of Other Intangible assets	783.88	806.78
	<b>2,813.57</b>	<b>2,985.26</b>

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

#### 28 Finance costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on borrowings	1,650.76	1,615.42
Interest on Trade payables - Micro and small enterprises	-	4.78
Bank and other charges	125.11	105.70
	<b>1,775.87</b>	<b>1,725.90</b>

#### 29 Earnings price per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit/(Loss) attributable to equity shareholders of the Group (A)	2,603.59	(1,016.88)
Weighted average number of Equity shares for basic and diluted EPS (B)	15,158,760	15,158,760
Basic Earnings per share (A/B)	17.18	(6.71)
Diluted Earnings per share (A/B)	17.18	(6.71)

#### 30A Defined Contribution Plan

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits. The Group provides benefits such as provident fund plans to its employees which are treated as defined contribution plans.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Employer's Contribution to Provident Fund and other funds	120.63	135.53

#### 30B Defined Benefits Plan

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Scheme is funded with an Insurance Company in the form of a qualifying insurance policy.

Reconciliation of opening and closing balances of obligation	Gratuity Plan (funded)	
	As at 31 March 2021	As at 31 March 2020
Defined Benefit obligation as at the beginning of the year	230.21	243.30
Current Service Cost	41.24	43.06
Interest Cost	20.04	22.07
Past Service Cost	-	-
Actuarial loss	(8.31)	(54.34)
Benefits paid	(8.05)	(23.88)
<b>Defined Benefit obligation as at the end of the year</b>	<b>275.13</b>	<b>230.21</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**Reconciliation of opening and closing balances of fair value of plan assets**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Fair value of plan assets as at the beginning of the year	122.26	115.40
Expected return on plan assets	14.97	(1.94)
Actuarial gain / loss	5.66	0.36
Employer's contribution	42.40	32.32
Benefits paid	(17.12)	(23.88)
<b>Fair value of plan assets as at the end of the year</b>	<b>168.17</b>	<b>122.26</b>

**Reconciliation of fair value of assets and obligations**

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
Fair value of plan assets	168.17	122.26
Present value of obligation	275.13	230.21
Net Obligation disclosed as:		
- Current	-	3.90
- Non - Current	92.40	83.86
	<b>For the year ended 31 March 2021</b>	<b>For the year ended 31 March 2020</b>

**Recognised in profit or loss:**

Current Service Cost	41.24	43.06
Interest Cost	5.07	20.13
Past Service Cost	-	-

**Recognised in other comprehensive income:**

Actuarial loss / (gain)	(12.35)	(54.88)
<b>Net Cost</b>	<b>33.96</b>	<b>8.31</b>

**31 The major categories of plan assets of the fair value of the total plan assets are as follows:**

<b>Particulars</b>	<b>Gratuity plan</b>	
	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
<b>Investments details:</b>		
Fund with LIC	168.17	122.26
<b>Total</b>	<b>168.17</b>	<b>122.26</b>

The principal assumptions used in determining gratuity for the Group's plans are shown below:

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Discount rate:	6.45%	6.80%
Future salary increases:	6.25%	6.25%
Expected Return on Plan Assets:	7.96%	7.64%
Employee turnover:	8.00%	8.00%
Contribution Expected to be paid during the next year	0.00	3.90

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

#### 32 A quantitative sensitivity analysis for significant assumptions as at 31 March 2021 is as shown below:

Assumptions - Sensitivity Level	For the year ended 31 March 2021			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate:	7.45%	5.45%	329.86	385.83
Future salary increases:	7.25%	5.25%	385.43	329.71

  

Assumptions - Sensitivity Level	For the year ended 31 March 2020			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate:	7.80%	5.80%	144.34	168.30
Future salary increases:	7.25%	5.25%	168.19	144.23

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The average duration of the defined benefit plan obligation at the end of the reporting period is 8.14 years (31 March 2020: 10 years).

#### 33 Related party transactions

Key Management Personnel (KMP)	Mr. R. Chellappan - Managing Director Mr.A.Balan - Joint Managing Director Mr. V.C.Raghunath - Whole Time Director Mrs. V.C.Mirunalini - Whole Time Director Mr. K. V. Nachiappan Whole Time Director Mr. G.S.Samuel - Independent Director Mr. S.Annadurai - Independent Director Mr.S.Krishnan - Independent Director Mrs. Jayashree Nachiappan - Non Executive Director Mr.S.Iniyan - Independent Director Mr. P.Jagan - Chief Financial Officer (upto 3 August 2020) Ms.Nikhila R-Chief Financial Officer (w.e.f 12 November 2020) Mr. R. Sathishkumar - Company Secretary
Relatives of Key Management Personnel	Mrs. Gunasundari Chellappan Ms. Aarthi Balan Ms. Preetha Balan Mrs. Vasantha Balan Mr. K. N. Rishii Nandhan
Enterprises owned or significantly influenced by Key Management Personnel or their relatives	Arken Solutions Private Limited Swelect Electronics Private Limited
Entity in which the Company has control	SWEES Employees Welfare Trust

#### Terms and conditions of transactions with Related parties:

The transactions with related parties are made on terms equivalent to those that prevail at arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: Nil). This assessment is undertaken at the end each financial year through examining the financial position of the related parties and the market in which the related parties operate.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**  
(All amounts are in INR Lakhs, unless otherwise stated)

**33 Related party transactions**

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by Key Management Personnel or their relatives			Total	
	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020	
<b>Sale of goods</b>									
Mr. R. Chellappan	0.40	415.37	-	-	1.26	9.58	1.66	424.95	
Mr. A. Balan	0.02	411.13	-	-	-	-	0.02	411.13	
Mr. K. V. Nachiappan	0.36	-	-	-	-	-	0.36	-	
Mrs. Mirunalini	0.02	1.18	-	-	-	-	0.02	1.18	
Arken Solutions Private Limited	-	3.06	-	-	-	-	-	3.06	
<b>Receipt of services</b>									
Arken Solutions Private Limited	-	-	-	-	134.72	35.36	134.72	35.36	
	-	-	-	-	134.72	35.36	134.72	35.36	
<b>Rent expense</b>									
Mr. R. Chellappan	2.41	2.39	-	-	0.26	0.24	2.67	2.63	
Swelect Electronics Private Limited	2.41	2.39	-	-	-	-	2.41	2.39	
	-	-	-	-	0.26	0.24	0.26	0.24	
<b>Sitting fees</b>									
Mr. G. S. Samuel	8.20	7.40	-	-	-	-	8.20	7.40	
Mr. S. Annadurai	1.90	1.75	-	-	-	-	1.90	1.75	
Mr. S. Krishnan	1.80	1.65	-	-	-	-	1.80	1.65	
Mr. S. Iniyar	1.40	1.30	-	-	-	-	1.40	1.30	
Mrs. Jayashree Nachiappan	1.40	1.30	-	-	-	-	1.40	1.30	
	1.70	1.40	-	-	-	-	1.70	1.40	
<b>Remuneration</b>									
Mr. R. Chellappan	125.83	172.78	8.90	9.88	-	-	134.74	182.66	
Mr. A. Balan	46.21	65.74	-	-	-	-	46.21	65.74	
Mr. K. V. Nachiappan	23.23	27.08	-	-	-	-	23.23	27.08	
Mr. V. C. Raghunath	17.05	21.96	-	-	-	-	17.05	21.96	
Mrs V.C.Mirunalini	8.76	10.89	-	-	-	-	8.76	10.89	
Mr. R. Sathishkumar	7.17	8.95	-	-	-	-	7.17	8.95	
Mr. P. Jagan	10.39	8.63	-	-	-	-	10.39	8.63	
Ms. Nikhila R	8.68	29.53	-	-	-	-	8.68	29.53	
Miss Aarthi Balan	4.35	-	-	-	-	-	4.35	-	
	-	-	8.90	9.88	-	-	8.90	9.88	
<b>Consultancy Charges</b>									
Miss Preetiha Balan	-	-	4.96	5.93	-	-	4.96	5.93	
	-	-	4.96	5.93	-	-	4.96	5.93	
<b>Commission</b>									
Mr. R. Chellappan	42.85	-	-	-	-	-	42.85	-	
Mr. A. Balan	28.57	-	-	-	-	-	28.57	-	
Mr. K. V. Nachiappan	7.14	-	-	-	-	-	7.14	-	
	7.14	-	-	-	-	-	7.14	-	
<b>Dividend paid</b>									
Mr. R. Chellappan	61.22	237.63	1.54	5.97	1.32	5.15	64.08	248.76	
Mr. A. Balan	55.48	215.46	-	-	-	-	55.48	215.46	
Mr. K. V. Nachiappan	3.52	13.68	-	-	-	-	3.52	13.68	
Mr. V. C. Raghunath	1.24	4.82	-	-	-	-	1.24	4.82	
Mrs V.C.Mirunalini	0.44	1.71	-	-	-	-	0.44	1.71	
Others	0.53	1.97	-	-	-	-	0.53	1.97	
	-	-	1.54	5.97	1.32	5.15	2.86	11.12	

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

#### 33 Related party transactions

Particulars	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	
	As at 31 March 2021	As at 31 March 2020
<b>Balance outstanding as at the year end:</b>		
<b>Trade payables</b>	<b>37.93</b>	<b>165.71</b>
Arken Solutions Private Limited	37.34	165.42
Swelect Electronics Private Limited	0.59	0.29

#### 34 Goodwill / Capital reserve on consolidation

##### 1 Goodwill on consolidation

Goodwill on consolidation represents the excess purchase consideration paid over net asset value of acquired subsidiaries on the date of such acquisition. Such Goodwill is tested for impairment annually or more frequently, if there are indicators for impairment. The Management does not foresee any risk of impairment on the carrying value of Goodwill as at 31 March 2021.

Goodwill on consolidation as at 31 March 2021 stood at Rs. 789.74 lakhs (previous year 31 March 2020 : Rs. 789.74 lakhs). Significant acquisitions over the years which resulted in Goodwill were Amex Alloys Private Limited, Noel Media & Advertising Private Limited, K J Solar Systems Private Limited and Swelect Green Energy Solutions Private Limited and the details of the same are given below:

- The Group acquired 100% equity share stake in Amex Alloys Private Limited for a consideration of Rs. 995.00 lakhs on 14 November 2011. The excess purchase consideration paid over the net asset taken over to the extent of Rs. 455.04 lakhs was recognised as Goodwill.
- The Group's wholly owned subsidiary Swelect Solar Energy Private Limited acquired 76% equity share stake in BS Powertech Solutions Private Limited for a consideration of Rs. 150.00 lakhs on 25 January 2012. The excess purchase consideration paid over the net asset taken over to the extent of Rs. 150.02 lakhs was recognised as Goodwill. The balance 24% equity share stake was acquired on 11 December 2013 for a consideration of Rs. 157.89 lakhs. Consequently, BS Powertech Solutions Private Limited became a 100% subsidiary of the Group. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 167.07 lakhs is recognised as Goodwill.

The Group acquired 100% share of Noel Media & Advertising Private Limited on 2 April 2015 for a consideration of Rs.2.11 lakhs and the excess purchase consideration paid over the net assets taken over to the extent of Rs 1.71 lakhs is recognised as Goodwill.

In the year 2016, the Group had entered into a Scheme of Amalgamation between Noel Media & Advertising Private Limited, a step down subsidiary of the Group and its step down subsidiary BS Powertech Solutions Private Limited. This was approved by Hon'ble High Court of Madras vide its order dated 8 January 2016, with retrospective effect from 1 April 2012.

- The Group acquired 100% equity share stake in Swelect Green Energy Solutions Private Limited for a consideration of Rs.70.00 lakhs on 11 November 2013. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 0.56 lakhs is recognised as Goodwill.
- The Group's wholly owned subsidiary Swelect Solar Energy Private Limited acquired 100% equity share stake in K J Solar Systems Private Limited for a consideration of Rs 25 lakhs on 18 February 2016. The excess purchase consideration paid over the net asset taken over to the extent of Rs 15 lakhs was recognised as Goodwill.
- The Group acquired 100% equity share stake in Swelect Power Systems Private Limited for a consideration of Rs 1 lakh on 11 April 2016 . The excess purchase consideration paid over the net asset taken over to the extent of Rs 0.34 lakhs was recognised as goodwill.

For the purpose of impairment testing, Goodwill acquired in a business combination is allocated to the cash generating units (CGU) or group of CGU's, which benefit from the synergies of the acquisition. The chief operating decision maker reviews the Goodwill for any impairment at the individual subsidiary level.

The recoverable amount of a CGU is the higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the market capitalisation. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

range of each assumption used is mentioned below. As of 31 March 2021 and 31 March 2020, the estimated recoverable amount of the CGU exceeded its carrying amount. The recoverable amount was computed based on the fair value less cost to sell being higher than value-in-use. The carrying amount of the CGU was computed by allocating the net assets to operating segments for the purpose of impairment testing.

**2 Capital reserve on consolidation**

Capital reserve on consolidation represents excess net asset value of acquired subsidiary over the consideration paid on the date of such acquisition. Capital reserve on consolidation as at 31 March 2021 stood at Rs. 151.46 lakhs (31 March 2020 :Rs. 151.46 lakhs). The details of which is provided below:

- a. The Group acquired 92% equity share stake in Amex Alloys Private Limited for a consideration of Rs.421.71 lakhs on 05 December 2010. The excess net asset value over the purchase consideration to the extent of Rs. 165.49 lakhs was recognised as capital reserve. The balance 8% equity share stake was acquired on 08 July 2013 for a consideration of Rs. 119.47 lakhs. Consequently, Amex Alloys Private Limited became a 100% subsidiary of the Group. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 14.03 lakhs is adjusted with the capital reserve.

**35 Contingent liabilities and Commitments:**

**(a) Contingencies**

The details of claims against the company not acknowledged as debts are given below:

Particulars	As at 31 March 2021	As at 31 March 2020
a) Sales tax related matters **	40.87	40.87
b) Income tax related matters #	2,980.53	2,980.53
c) Excise related matters ##	671.94	671.94
<b>Total</b>	<b>3,693.34</b>	<b>3,693.34</b>

\*\* Rs. 11.57 lakhs deposited under dispute (2020 -Rs. 11.57 lakhs)

# Rs. 150.60 lakhs deposited under dispute (2020 - Rs. 150.60 lakhs)

## Rs. 65.68 lakhs deposited under dispute (2020 - Rs. 65.68 lakhs)

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments / decisions pending at various forums/authorities. The Management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognised in the financial statements.

The Group's pending litigations comprise of proceedings pending with tax authorities. The Group has reviewed all the proceedings and has adequately provided for where provisions are required and disclosed contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a material adverse effect on the financial statements.

Subsequent to year end, the Group has received demand of Rs 748.48 lakhs from customs department on 24 April 2021. Based on professional advise and favorable orders received in the past for a similar instance, the Group is confident of getting favorable outcome and hence no provision is required on account of the above at this point of time

**Management Assesment:**

The amount shown under Contingent Liabilities and disputed claims represent the best possible estimates arrived at on the basis of available information. Further, various Government authorities raise issues/clarifications in the normal course of business and the Group has provided its responses to the same and no formal demands/claims has been made by the authorities in respect of the same other than those pending before various judicial/regulatory forums as disclosed above. The uncertainties and possible reimbursement in respect of the above are dependent on the outcome of the various legal proceedings which have been initiated by the Group or the Claimants, as the case may be and, therefore, cannot be predicted accurately. The Group expects a favourable decision with respect to the above disputed demands/claims based on professional advise and hence, no specific provision for the same has been made.

**(b) Commitments:**

The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 65.94 lakhs (31 March 2020: Rs.22.67 lakhs)

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

#### 36 Financial Instruments

##### Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

##### Financial instruments by category

	As at 31 March 2021			As at 31 March 2020		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
<b>Financial assets</b>						
Investment in equity instruments	30.35	-	30.35	30.35	-	30.35
Investments	27,171.74	500.00	27,671.74	23,703.25	500.00	24,203.25
Trade receivables	-	7,607.47	7,607.47	-	6,820.08	6,820.08
Cash and cash equivalents	-	1,214.66	1,214.66	-	1,194.52	1,194.52
Other bank balances	-	17,951.75	17,951.75	-	15,526.42	15,526.42
Balances with Government Authorities	-	634.50	634.50	-	638.07	638.07
Security deposits and Grant Receivable (Refer Note 5)	-	988.85	988.85	-	770.60	770.60
Other Current Financial assets	-	981.54	981.54	-	917.94	917.94
Earnest Money Deposit	-	-	-	-	-	-
Interest accrued on fixed deposits	-	142.10	142.10	-	277.24	277.24
Advance to employees	-	9.13	9.13	-	8.89	8.89
Advances	-	27.42	27.42	-	16.26	16.26
<b>Total financial assets</b>	<b>27,202.09</b>	<b>30,057.42</b>	<b>57,259.51</b>	<b>23,733.60</b>	<b>26,670.02</b>	<b>50,403.62</b>
<b>Financial liabilities</b>						
Borrowings - Term loans	-	16,670.93	16,670.93	-	6,802.72	6,802.72
Borrowings - Others	-	15,945.18	15,945.18	-	15,154.88	15,154.88
Interest accrued	-	91.19	91.19	-	52.25	52.25
Trade Payables	-	5,629.79	5,629.79	-	5,399.56	5,399.56
Capital Creditors	-	456.44	456.44	-	26.40	26.40
Unpaid Dividend	-	10.87	10.87	-	10.21	10.21
Rental Deposit	-	211.92	211.92	-	180.08	180.08
Statutory dues payable	-	69.91	69.91	-	71.56	71.56
External Commercial Borrowing (ECB)	-	2,734.64	2,734.64	-	383.69	383.69
Lease liability	-	492.16	492.16	-	463.73	463.73
<b>Total financial liabilities</b>	<b>-</b>	<b>42,313.03</b>	<b>42,313.03</b>	<b>-</b>	<b>28,545.08</b>	<b>28,545.08</b>

##### Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

##### (a) Financial assets and liabilities valued at fair value

	As at 31 March 2021			As at 31 March 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investment in equity instruments	-	-	30.35	-	-	30.35
Other Investments	27,171.74	-	-	23,703.25	-	-
Investment Property	-	-	18,942.30	-	-	14,270.27
	<b>27,171.74</b>	<b>-</b>	<b>18,972.65</b>	<b>23,703.25</b>	<b>-</b>	<b>14,300.62</b>

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

#### **(b) Financial assets and liabilities measured at amortised cost**

The Group has not disclosed fair values of financial instruments such as trade receivables and related cash and cash equivalents, other bank balances, Security deposits, Loans and advances to related parties, Lease rental receivables, Interest accrued on Fixed deposits, certain advances to employees, trade payables and employee benefit payables (that are short term in nature), because their carrying amounts are reasonable approximations of their fair values.

#### **(c) Offsetting**

The Group has not offset any financial assets and financial liabilities as at 31 March 2021 and 31 March 2020. The Group's borrowings are secured by Fixed deposits / Mutual funds, the details of which are more fully described in Note No 15.

### **36A Significant accounting judgements, estimates and assumptions**

The preparation of the Group's financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, accompanying disclosures, and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities effected in future periods.

#### **Judgements**

In the process of applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated Ind AS financial statements:

#### **Service concession arrangements**

The Group has assessed applicability of Appendix C of Ind AS 115: Service Concession Arrangements to power distribution arrangements entered into by the Group. In assessing the applicability, Management has exercised significant judgment in relation to the underlying ownership of the assets, terms of the power distribution arrangements entered with the grantor, ability to determine prices, value of construction service, assessment of right to guaranteed cash etc.

#### **Operating lease commitments – Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **Taxes**

Significant management judgement is required to determine the amount of deferred tax assets (including MAT credit) that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **Allowance for uncollectible trade receivables**

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when Management deems them not collectible. The Group has evaluated the receivable balances and has made allowances for the estimated irrecoverable amounts and no further allowance/write-off is expected on the receivables by the Group.

#### **Warranties**

Provision for warranties involves a significant amount of estimation. The provision is based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate is determined based on the Group's past experience of warranty claims and future expectations. These estimates are revised periodically.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

#### **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### **Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### **Defined benefit plans**

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in Note 31.

### **36B Impact of the initial application of new and amended Ind ASs that are effective for the current year:**

#### **Amendments to Ind AS 116 - Covid-19 Related Rent Concessions**

The amendments provide practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to Ind AS 116. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying Ind AS 116 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has evaluated the effect of this amendment and concluded that the amendment did not have any material impact on the financial statements of the Group.

#### **Amendments to Ind AS 103 - Definition of a business**

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 April 2020.

The Group has evaluated the effect of this amendment on financial statements.

**Amendments to Ind AS 1 and Ind AS 8 - Definition of “material”**

The amendments make the definition of material in Ind AS 1 easier to understand and are not intended to alter the underlying concept of materiality in Ind ASs. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of material in Ind AS 8 has been replaced by a reference to the definition of material in Ind AS 1. In addition, the MCA amended other Standards that contain the definition of ‘material’ or refer to the term ‘material’ to ensure consistency. The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Amendments to Ind AS 109 and 107 - Interest Rate Benchmark Reform**

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The Group has evaluated the effect of this amendment on financial statements and concluded that it is currently not applicable.

**37 Additional disclosure requirement under Section 129 of the Companies Act, 2013.**

Name of the entity	Net Assets		Share in Profit or Loss	
	As a % of the consolidated net assets	Amount	As a % of the consolidated profit/loss	As a % of the total consolidated Profit / (loss) after Taxation
<b>Parent</b>				
Swelect Energy Systems Limited	90.91%	68,095.97	99.92%	2,430.76
<b>Subsidiaries</b>				
<b>Foreign</b>				
Swelect Energy Systems Pte. Limited, Singapore	16.42%	12,303.41	8.42%	204.82
SWELECT Inc, USA	(0.15%)	(110.08)	(0.20%)	(4.94)
<b>Indian</b>				
Amex Alloys Private Limited	-	(91.27)	5.51%	133.93
Swelect Solar Energy Private Limited	0.44%	331.76	(0.35%)	(8.58)
Noel Media & Advertising Private Limited	0.34%	256.14	0.00%	(0.05)
Swelect Green Energy Solutions Private Limited	8.33%	6,242.38	0.06%	1.50
K J Solar Systems Private Limited	0.51%	380.53	2.02%	49.06
Swelect Power Systems Private Limited	0.76%	567.92	2.90%	70.54
SWEES Employees Welfare Trust	0.53%	396.93	0.50%	12.27
Swelect Sun Energy Private Limited	3.32%	2,485.70	(0.54%)	(13.15)
Less : Inter-Group eliminations	(21.29%)	(15,951.28)	(18.23%)	(443.45)
<b>Total</b>		<b>74,908.10</b>		<b>2,432.72</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**38 Directors' remuneration**

	31 March 2021	31 March 2020
Salaries	102.41	134.63
Commission	42.86	-
	<b>145.27</b>	<b>134.63</b>

**39 Segment Information**

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- a) Solar and Solar Related Activities
- b) Foundry Business
- c) Others

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Also, the Group's financing (including finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

PARTICULARS	2020-21	2019-20
<b>SEGMENT REVENUE:</b>		
Solar Energy Systems / Services	15,871.17	17,053.90
Foundry	9,750.63	9,010.99
Less: Inter segment Revenue	(368.19)	(843.07)
<b>Total Revenue from Operations</b>	<b>25,253.61</b>	<b>25,221.82</b>
<b>SEGMENT RESULTS:</b>		
Solar Energy Systems / Services	1,738.37	(175.77)
Foundry	494.30	(37.24)
<b>Total Segment Results</b>	<b>2,232.67</b>	<b>(213.01)</b>
Add/(Less) :		
Other Income	2,985.18	2,759.30
Interest and other financial charges	(1,775.87)	(1,725.90)
<b>Profit before exceptional item and tax</b>	<b>3,441.98</b>	<b>820.39</b>
Exceptional item	(691.00)	(1,522.61)
Income Taxes	147.39	314.66
<b>Profit After Tax</b>	<b>2,603.59</b>	<b>(1,016.88)</b>
<b>SEGMENT ASSETS:</b>		
Solar Energy Systems / Services	59,468.19	52,097.29
Foundry	10,570.40	9,582.97
Others	49,408.72	43,016.54
<b>Total</b>	<b>119,447.31</b>	<b>104,696.80</b>
<b>SEGMENT LIABILITIES:</b>		
Solar Energy Systems / Services	4,845.25	6,003.96
Foundry	4,004.60	4,051.17
Others	35,689.36	22,693.05
<b>Total</b>	<b>44,539.21</b>	<b>32,748.18</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

<b>PARTICULARS</b>	<b>2020-21</b>	<b>2019-20</b>
<b>SEGMENT CAPITAL EMPLOYED:</b>		
<b>(SEGMENT ASSETS-SEGMENT LIABILITIES)</b>		
Solar Energy Systems / Services	54,622.94	46,093.35
Foundry	6,565.80	5,531.80
Unallocable #	13,719.36	20,323.50
<b>Total</b>	<b>74,908.10</b>	<b>71,948.64</b>
# Unallocable assets and liabilities include all tax assets and liabilities (including deferred tax) and such balances, being Investments, Investment Property, Cash and Bank balances and borrowings, which are used interchangeably between segments/unallocable.		
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
Solar Energy Systems / Services	2,202.35	2,399.11
Foundry	611.22	586.14
<b>Total</b>	<b>2,813.57</b>	<b>2,985.25</b>
<b>NON CASH EXPENSE OTHER THAN DEPRECIATION AND AMORTISATION</b>		
Solar Energy Systems / Services	12,842.57	15,238.38
Foundry	9,140.67	8,937.10
<b>Total</b>	<b>21,983.24</b>	<b>24,175.48</b>

**The details in respect of the Key Geographical areas in which the Group has operations are given below:**

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Revenue from operations		
India	19,090.17	19,533.44
Europe	6,006.96	5,398.31
Others	156.48	290.07
<b>Total</b>	<b>25,253.61</b>	<b>25,221.82</b>
<b>Non-current assets</b>		
<b>(Excluding Financial assets &amp; Deferred tax asset)</b>		
India	51,233.73	42,469.12
Singapore	3,500.85	3,644.36
<b>Total</b>	<b>54,734.58</b>	<b>46,113.48</b>

**Information about major customers :**

There are no customers who contributed individually more than 10 % to the Group's revenue for the years ended 31 March 2021 and 31 March 2020.

**40A Financial Risk Management Objectives & Policies**

The Group's principal financial liabilities comprise of short tenured borrowings, trade and other payables. Most of these liabilities relate to the Group's working capital cycle. The Group has trade and other receivables, loans and advances that arise directly from its operations.

The Group is accordingly exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees management of these risks. The senior professionals working to manage the financial risks for the Group are accountable to the Board of Directors and the Audit Committee. This process provides assurance that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

periodically to validate risk mitigation decisions. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Audit Committee reviews and agree policies for managing each of these risks which are summarised below:

**(a) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency rate risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, deposits, advances and derivative financial instruments.

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rate movement.

PARTICULARS	As at 31 March 2021	As at 31 March 2020
Variable rate borrowings	35,350.89	22,337.84
Fixed rate borrowings	-	2.70
<b>Total</b>	<b>35,350.89</b>	<b>22,340.54</b>

**i) Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's loss before tax is affected through the impact on floating rate borrowings, as follows:

PARTICULARS	Increase/ decrease in basis points	Effect on Profit before tax
31 March 2021	+ 186 basis points	227.46
	- 186 basis points	(227.46)
31 March 2020	+ 127 basis points	90.05
	- 127 basis points	(90.05)

**ii) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group transacts business in local currency and in foreign currency, primarily US Dollars. The Group has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk.

The Group manages its foreign currency risk by way of a periodical assessment for hedging appropriate percentage of its foreign currency exposure, as per its established risk management policy duly considering the nature of the foreign currency receivable/payables, the fluctuation in the foreign currencies etc. As at the reporting dates, the Group did not have any outstanding derivative contracts to hedge its foreign currency exposures as at these dates.

**Foreign Currency Sensitivity**

The following table demonstrates the sensitivity in the USD, Euro and other currencies to the functional currency of the Group, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2021	For the year ended 31 March 2020
US Dollars	+5%	(433.87)	(306.39)	(433.87)	(306.39)
	-5%	433.87	306.39	433.87	306.39
Euro	+5%	121.44	32.50	121.44	32.50
	-5%	(121.44)	(32.50)	(121.44)	(32.50)

**(b) Credit Risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with Banks, foreign exchange transactions and other financial instruments.

**i) Trade and other receivables**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses based on historical trends and other factors. Given that the macro economic indicators affecting customers of the Company have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. Further, Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. The impairment loss as at the reporting dates related to several customers that have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

In addition, an impairment analysis is performed at each reporting date on an individual basis for all the major individual customers. The summary of exposure in trade receivables are as follows:

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as of 31 March 2021	7,082.16	3,499.29	1,476.70	12,058.15
Trade Receivables as of 31 March 2020	2,928.92	3,042.70	848.46	6,820.08

The requirement for impairment is analysed at each reporting date and provision is based on the Expected Credit Loss Method by following a provision matrix which results in provision percentages in the range of 10% to 100% based on the age bucket of receivables ranging from 0.5 years to 5 years and more.

**Lease rent receivable**

The Group's leasing arrangements represent the buildings and land let out to various customers which have been classified as Operating Lease. The creditworthiness of the customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk. The Group does not expect any losses from non-performance by these counter-parties.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021

(All amounts are in INR Lakhs, unless otherwise stated)

#### Cash and bank balances

The Group held cash and cash equivalents with credit worthy banks and financial institutions as at the reporting dates. The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

#### Other financial assets including investments

The Group does not expect any losses from non-performance by the counter-parties.

#### ii) Financial instruments and cash deposits

Credit risk from balances with banks is managed by Group's treasury in accordance with the Board approved policy. Investments of surplus funds, temporarily, are made only with approved counterparties, mainly mutual funds, who meet the minimum threshold requirements under the counterparty risk assessment process.

#### (c) Liquidity Risk

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including loans, debt, and overdraft from both domestic and international Banks at an optimised cost.

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Particulars	As at 31 March 2021			Total	Carrying Value
	Less than 1 year	1- 5 years	More than 5 years		
Borrowings	22,151.05	12,355.89	843.95	35,350.89	35,350.89
Trade Payables	5,629.79	-	-	5,629.79	5,629.79
Lease liability	492.16	-	-	492.16	492.16
Other financial liabilities	2,619.88	-	-	2,619.88	2,619.88
<b>Total</b>	<b>30892.88</b>	<b>12355.89</b>	<b>843.95</b>	<b>44092.72</b>	<b>44092.72</b>

Particulars	As at 31 March 2020			Total	Carrying Value
	Less than 1 year	1- 5 years	More than 5 years		
Borrowings	9,834.17	2,756.25	9,750.11	22,340.53	22,340.53
Trade Payables	5,399.55	-	-	5,399.55	5,399.55
Lease liability	455.84	7.89	-	463.73	463.73
Other financial liabilities	1,188.66	138.71	-	1,327.37	1,327.37
<b>Total</b>	<b>16,878.22</b>	<b>2,902.85</b>	<b>9,750.11</b>	<b>29,531.18</b>	<b>29,531.18</b>

#### 40B Capital Management

Capital includes equity attributable to the equity holders of the Group and net debt. Primary objective of Group's capital management is to ensure that it maintains an optimum financing structure and healthy returns in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments, in light of the changes in economic conditions or business requirements. The Group monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. Net debt is calculated as loans and borrowings less cash and cash equivalents.

Gearing Ratio:

Particulars	As at	As at
	31 March 2021	31 March 2020
Borrowings	35,350.89	22,340.53
Less: Cash and cash equivalents	(19,166.41)	(16,720.94)
<b>Net Debt</b>	<b>16,184.48</b>	<b>5,619.59</b>
Equity	74,908.10	71,948.62
<b>Total Capital</b>	<b>74,908.10</b>	<b>71,948.62</b>
<b>Capital and Net Debt</b>	<b>91,092.58</b>	<b>77,568.21</b>
<b>Gearing Ratio</b>	<b>17.77%</b>	<b>7.24%</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

**41 Recent accounting pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs (“MCA”) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revised Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, etc.

**Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of consolidated financial statements. The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

**42** The Group assesses the recoverability of its Group Assets on an annual basis, duly considering the significant estimates and judgements which inter-alia includes the discounted cash flows determined based on the revenue projections, probable recovery of claims and discount rates calculated based on the cost of equity for the applicable Asset, adjusted for the proposed restructuring. All of these estimates and judgements have inherent uncertainties and the actual results may differ from that estimated as at the date of the Balance sheet. The Group has revisited the projections made in the previous year taking into account the probable beneficial results arising from the various initiatives being undertaken with regard to restructure of the customer contracts, submission and pursuing with appropriate authorities on relevant claims. This has resulted in the Group considering an additional diminution in the value of its Group Assets during the financial year ended March 31, 2020. The same has been considered as an exceptional item in the consolidated financial statements of the Group.

**43** The Company commissioned the 10 MW Solar Power Plant in Kunigal, Karnataka during the financial year 2017-18 . The Company has paid advance to a Land Aggregator for the purchase of Land aggregating to a total area of 33.20 acres. The Company has completed registration for 3.77 Acres during the current year and is in the process of completing the registration for the balance acres.

**44** The Group carries property, plant and equipment (net) and other intangibles assets aggregating Rs.8,525.02 lakhs (As at 31 March 2020 Rs.9,503.35 lakhs), relating to two operating subsidiaries of the Group whose net worth is either substantially eroded and/or revenues have significantly reduced, as per the audited standalone financial statements of those subsidiaries as at 31 March 2021. The Group had as at 31 March 2021, assessed the recoverability of its property, plant and equipment duly considering revenue projections of the subsidiaries based on the most recent long-term forecasts, resultant cash flows using an appropriate discount rate as well as significant estimates and judgements involving certain new projects, expected clearances and approvals from relevant authorities. All of these estimates and judgements have inherent uncertainties and the actual results may differ from that estimated as at the date of the Balance Sheet. The estimation of revenue projections is based on the Management’s assessment of probability of securing new businesses in the future, duly considering adverse business impact and uncertainties arising on account of the COVID-19 pandemic to the extent known. The impact of COVID-19 on the Group’s financial results may differ from that estimated as at the date of approval of these financial results dependent on circumstances that evolve in the future.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2021**

(All amounts are in INR Lakhs, unless otherwise stated)

During the current year, based on the assessment, the Group had made a provision for impairment of property plant and equipment in its consolidated financial statements for the quarter and year ended 31 March 2021 to the extent of Rs. 691.00 Lakhs (As at 31 March 2020, Rs 1,522.61 Lakhs), which is disclosed in the consolidated financial statements/ results as an exceptional item. The Management has concluded that the carrying value of the property, plant and equipment and intangible assets are recoverable duly considering the expected future recoverable value as at 31 March 2021.

- 45** A nation-wide lockdown was announced by the Government of India as a result of the outbreak of COVID 19 pandemic. Due to the lockdown announced by the Government of India, the operations of the Group came to a temporary-halt. As per MNRE guidelines, Solar Power Generating plants continued in operation with the plant staff after obtaining permission from the local authorities. In assessing the recoverability of receivables, other intangible assets and certain investments, the Group has considered internal and external information up to the date of approval of these audited financials including credit reports and economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets, The impact of the global health pandemic may be different from that estimated as at the date of approval of these audited financials and the Group will continue to closely monitor any material changes to future economic conditions.
- 46** The Board, duly taking into account all the relevant disclosures made, has approved these consolidated financial statements in its meeting held on 14th June 2021 in accordance with the provisions of Companies Act, 2013.

See accompanying notes forming part of the Consolidated Ind AS Financial Statements.

In terms of our report attached

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Sd/-

**C Manish Muralidhar**

Partner

Place : Hyderabad

Date : 14th June 2021

For and on behalf of **the Board of Directors**

**Swelect Energy Systems Limited**

Sd/-

**R. Chellappan**

Managing Director

DIN:00016958

Place: Coimbatore

Date: 14th June 2021

Sd/-

**R. Sathishkumar**

Company Secretary

Place: Chennai

Date: 14th June 2021

Sd/-

**A. Balan**

Joint Managing Director

DIN:00017091

Place: Salem

Date: 14th June 2021

Sd/-

**Nikhila R**

Chief Financial Officer

Place: Chennai

Date: 14th June 2021

**SWELECT ENERGY SYSTEMS LIMITED**  
(All amounts are in INR Lakhs, unless otherwise stated)

**Form AOC-1**

Statement (Pursuant to first proviso to sub-Section 3 of section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries

**Part "A": Subsidiaries**

Sl no	Name of the Subsidiaries	Date since when Subsidiary acquired	Reporting period	Reporting Currency	Exchange Rate (Rs.)	Share Capital	Reserves and surplus	Total Assets	Total Liabilities	Details of Investment (except in case of investment in subsidiary)	Turnover (net)	Profit/ (loss) before Taxation	Provision for Taxation	Profit/ (loss) after Taxation	Proposed Dividend	% of share holding	Country
1	SWELECT Energy Systems Pte. Limited, Singapore	5/13/2004	Apr-Mar	USD	73.2298	4,372.90	7,930.51	16,545.47	4,242.06	-	7,631.62	244.97	40.16	204.82	-	100%	Singapore
2	SWELECT Inc, USA	2/23/2016	Jan- Dec	USD	73.2298	68.85	(178.93)	206.12	316.19	-	10.68	(4.94)	-	(4.94)	-	100%	USA
3	Amex Alloys Private Limited	12/5/2010	Apr-Mar	INR		650.00	(741.27)	11,696.29	11,787.56	-	9,750.63	121.19	(2.36)	123.55	-	100%	India
4	SWELECT Solar Energy Private Limited	9/2/2009	Apr-Mar	INR		444.00	370.53	1,502.78	1,122.25	-	-	(8.58)	-	(8.58)	-	100%	India
5	Noel Media & Advertising Private Limited (Refer Note 2)	5/15/2015	Apr-Mar	INR		21.08	235.06	1,189.37	933.24	-	163.44	(0.05)	-	(0.05)	-	100%	India
6	SWELECT Green Energy Solutions Private Limited	5/13/2013	Apr-Mar	INR		1,860.95	4,381.43	6,257.01	14.63	-	493.28	93.95	92.45	1.50	-	100%	India
7	K J Solar Systems Private Limited (Refer Note 2)	2/11/2016	Apr-Mar	INR		10.00	370.53	1,502.78	1,122.25	-	253.74	49.06	-	49.06	-	100%	India
8	SWELECT Power Systems Private Limited	4/11/2016	Apr-Mar	INR		10.00	557.92	6,828.35	6,260.42	-	895.62	85.51	14.97	70.54	-	100%	India
9	SWELECT Sun Energy Private Limited	12/29/2020	Apr-Mar	INR		2,503.00	(17.30)	6,808.72	4,323.02	-	-	(16.39)	0.92	(17.30)	-	73.99%	India

Note:

- 1 Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31 March 2021.
- 2 Noel Media & Advertising Private Limited and K J Solar Systems Private Limited are 100 % subsidiaries of SWELECT Solar Energy Private Limited.

**Part "B": Associates and Joint Ventures**

The Company does not have any investment in Associate and Joint venture Companies as at 31.03.2021.

**For and on behalf of the board of directors**

Sd/-  
R. Chellappan  
Managing Director  
Place : Coimbatore  
Date: 14th June 2021

Sd/-  
R. Sathishkumar  
Company Secretary  
Place: Chennai  
Date: 14th June 2021

Sd/-  
Nikhila.R  
Chief Financial Officer  
Place: Chennai  
Date: 14th June 2021



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